INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY

RAY GO SOLAR HOLDINGS BERHAD
(Registration No.: 201901004963 (1314290-M))
(Incorporated in Malaysia)

PROPOSED PLACEMENT OF 52,248,700 ORDINARY SHARES IN RAY GO SOLAR HOLDINGS BERHAD AT A PLACEMENT PRICE OF RM0.12 PER SHARE IN CONJUNCTION WITH OUR PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER

MainStreet Advisers Sdn Bhd
(Registration No.: 200701032292 (790320-P))

This Information Memorandum is dated 29 November 2021

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY RAY GO SOLAR HOLDINGS BERHAD. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

All defined terms used in this Information Memorandum are defined under "Definitions" and "Glossary of Technical Terms", unless otherwise stated.

RESPONSIBILITY STATEMENTS

The Board and Promoters of our Company have seen and approved this Information Memorandum. They collectively and individually accept full responsibility for the accuracy of all the information and statements contained in this Information Memorandum. Having made all reasonable enquiries, and to the best of their knowledge, information and belief, they confirm that there are no false or misleading statements or other material facts which, if omitted, would make any statement in this Information Memorandum false or misleading.

MainStreet, being the Approved Adviser, Placement Agent and Continuing Adviser to our Proposed Listing acknowledges that, based on all available information, and to the best of its knowledge, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing and the Proposed Placement.

STATEMENTS OF DISCLAIMER

This Information Memorandum has been drawn up in accordance with the LEAP Market Listing Requirements for the Proposed Listing and the Proposed Placement and is not a prospectus and has not been registered, nor will it be registered as a prospectus under the CMSA. This Information Memorandum has been prepared in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia. This Information Memorandum is not to be distributed outside Malaysia.

A copy of this Information Memorandum will be deposited with the SC. Each recipient of this Information Memorandum ("**Recipient**") acknowledges and agrees that the SC and Bursa Securities take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Memorandum. The SC and Bursa Securities do not make any assessment on the suitability, viability or prospects of our Company. Sophisticated Investors are expected to make their own assessment on our Company or seek appropriate advice before making their investment decisions. MainStreet, as our Approved Adviser, has assessed the suitability of our Company for admission to the LEAP Market as per the LEAP Market Listing Requirements.

An application has been made to Bursa Securities for the admission of our Company and the listing of and quotation for the entire enlarged share capital of our Company on the LEAP Market. No monies shall be collected from Sophisticated Investors for the subscription of the Placement Shares, and no new Shares shall be allotted pursuant to the Proposed Placement until Bursa Securities has granted its approval for the admission of our Company to the LEAP Market. Approval from Bursa Securities of the same is not an indication of the merits of our Proposed Listing, Proposed Placement, our Company or our Shares. This Information Memorandum can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY RAY GO SOLAR HOLDINGS BERHAD. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS INFORMATION MEMORANDUM.

Sophisticated Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws and regulations including any statement in this Information Memorandum that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Information Memorandum.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares. This Information Memorandum is not a substitute for and should not be regarded as an independent evaluation and analysis and does not purport to be all inclusive. Each Sophisticated Investor should perform and is deemed to have made its own independent investigation, assess the merits and risks of the investment and analysis of our Company and all other relevant matters.

THIS INFORMATION MEMORANDUM IS INTENDED FOR CIRCULATION ONLY TO PERSONS WHOM AN ISSUE OF SECURITIES WOULD CONSTITUTE A PROPOSED PLACEMENT WITHIN THE MEANING OF SECTION 230 OF THE CMSA.

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR MAINSTREET SHALL DEEM FIT.

WE AND/OR MAINSTREET DO NOT ASSUME ANY FIDUCIARY RESPONSIBILITIES OR LIABILITY FOR ANY CONSEQUENCES, FINANCIAL OR OTHERWISE, ARISING FROM THE SUBSCRIPTION OR ACQUISITION OF OUR SHARES.

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INDICATIVE TIMETABLE FOR THE PROPOSED PLACEMENT AND PROPOSED LISTING

All defined terms used in this Information Memorandum are defined under "Definitions" and "Glossary of Technical Terms", unless otherwise stated.

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued share capital on the LEAP Market is set out below:

Events	Tentative dates
Date of Information Memorandum	29 November 2021
Allotment of the Placement Shares	December 2021*
Listing of our Company on the LEAP Market	December 2021*

***Note**:*

* *Subject to receipt of approval from Bursa Securities for our Proposed Listing*.

The timetable is indicative and subject to changes which may be necessary to facilitate the implementation procedures. An announcement for the key relevant dates will be made after obtaining Bursa Securities' approval for our Proposed Listing.

PLACEMENT STATISTICS

Method of offering	Private placement
Placement Price per Share	RM0.12
Number of existing Shares	202,751,300
Number of Placement Shares being issued pursuant to the Proposed Placement	52,248,700
Number of Shares in issue on Proposed Listing	255,000,000
Percentage of enlarged share capital represented by the Placement Shares	20.49%
Gross proceeds of the Proposed Placement	RM6,269,844
Estimated net proceeds of the Proposed Placement to be received by our Company	RM5,424,844
Market capitalisation of our Company at the Placement Price upon Proposed Listing	RM30,600,000

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IMPORTANT INFORMATION

All defined terms used in this Information Memorandum are defined under "Definitions" and "Glossary of Technical Terms".

This Information Memorandum shall not be, in whole or in part, reproduced, disclosed or distributed to any other person or used for any other purpose. By accepting this Information Memorandum, Sophisticated Investors agree to be bound by the limitations and restrictions described herein.

This Information Memorandum includes certain historical information, estimates or reports thereon derived from sources mentioned in this Information Memorandum. Such information, estimates or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and or report thereon derived from such and other third-party sources.

Presentation of Financial and Other Information

All references to "our Company" and "Ray Go Solar" in this Information Memorandum are to Ray Go Solar Holdings Berhad. All references to "Ray Go Solar Group" and "our Group" in this Information Memorandum are to our Company and our subsidiaries taken as a whole and all references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Statements as to our beliefs, expectations, estimates and opinions are those of our Company.

In this Information Memorandum, all references to the "Promoters" and "substantial shareholders" are referring to Dato' Ray Tan and Datin Wang Rui.

The word "approximately" used in this Information Memorandum is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or one (1) or two (2) decimal place. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding of the numbers.

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

Any reference to a time of a day in this Information Memorandum shall be a reference to Malaysian time, unless otherwise stated.

Any reference in this Information Memorandum to any statutory legislation is a reference to that statutory legislation as for the time being amended, modified or re-enacted.

In particular, certain information in this Information Memorandum is extracted or derived from the report prepared by INFOBUSINESS, an independent market researcher. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you to understand the major trends in the industries in which we operate. Third-party projections cited in this Information Memorandum are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third-party projections cited in this Information Memorandum.

You should not rely on the information on our website or any website directly or indirectly linked to our website as it does not form part of this Information Memorandum.

Forward-Looking Statements

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, 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, performance or achievements to be materially different from any future results, performance or achievements expected, 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. These forward-looking statements are applicable only as at the date of this Information Memorandum.

Words such as "may", "will, "would", "could", "expect", "anticipate", "should", "intend", "plan", "believe", "seek", "estimate", "project" and variations of such words and similar expressions are intended to identify such forward-looking statements and expectations.

These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Our Company is not under any obligation to update or revise such forward-looking statements in this Information Memorandum. Neither our Company, the Approved Adviser nor any other person represents or warrants that our Group's actual future results, performances or achievements will be as disclosed in those statements.

Factors that could cause our actual results, performances or achievements to differ materially include, without limitation, those discussed in "Section 8: Historical Financial Information and Management Discussion and Analysis". We cannot give any assurance that the forward-looking statements made in this Information Memorandum will be realised. Sophisticated Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

Investment Risks

Investment in our Company carries risk. There can be no assurance that our strategy will be achieved and investment results may vary substantially over time. Sophisticated Investors contemplating an investment in our Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of our Group. No assurance is given, express or implied, that shareholders will receive back the amount of their investment in our Shares.

Sophisticated Investors should carefully consider whether an investment in our Shares is suitable for them in light of their circumstances and financial resources and whether they are able and willing to withstand the potential loss of their entire investment.

This Information Memorandum should be read in its entirety before making any investment in our Company.

Mode of Communication

In accordance with our constitution, we may send to our shareholders ("**Holders**"), such as but not limited to shareholders' circular, annual reports, written resolutions and notices as required by LEAP Market Listing Requirements ("**Documents**") by electronic means to the Holders' registered email address last maintained with Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**"), as the case may be. However, in the event that the electronic mail address of any of our shareholders is not available, or if our shareholders request for a hardcopy to be sent to them, our Company will forward a copy of the Documents to the Holders as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail.

IMPORTANT INFORMATION (CONT'D)

We may also publish Documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following by way of:

(i) ordinary mail;
(ii) electronic means to the Holders' registered email address; and/or
(iii) announcements on Bursa Securities.

Terms and conditions binding all recipients

By accepting this Information Memorandum, you hereby agree and undertake to be bound by the following terms and conditions:

1. This Information Memorandum is issued by our Company and distributed by us as well as MainStreet. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy upon request by interested Recipients, free of charge. This Information Memorandum is distributed to interested Recipients for information purposes only and upon the express understanding that such Recipients will use it only for the purposes set forth below.

2. The information contained in this Information Memorandum, including any statement or fact or opinion, has been provided by us or on our behalf. It is being furnished solely for use by a limited number of prospective Sophisticated Investors for the purpose of evaluating their interest in investing in our Company ("**Proposed Investment**"). Nothing contained herein shall be taken as a recommendation or invitation by us and/or MainStreet to undertake the Proposed Investment or as a commitment on our part to accept your Proposed Investment.

3. MainStreet does not assume any obligation to provide any Recipient with access to any additional information or to update or revise any information contained herein. Nevertheless, we undertake to inform MainStreet who in turn will inform Recipients in writing of any material development or of any material facts subsequent to the date of this Information Memorandum up to the date of closing of our Proposed Listing that will, directly or indirectly, affect our financial position or business. In all cases, you should rely on your own evaluation of the Proposed Investment.

4. You shall be solely responsible for your investment decision and are advised to seek independent financial, legal, tax or such other professional advice at your own cost and expense when making your independent appraisal, assessment, review and evaluation of our business, financial position, financial performance, prospects, the rights and obligations attaching to the Shares, the merits of investing in our Shares, and the extent of risk involved in doing so.

5. Subject to the provisions of any laws, regulations and guidelines ("**Applicable Laws**"), we and MainStreet each reserve the right to negotiate with one or more prospective Sophisticated Investors at any time. Subject to the Applicable Laws, we and MainStreet each also reserve the right (without notice or recourse) to terminate, at any time, further participation by all or any Recipients without assigning any reasons thereof.

6. You shall not copy, reproduce, distribute, summarise, excerpt from or pass on any part of this Information Memorandum to any person at any time without the prior written consent of MainStreet. You shall at all times keep confidential all information contained herein or any other information relating to the Proposed Investment, whether written, oral or in a visual or an electronic form, transmitted or made available to you in the course of your evaluation of the Proposed Investment. In the event that you do not undertake the Proposed Investment for any reason whatsoever, you shall upon request return all materials received from us or MainStreet, including this Information Memorandum, without retaining any copies.

7. This Information Memorandum may not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No Recipient in any jurisdiction outside Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the Recipient without contravention of any relevant legal requirements.

It is the sole responsibility of any Recipient wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the laws of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our securities or cash payments upon the sale of our securities by the Recipients, the repatriation of any money by the Recipients out of Malaysia, the obtaining of any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. We shall be entitled to be fully indemnified by such Recipients for any tax or payment made on behalf, of which the Recipients may be required to pay.

8. This Information Memorandum has not been made and will not be made to ensure that our Proposed Listing complies with the laws of any jurisdiction other than Malaysia. We and MainStreet shall not accept any responsibility or liability in the event that any action taken by any Recipient in any jurisdiction outside Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction.

   Such Recipients shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction and shall keep us and MainStreet fully indemnified for the payment of such taxes or payments.

Privacy Notice

The Personal Data Protection Act 2010 ("**PDPA**") was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us. Consequently, please be informed that the personal data and other information (collectively, "**Personal Data**") that you provide will be used and processed by us in connection with our Proposed Listing only ("**Purpose**"), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be transferred to locations outside Malaysia or disclosed to the relevant authorities, our related corporations or our vendor, agent, contractor, service provider, consultant or adviser who provide services to us, including our Placement Agent, which may be located within or outside Malaysia. Save for the foregoing, your Personal Data will not be knowingly transferred to any place outside Malaysia or be knowingly disclosed to any other third party.

Without prejudice to the terms and conditions of our Proposed Listing as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and, upon payment of a prescribed fee, request in writing for access to, or correction of, your Personal Data or limit the processing of your Personal Data (as described above) by submitting such request to the following:

Postal address: Ray Go Solar Holdings Berhad
36-1, Jalan Jasmin 3
Bandar Botanik
41200 Klang
Selangor Darul Ehsan
Malaysia

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your Personal Data in the manner described above. This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Dato' Tan Boon Teck *Executive Chairman/Chief Executive Officer* Datin Wang Rui *Executive Director/Finance Director* Ong Kheng Swee *Independent Non-Executive Director*
REGISTERED OFFICE	:	Third Floor, No. 77, 79 & 81 Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Malaysia Tel No. : +603 7725 1777 Fax No.: +603 7722 3668
HEAD OFFICE	:	36-1, Jalan Jasmin 3 Bandar Botanik 41200 Klang Selangor Darul Ehsan Malaysia Tel No. : +603 3322 1268
EMAIL ADDRESS	:	info@raygosolar.com
WEBSITE ADDRESS	:	https://raygosolar.com
COMPANY SECRETARY	:	Tea Sor Hua (MACS 01324) (SSM PC No.: 201908001272) 77C, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Malaysia Tel No. : +603 7725 1777 Fax No.: +603 7722 3668
APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER	:	MainStreet Advisers Sdn Bhd (Registration No.: 200701032292 (790320-P)) Unit 906, Level 9, Block A Pusat Dagangan Phileo Damansara 2 No. 15 Jalan 16/11 Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan Malaysia Tel No. : +603 7968 3398 Fax No.: +603 7954 2299
AUDITORS AND REPORTING ACCOUNTANTS	:	PKF (0911) Level 33, Menara 1MK Kompleks 1 Mont Kiara No. 1, Jalan Kiara, Mont Kiara 50480 Kuala Lumpur Malaysia Tel No. : +603 6203 1888 Fax No.: +603 6301 8880

CORPORATE DIRECTORY (CONT'D)

LEGAL ADVISER	:	Azman Davidson & Co Suite 13.03, 13th Floor, Menara Tan & Tan 207 Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel No. : +603 2164 0200 Fax No.: +603 2164 0280
INDEPENDENT MARKET RESEARCHER	:	Infobusiness Research & Consulting Sdn Bhd (Registration No.: 199901024026 (498926-P)) C4-3A-3, Solaris Dutamas No. 1 Jalan Dutamas 1 50480 Kuala Lumpur Malaysia Tel No. : +603 6205 3930 Fax No.: +603 6205 3927
SHARE REGISTRAR	:	Shareworks Sdn Bhd (Registration No.: 199101019611 (229948-U)) No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Malaysia Tel No. : +603 6201 1120 Fax No.: +603 6201 3121
LISTING SOUGHT	:	LEAP Market of Bursa Securities

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DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this Information Memorandum and the accompanying appendices and shall have the meanings as set out below:

Acquisition	:	The acquisition of the entire equity interest in RGS EPC by Ray Go Solar
Act	:	Companies Act 2016, as amended, modified or re-enacted from time to time
ASEAN	:	Association of Southeast Asian Nations
Board	:	Board of Directors of Ray Go Solar
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CAGR	:	Compounded annual growth rate
CEO	:	Chief Executive Officer
CIDB	:	Construction Industry Development Board
CMSA	:	Capital Markets and Services Act 2007, as amended, modified or re-enacted from time to time
COO	:	Chief Operating Officer
Dato' Ray Tan		Dato' Tan Boon Teck
Directors	:	Members of our Board as defined under Section 2(1) of the CMSA
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
ECF	:	Equity crowdfunding
ECF Exercise	:	On 26 November 2018, RGS EPC raised RM1.37 million through an ECF exercise on a crowdfunding platform which is operated by pitchIN for the expansion of its business. The ECF exercise entailed the issuance of 5,092 ordinary shares in RGS EPC and was subscribed by the ECF Investors through Pitch Nominees (i.e. the Shares were registered in the name of and held by Pitch Nominees on the ECF Investors' behalf). The proceeds raised were mainly utilised for the purchase of materials, installation, construction and commissioning of solar PV projects
ECF Investors	:	55 shareholders as specified in Appendix III of this Information Memorandum
EPS	:	Earnings per share
FPE	:	Financial period ended 31 July
FYE	:	Financial year ended/ending 31 October
GDP	:	Gross domestic product
GoMEn	:	Government Ministries and Entities
Government	:	Government of Malaysia
GP	:	Gross profit

DEFINITIONS (CONT'D)

Hanwha Q CELLS	:	The manufacturing facilities of Hanwha Solutions Corporation located in four (4) countries namely Malaysia, South Korea, China and US
Hanwha Q CELLS Malaysia		Hanwha Q CELLS Malaysia Sdn Bhd (Registration No.: 200801009359 (810647-M))
IMR Report	:	Independent Market Research Report entitled "The Solar PV Industry in Malaysia" dated 22 November 2021 prepared by INFOBUSINESS
INFOBUSINESS	:	Infobusiness Research & Consulting Sdn. Bhd. (Registration No.: 199901024026 (498926-P)), being the Independent Market Researcher
Information Memorandum	:	This Information Memorandum dated 29 November 2021 in relation to our Proposed Placement and Proposed Listing
IPO	:	Initial public offering
ISO	:	International Organization for Standardization
ISPQ	:	Institute for Sustainable Power Quality
KCCCI	:	Klang Chinese Chamber of Commerce and Industry
LEAP Market	:	LEAP Market of Bursa Securities
LEAP Market Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities
LPD	:	31 October 2021, being the latest practicable date prior to the date of this Information Memorandum
LSS	:	Large-scale solar
MainStreet or **Approved Adviser** or **Placement Agent** or **Continuing Adviser**	:	MainStreet Advisers Sdn Bhd (Registration No.: 200701032292 (790320-P)), being the Approved Adviser, Placement Agent and Continuing Adviser for our Proposed Placement and Proposed Listing
MCO	:	Movement control order
MGCC	:	Malaysian German Chamber of Commerce
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry Malaysia
MPIA	:	Malaysia Photovoltaic Industry Association
NA	:	Net assets
NBV	:	Net book value
NOVA	:	Net Offset Virtual Aggregation
NQA	:	NQA Certification Limited, an independent accreditation body which provides internationally recognised accreditation services to many international corporations for their quality management system
Official List	:	The list specifying all securities listed on Bursa Securities
PAT	:	Profit after tax

DEFINITIONS (CONT'D)

PBT	:	Profit before tax
Pitch Nominees	:	Pitch Nominees Sdn Bhd (Registration No.: 201601017095 (1188026-P))
pitchIN	:	Pitch Platforms Sdn Bhd (Registration No.: 201501033144 (1158464-T))
Placement Price	:	RM0.12 per Placement Share, being the price at which each Placement Share is to be issued
Placement Share(s)	:	52,248,700 Shares to be issued pursuant to the Proposed Placement
PPA	:	Power Purchase Agreement
PRC	:	People's Republic of China
Promoters	:	Dato' Ray Tan and Datin Wang Rui, collectively
Proposed Listing	:	Proposed admission to the official list and listing and quotation of our entire enlarged share capital of 255,000,000 Shares on the LEAP Market
Proposed Placement	:	Proposed issuance of 52,248,700 Placement Shares representing 20.49% of our entire enlarged share capital of 255,000,000 Shares at the Placement Price to Sophisticated Investors
QC	:	Quality control
Ray Go Solar or **Company**	:	Ray Go Solar Holdings Berhad (Registration No.: 201901004963 (1314290-M))
Ray Go Solar Group or **Group**	:	Collectively, Ray Go Solar and its subsidiary companies, RGS EPC and RGS Power
RGS EPC	:	Ray Go Solar EPC Sdn Bhd (Registration No.: 201201022151 (1006643-U))
RGS Power		Ray Go Solar Power Sdn Bhd (Registration No.: 202001039487 (1395808-M))
RM and **sen**	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
SEDA Malaysia	:	Sustainable Energy Development Authority, a statutory body formed under the Sustainable Energy Development Authority Act 2011. Its key role is to promote the deployment of sustainable energy measures as part of the solutions towards achieving energy security and autonomy
SESB	:	Sabah Electricity Sdn Bhd (Registration No.: 199801006745 (462872-W))
Share(s)	:	Ordinary share(s) in our Company
SHRDC	:	Selangor Human Resource Development Centre
SMEs	:	Small and medium-sized enterprises
SOP	:	Standard operating procedures
Sophisticated Investor(s)	:	Any person(s) who falls within any of the categories of investors set out in Part I of Schedule 6 or Part I of Schedule 7 of the CMSA
TNB	:	Tenaga Nasional Berhad (Registration No.: 199001009294 (200866-W))
US	:	United States

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain terms used throughout this Information Memorandum 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 the electric current switches back and forth at regular intervals
Balance of system	:	Refers to additional application-dependent system components including mechanical support structures, electrical wiring, protection devices (fuses, ground connections and switches) in a solar PV system
Biomass	:	Refers to wastes from oil palm, rice, sugar cane, timber, sawmill and paper recycling mills
CAS	:	Connection Assessment Study, a technical analysis or system check carried out or caused to be carried out by the Distribution Licensee or any other party endorsed by Distribution Licensee or Grid Owner to assess the potential impact of the proposed solar PV installation under the NOVA Programme on the planning and operation of the network of the Distribution Licensee to which the solar PV installation will be connected
Concentrated solar power	:	The system uses focussing mirrors or lenses to concentrate sunlight and convert it into heat in order to create steam to drive a turbine that generates electrical power
DC	:	Direct current, where the electric current consistently flows in only one direction
Distribution licensees	:	Companies holding the licence to distribute electricity such as TNB, SESB, N.U.R. Distribution Sdn Bhd (Registration No.: 199601035453 (407806-X)), etc.
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
EPC	:	Engineering, procurement and commissioning
EPCC	:	Engineering, procurement, construction and commissioning
FiT	:	Feed-in-tariff
FiT scheme	:	Under this scheme, electricity produced from solar PV systems are sold to the distribution licensees at a fixed rate for a specific duration of 21 years. This scheme was replaced by the NEM scheme in 2016.
Fossil fuels	:	They are hydrocarbons such as coal, crude oil and natural gas, sourced from the organic remains of prehistoric organisms
Greenhouse gases	:	Refer to gases that trap heat in the atmosphere, such as carbon dioxide, methane, nitrous oxide and fluorinated gases
Green technology	:	The development and application of products, equipment and systems used to conserve the natural environment and resources, which minimises and reduces the negative impact of human activities

GLOSSARY OF TECHNICAL TERMS (CONT'D)

GTFS	:	Green Technology Financing Scheme, a special financing scheme introduced by the Government to support the development of Green Technology in Malaysia
GW	:	Refers to gigawatt, a unit of power equals to 1,000,000,000 watts
Hydrocarbon	:	A naturally occurring organic compound comprising hydrogen and carbon. The most common hydrocarbons are crude oil and natural gas
Inverter	:	It converts the electricity produced by the solar PV array from DC to AC
kW	:	Refers to kilowatt, a unit of power equals to 1,000 watts
kWh	:	Refers to kilowatt-hour, which is equal to the 1,000 watts of electricity used continuously for an hour
kWp	:	Refers to kilowatt peak. The unit of measure in kilowatt to express the maximum DC power output that a solar PV cell, module, panel, array, or facility can generate under optimum conditions
LSS power plant	:	Also known as a utility scale solar power plant, it is a solar power facility which generates solar PV energy ranging between 1 MW and 100 MW to supply to a power utility company
Mini hydro	:	Refers to the production of electricity through harnessing the power of flowing water from lakes, streams and small rivers
MW	:	Refers to megawatt, a unit of power equals to 1,000 KW. It is the base measure of power generating capacity and demand
MWh	:	Refers to megawatt-hour, which is equal to 1,000 KWh. It is equal to 1,000 KW of electricity used continuously for an hour
MWp	:	Refers to megawatt peak. The unit of measure in megawatt to express the maximum DC power output that a solar PV cell, module, panel, array, or facility can generate under optimum conditions
NEM	:	Net energy metering
NEMAS	:	Before applying for the NEM application, the interested party is required to contact the distribution licensee (TNB) to conduct NEM Assessment Study (NEMAS) for installation above 72 kW. The requirement for a mandatory study is generally based on the rated kW of the proposed installation. The studies shall be conducted by the distribution licensee or its appointed consultant to establish the technical and safety requirements and determine the feasibility of the connection
NEM scheme	:	NEM is a solar PV scheme implemented in 2016 as a succession to the FiT scheme, so as to further encourage the growth of the solar PV market. There have been three NEM schemes introduced, with the latest, NEM 3.0 introduced in 2020. The NEM 3.0 scheme is a one-to-one energy offset mechanism and the priority is that the energy produced from the installed solar PV system will be self-consumed. However, it also allows consumers to sell the excess electricity back to the utility which will further reduce their utility bills (applicable to NEM Rakyat and NEM GoMEn).

GLOSSARY OF TECHNICAL TERMS (CONT'D)

		In the case of NEM NOVA, commercial and industrial consumers will be able to consume and sell the extra electricity energy generated back to the grid at a market rate or a system marginal price as an energy credit in the following month's electricity bill. They will also be able to offset extra electricity energy through "virtual aggregation" of up to three electricity bills under the same owner. Unlike the FiT scheme, where energy is sold for actual money to the distribution licensees, the electricity sold under the NEM scheme earns credit for the building owners that are used to offset their electricity bills.
Photosynthesis	:	The process by which green plants use sunlight to synthesise nutrients from carbon dioxide and water
PV	:	Photovoltaic, refers to the conversion of energy in sunlight into electricity
Renewable energy	:	An energy source that is naturally replenished in a short period of time. Examples of renewable energy sources are solar, hydro, wind, and geothermal heat
SARE	:	Supply Agreement with Renewable Energy, a programme introduced by TNB that provides customers with the options of either a solar leasing program, solar power purchase agreement or a combination of both
SELCO	:	Self-consumption
SELCO scheme	:	Under the SELCO scheme, electricity is being generated for own usage and any excess is not allowed to be exported or sold to the grid. As any excess electricity generated will simply go to waste, solar PV installations under the SELCO scheme are minimal in Malaysia due to economic reason.
Solar PV	:	A technology used for converting solar radiation (light) into electricity. PV cells are constructed from semi-conducting materials that use sunlight to separate electrons from atoms to create an electric current
Solar PV array	:	The interconnected arrangement of mounted solar PV panels (i.e. two (2) or more interconnected solar PV modules that are assembled together as a single unit
Solar PV module	:	An arrangement of multiple interconnected solar PV cells that are assembled together as a single unit encased within a frame. The number of interconnected cells can range from several cells to slightly more than 100 cells per solar PV module
Solar PV system	:	Refers to solar PV modules combined with a set of additional application-dependent system components (also known as balance of system) such as mechanical support structures, electrical wiring, protection devices (fuses, ground connections and switches), etc
Substrate	:	It refers to the underlying material to which another substance is applied onto
Thin film solar cells	:	It is made of thin films of semiconductors deposited on glass, plastic or metal
Watt	:	A unit of power that measures the rate of energy conversion or transfer

TABLE OF CONTENTS

TABLE OF CONTENTS (CONT'D)

1 DETAILS OF OUR PROPOSED LISTING

1.1 Details of the Acquisition

In preparation for our Proposed Listing, we have undertaken the Acquisition as detailed below:

We entered into a sale and purchase of shares agreement dated 5 May 2021 and supplemental agreement dated 1 September 2021 with Dato' Ray Tan, Datin Wang Rui and Pitch Nominees(1) to acquire their entire equity interest in RGS EPC comprising 1,751,358 shares for a purchase consideration of RM4,055,016, which was satisfied via the issuance of 4,055,016 new Shares to Dato' Ray Tan, Datin Wang Rui and ECF Investors, at an issue price of RM1 each. The purchase consideration of RM4,055,016 was arrived at after taking into consideration, amongst others, RGS EPC's adjusted NA of approximately RM4.06 million as at 31 October 2020 as well as ensuring no odd lots of Ray Go Solar Shares are issued pursuant to this Acquisition. This Acquisition was completed on 20 September 2021.

Further details on the number of Shares issued are as follow:

Shareholders	No. of Shares	%
Dato' Ray Tan	3,086,832	*76.12*
Datin Wang Rui	787,142(2)	*19.41*
ECF Investors(3)	181,042	*4.47*
Total	4,055,016	*100.00*

Notes:

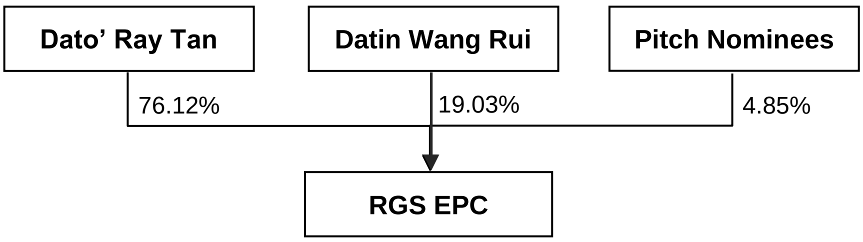
(1) The Shares were registered in the name of and held by Pitch Nominees on behalf of the ECF Investors pursuant to the ECF Exercise.

(2) Including 15,434 Shares owned by Datin Wang Rui which were held by Pitch Nominees prior to the completion of the Acquisition.

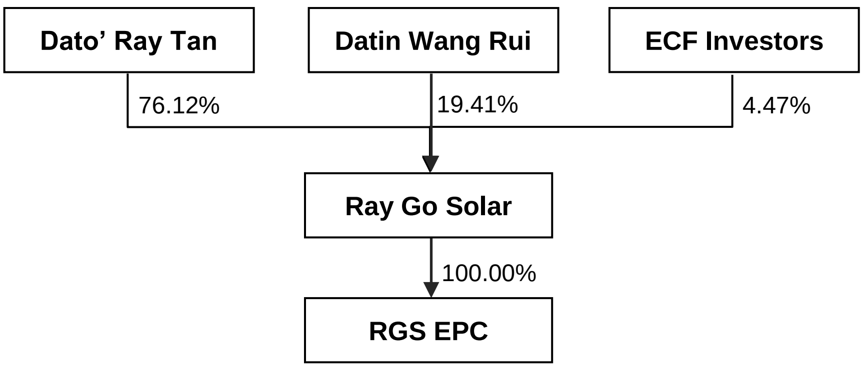
(3) Included as a shareholder here is Tee Shun Yong who is the COO of our Group.

The Group structure before and after the Acquisition are as follows:

<u>Before the Acquisition</u>



<u>After the Acquisition</u>



1.2 Listing scheme

Our Proposed Listing is subject to the receipt of an approval from Bursa Securities. Thus, we have concurrently made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM10.32 million comprising 255,000,000 Shares on the LEAP Market and are awaiting Bursa Securities' decision on the same.

Pursuant to our listing, we intend to issue 52,248,700 Placement Shares, representing 20.49% of our enlarged issued share capital at RM0.12 per Placement Share within the meaning of Section 230 of the CMSA to Sophisticated Investors.

In accordance with Rule 3.10 of the LEAP Market Listing Requirements:

(i) we undertake to open a trust account with a financial institution licensed by Bank Negara Malaysia ("**Trust Account**") where all monies received from the Sophisticated Investors pursuant to subscription of our Shares will be deposited into the Trust Account jointly operated by both our Company and MainStreet;

(ii) both MainStreet and ourselves undertake that all monies deposited in the Trust Account will not be withdrawn until the date of our Proposed Listing; and

(iii) we undertake to repay without interest all monies received from the Sophisticated Investors if:

    (a) our Proposed Listing does not take place within six (6) months from the date of Bursa Securities' approval for our Proposed Listing or such further extension of time as Bursa Securities may allow ("**Period**"); or

    (b) we abort our Proposed Listing.

    In such event, the monies will be repaid within 14 days from the end of the Period or the date when we notify Bursa Securities of our decision to abort our Proposed Listing. Should we fail to do so, in addition to our Company's liability, our Board shall be jointly and severally liable to repay such money with interest at the rate of 10.00% per annum from the end of the Period or such other rate as Bursa Securities may prescribe.

1.3 Placement price

The Placement Price of RM0.12 per Placement Share was arrived at, after taking into consideration the following:

(i) our EPS of approximately 0.60 sen for FYE 2020 based on our enlarged issued share capital of 255,000,000 Shares upon our Proposed Listing representing a price-to-earnings ratio of approximately 20.00 times;

(ii) our operating history and competitive strengths that have been the keys to our achievements, which we believe would continuously contribute to the success and growth of our Group, the details of which are set out in Section 3.14 of this Information Memorandum; and

(iii) our Group's future plans, strategies and prospects which will focus on our business expansion as set out in Section 3.18 of this Information Memorandum.

Prior to our Proposed Listing, there was no public market for our Shares within or outside Malaysia. You should take note that the market price of our Shares subsequent to our Proposed Listing is subject to the vagaries of market conditions and other uncertainties that may affect the price of our Shares being traded. You are reminded to carefully consider the risk factors as set out in Section 5 of this Information Memorandum and form your own views on the valuation of our Shares before deciding to invest in them.

1.4 Share capital upon listing

Upon completion of the Proposed Placement, our Company's entire enlarged issued share capital comprising 255,000,000 Shares shall be listed on the LEAP Market. The details of our enlarged issued share capital are as set out below:

	No. of Shares	RM
Existing issued share capital	202,751,300	4,055,026
New Shares to be issued pursuant to our Proposed Placement	52,248,700	6,269,844
Enlarged issued share capital upon Proposed Listing	255,000,000	10,324,870
Placement Price per Share		0.12
Market capitalisation at the Placement Price upon Proposed Listing		30,600,000
Proforma NA per Share based on the Statement of Financial Position as at 31 October 2020 (based on enlarged issued share capital upon Proposed Listing)		0.04

We have only one (1) class of share in our Company, namely ordinary share. The Placement Shares will, upon allotment and issuance, rank *pari-passu* in all respects with our existing Shares, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Placement Shares.

Subject to any special rights attached to any shares which we may issue 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 profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to any surplus in accordance with our constitution.

At any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney or by duly authorised representative. Each shareholder shall be entitled to appoint one (1) or more proxy to attend and vote at any general meeting of our Company. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy. On a poll, each shareholder present either in person or by proxy or by attorney or by other authorised representative shall have one (1) vote for each Share held.

As the LEAP Market is a qualified market which is meant mainly for Sophisticated Investors, we are required, under Rule 2.24(2) of the Listing Requirements, to ensure that all our Shares to be issued and offered (where applicable) in conjunction with our Proposed Listing or post-listing fall within Schedules 6 and 7 of the CMSA and are issued and offered to our existing shareholders or Sophisticated Investors only ("**Qualified Market Restriction**"). For the avoidance of doubt, upon completion of our Proposed Listing, only Sophisticated Investors are allowed to buy and sell our Shares via Bursa Securities.

On the other hand, our existing shareholders who are not Sophisticated Investors:

(i) will only be able to sell their respective Shares via Bursa Securities after our Proposed Listing;

(ii) shall not buy or purchase our Shares via Bursa Securities, unless they subsequently become a Sophisticated Investor; and

(iii) will only be able to deal with our securities to be offered or issued by our Company (e.g. via a rights issue exercise) via Bursa Securities after our Proposed Listing.

Save for the Qualified Market Restriction, there are no limitations on the right to own our securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our securities as imposed by the Malaysian law or by our constitution.

1.5 Utilisation of proceeds

The gross proceeds arising from the Proposed Placement of RM6.27 million shall accrue entirely to our Company, which are intended to be utilised in the following manner:

Description		Amount RM'000	Percentage of gross proceeds %	Estimated timeframe for utilisation
(i)	Expansion into solar leasing program	2,000	31.90	Within 24 months after the date of the Proposed Listing
(ii)	Operation expansion to Penang and Johor	1,000	15.95	Within 24 months after the date of the Proposed Listing
(iii)	Working capital	2,425	38.67	Within 24 months after the date of the Proposed Listing
(iv)	Estimated listing expenses	845	13.48	Immediate
		6,270	100.00	

Further details of the utilisation of the gross proceeds to be raised from the Proposed Placement are set out below:

(i) Expansion into solar leasing program

We intend to expand our offerings to include solar leasing program to facilitate participation in the NEM scheme whereby consumers will be able to lease the solar panels and install them at their households without the need of paying for the system. The total cost required to venture into this solar leasing business is estimated at RM2.00 million. We intend to allocate RM2.00 million from the proceeds to finance the purchase of all the solar PV equipment in advance. For further details, please refer to Section 3.18.1(i) of this Information Memorandum.

(ii) Operation expansion to Penang and Johor

As at the LPD, Ray Go Solar's operation teams are located in Klang, Selangor. In the recent years, our marketing team has made efforts to secure new sales from other states such as Perak, Penang and Johor. In the foreseeable future, we anticipate sales from the other states will grow. Therefore, we intend to set up operations presence in Penang and Johor to better serve our new customers from the northern and southern regions of Peninsular Malaysia.

The total cost for the expansion is estimated at RM1.00 million, which we intend to finance using the IPO proceeds. The RM1.00 million will be spent on the rental, renovations, office equipment and setting up of new offices, purchase of solar PV equipment for product demonstration, and hiring of sales and marketing, and technical and support staff for our EPCC services. Please refer to Section 3.18.1(ii) of this Information Memorandum for further details.

(iii) Working capital

Our working capital requirements are expected to increase in tandem with our intended business expansion as outlined in Section 3.18 of this Information Memorandum. We intend to utilise approximately RM2.43 million for our day-to-day working capital requirements, as follows:

Description	**Amount RM'000**
(A) Purchase of materials:	
- Panel	1,700
- Inverters	350
- Balance of system	150
(B) Day-to-day operations*	225
	2,425

Note:

* *The day-to-day operations of our Group shall include but are not limited to, staff related expenses, and general expenses such as utilities charges, premise rental, administrative expenses and other operating expenses.*

(iv) Estimated listing expenses

We will bear all incidental expenses and fees relating to the listing of and quotation for our Proposed Listing on the LEAP Market. The estimated listing expenses for our listing amounts to RM0.85 million. The estimated listing expenses are as set out in the following table:

Description	**Amount RM'000**
Professional fees	695
Fees payable to relevant authorities	19
Placement fees	80
Miscellaneous	51
	845

In the event that the actual amounts vary from the above estimates, the excess or deficit, as the case may be, would be reallocated to/from the amount earmarked for working capital. Pending the utilisation of proceeds for the above-mentioned purposes, save for the estimated listing expenses of RM0.85 million, the proceeds would be placed as deposits with licensed financial institutions, or used for investments in short term deposits or money market, as our Board may in their absolute discretion deem appropriate.

1 DETAILS OF OUR PROPOSED LISTING (CONT'D)

1.6 Dividend policy

Currently Ray Go Solar has not formulated a dividend policy or payout ratio. As an investment holding company, Ray Go Solar's income and ability to pay dividends is dependent on the dividends receivable from its subsidiaries, which in turn depend on the subsidiaries' distributable profits, financial performance, financial condition, capital expenditure plans and other factors that its respective board of directors may deem relevant to the declaration of dividends.

Although we have not formulated a dividend policy or payout ratio, we recognise the importance of rewarding our investors with dividends. Our Board will determine the declaration and payment of dividends. In doing so, our Board will consider factors including our Group's retained earnings, expected future earnings, operations, cash flows, capital requirements, general business and financing conditions. Our Board intends to retain adequate reserves for our future growth as well as to reward our shareholders with dividends from our Group's profits.

Ray Go Solar was incorporated on 13 February 2019 and has not declared or paid any dividend since its incorporation up to the LPD.

The following dividends were made by RGS EPC:

In respect of:	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Dividends declared and paid (RM)	-	780,000	2,900,000(1)	600,000	2,500,000(2)
PAT (RM)	742,667	1,149,072	3,246,271	2,078,213	1,641,141
Payout ratio (%)	N/A	67.88	89.33	28.87	152.33

Notes:

(1) Consists of the following dividends:

No	Amount RM	Declaration date	Date of final payment
(i)	500,000	27 July 2018	7 August 2018
(ii)	800,000	21 August 2018	27 August 2018
(iii)	1,600,000	28 March 2019	16 April 2019
	2,900,000		

(2) The dividend declared in respect of FYE 2020 was paid in tranches as follows:

No	Amount RM	Declaration date	Date of payment
(i)	596,905	10 December 2020	10 December 2020
(ii)	1,000,000	10 December 2020	24 December 2020
(iii)	500,000	10 December 2020	14 January 2021
(iv)	403,095	10 December 2020	31 January 2021
	2,500,000		

RGS EPC currently does not have a fixed dividend policy. Before paying out dividends, RGS EPC has taken into consideration its retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions including its liquidity and debt obligations, as well as other factors which its Board may determine appropriate, subject to the solvency test under the Act.

The low payout ratio for FYE 2019 of 28.87% was mainly due to the limited cash available at the point of dividend declaration. As its cash position improved in FYE 2020 and after taking into consideration its retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions including its liquidity, solvency and debt obligation, RGS EPC was able to pay out a higher dividend to its shareholders for FYE 2020.

Notwithstanding the high payout ratio of more than 100% for FYE 2020, the simple average payout ratio for FYE 2019 and FYE 2020 is 83.35% i.e. consistent with the payout ratio for FYE 2018 of 89.33%.

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2 OVERVIEW OF OUR GROUP

2.1 Our history and milestones

2.1.1 Overview

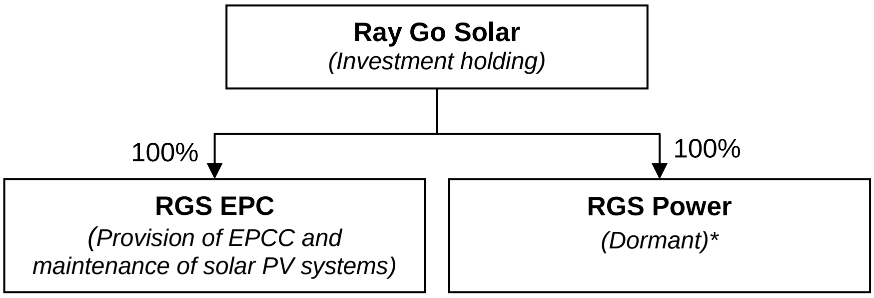
Our Company was incorporated on 13 February 2019 under the Act as a private limited company under the name Ray Go Solar Holdings Sdn Bhd. On 16 June 2021, Ray Go Solar was converted to a public limited company and assumed its present name. Ray Go Solar is an investment holding company and is seeking a listing on the LEAP Market of Bursa Securities.

The Ray Go Solar Group is a solar PV solutions provider principally involved in providing solar PV solutions. As a solar PV solutions provider, we are engaged in the provision of:

- **EPCC services** such as the design and engineering; procurement and supply of materials and equipment; construction, assembly, installation and integration; testing and commissioning; and training in solar PV systems; and

- **maintenance services** of solar PV systems installed by our Group.

On 2 December 2020, we incorporated RGS Power with the intention to undertake solar leasing program. On 20 September 2021, Ray Go Solar completed the Acquisition which resulted in RGS EPC becoming our wholly-owned subsidiary company together with RGS Power as illustrated below:



Note:

* *Plans to undertake solar leasing program.*

2.1.2 History

In 2010, our Promoter and Founder, Dato' Ray Tan, and his family moved their home to Klang, Selangor. At that point of time, there were occurrences of peatland fires in certain areas in Klang Valley. Peatland fires release significant amounts of carbon dioxide which can affect the health of the people living in the vicinity.

At the same time, he also saw the need for renewable energy in the country. In Malaysia, where there is high solar irradiance, it is viable to convert sunlight into electricity via solar PV systems to generate a sustainable source of renewable energy, which in turn reduces our country's carbon footprint and makes for a greener planet.

This has driven Dato' Ray Tan to embark into green technology to help improve the environment which led him to venture into the solar PV industry.

2 OVERVIEW OF OUR GROUP (CONT'D)

Thus, in 2012, Dato' Ray Tan and Mr. Lau Kian Eng ("**Mr. Lau**") incorporated RGS EPC as Rich Gold Solar (M) Sdn Bhd to become a solar PV solutions provider for domestic market. On 3 January 2013, Mr. Lau sold his shares to Datin Wang Rui. On 3 September 2013, Mr. Lau exited the company to pursue other interests and Datin Wang Rui joined our Group as the CFO to help Dato' Ray Tan to run and grow our Group's business.

To continue in this business, Dato' Ray Tan obtained a certificate of competency from SEDA Malaysia certifying that he has successfully completed The Design and Installation of Grid-Connected PV System Training Course in 2013. Thereafter, he designed and installed a 10.92 kWp solar PV system under the FiT scheme in his own residential home in Klang as a pilot project for RGS EPC. In the same year, RGS EPC started to secure new solar PV contracts from several residential customers.

In Malaysia, the industrial and commercial buildings contribute some of the highest electricity consumption due to factory and commercial operations, and such cost is normally factored in and passed through to the end-customer. As such, to maintain cost competitiveness, corporate customers are continuously seeking more cost-efficient solutions when conducting their businesses. Realising this, we began to focus our solar PV solutions for corporate customers.

In 2014, Dato' Ray obtained a certificate of competency from SEDA Malaysia certifying that he has successfully completed SEDA Malaysia - Grid-Connected Photovoltaic Systems Design Course. In the same year, we secured our first EPCC contract from a corporate customer, Milleon Extruder Sdn Bhd. This EPCC contract was to design and build a 504.00 kWp solar PV system for its factory with a contract value of RM5.60 million.

In the same year, MIDA announced in its Budget 2014 that solar companies in Malaysia could enjoy an investment tax allowance ("**ITA**") from 2013 to 2020. In Budget 2020, the Government has extended the Green Investment Tax Allowance ("**GITA**") and Green Income Tax Exemption ("**GITE**") incentives until 2023. Through these incentives, our Group and our customers are able to enjoy savings and benefits from the adoption of solar PV systems, leading to increase in demand in our products and services.

In 2015, we were registered as a PV services provider under SEDA Malaysia's new policy. In the same year, we began to offer our services as a subcontractor for the provision of installation services for FiT projects and subsequently we were able to secure several subcontract projects with a combined capacity of 4.50 MWp in that year.

The NEM scheme was later introduced in 2016, which allows private companies and homeowners to generate solar electricity for self-consumption, and also selling the excess electricity back to the distribution licensees such as TNB. This was introduced as a replacement to the FiT scheme. In line with this, we also made preparations to convert our solar PV systems to comply with the NEM scheme offered by SEDA Malaysia.

In July 2016, we obtained the income tax exemption incentive from MIDA for green technology services. This incentive came under the category for provision of services related to renewable energy which granted up to 100% tax exemption of income. We enjoyed the income tax exemption incentive for the year of assessment 2015 up to 2020. In 2016, RGS EPC was awarded the rights to use the "MyHIJAU Mark for PV services" from Malaysia Green Technology Corporation in acknowledgement of our commitment in providing green products and services that meet local and international environmental standards. In August 2016, we became a committee member of MPIA to help further promote the solar PV sector and enhance our business network. To grow our presence, we also became a member of KCCCI in September 2016.

2 OVERVIEW OF OUR GROUP (CONT'D)

To increase our EPCC services in 2016, we also expanded our solar PV solutions to include the design and build of solar PV systems under the SELCO scheme. The SELCO scheme applies to electricity that is being generated for own usage and any excess is not allowed to be exported to the grid. The introduction of the SELCO scheme is to encourage individuals, industrial and commercial consumers to install solar PV for their own consumption as a means of hedging against the rising cost of electricity. As at the LPD, our solar PV systems are catered for both NEM and SELCO schemes in Malaysia, having majority of our EPCC projects for the NEM scheme.

In 2017, we completed our first NEM solar PV project with a capacity of 100.00 kWp for Becker Industrial Coatings (M) Sdn Bhd.

In 2018, we raised about RM1.37 million capital funding through the ECF Exercise. In the same year, RGS EPC registered as an electrical contractor with the Energy Commission. We also became a member of MGCC to further gain exposure for our business.

To ensure we are able to continuously offer quality products and services, maintain customer satisfaction, and strengthen our corporate branding, in 2018, we established a quality management system which is in compliance with ISO 9001 standards. In 2019, we obtained BS EN ISO 9001:2015 certification from NQA to prove our commitment to quality management. In the same year, we also obtained our CIDB license as a G7 contractor which allows us to tender and/or conduct construction work in Malaysia with project value exceeding RM10 million. On 8 August 2019, Rich Gold Solar (M) Sdn Bhd changed its name to RGS EPC as part of our rebranding exercise. In 2020, RGS EPC also successfully obtained approval from the Intellectual Property Corporation of Malaysia ("**MyIPO**") for the registration of our Group's trademarks. For further details on our Group's trademarks, please refer to Section 3.17.2 of this Information Memorandum.

On 2 December 2020, we incorporated RGS Power with the intention to venture into solar leasing business. Currently, we are conducting preliminary assessment for such expansion and we expect to start this business during or after our Proposed Listing. Prior to starting this business, RGS Power will apply for registration as a Registered Solar PV Investor with SEDA Malaysia. As a Registered Solar PV Investor, we will be able to offer solar leasing program under the SARE programme. The SARE programme is to include the new solar leasing concept where consumers will be able to lease the solar panels and install them at their households without the need of paying for the system. Users can enjoy zero upfront cost to install PV panels, and payment for the monthly leasing fee or solar energy usage (i.e. payment for their monthly energy consumption) can be made to the solar company (i.e. RGS Power) involved via TNB bills. As at the LPD, RGS Power is still a dormant company.

In 2020, SEDA Malaysia has introduced the NEM 3.0 scheme which will be available from 2021 to 2023 with a quota of 500MW. During the NEM 3.0, there will be three (3) new main initiatives to be introduced to further increase solar adoption in Malaysia. Among these three (3) initiatives, it is also allowing the commercial and industrial sectors to distribute solar power. The three (3) main initiatives are:

- NEM Rakyat – residential users will enjoy an offset rate of "one-to-one" for 10 years, which will then revert to the SELCO scheme after the period ends;

- NEM GoMEn – it is similar to the NEM Rakyat, except that it is confined to Government ministries and entities; and

- NOVA – commercial and industrial users will be able to consume and sell the extra electricity energy generated back to the grid at a market rate or a system marginal price as an energy credit in the following month's electricity bill. They will also be able to offset extra electricity energy through virtual aggregation of up to three (3) electricity bills under the same owner. It will revert to the SELCO scheme after 10 years.

Through the introduction of the NEM3.0 scheme, we are able to further participate in the supplying, designing and building of our solar PV systems for more customers in Malaysia.

Up to the LPD, we have completed 68 solar PV projects with total installed capacity of 11.02 MWp as detailed below:

Building types	FYE 2013 MWp	FYE 2014 MWp	FYE 2015 MWp	FYE 2016 MWp	FYE 2017 MWp	FYE 2018 MWp	FYE 2019 MWp	FYE 2020 MWp	Up to the LPD MWp	Total MWp	No. of projects
Residential	0.06	0.06	0.05	0.04	0.12	0.04	-	0.01	0.03	0.41	40
Commercial	-	0.50	0.01	0.07	0.22	0.05	0.17	0.29	-	1.31	9
Industrial	-	-	-	-	0.41	0.51	2.23	1.60	4.55	9.30	19
Total	**0.06**	**0.56**	**0.06**	**0.11**	**0.75**	**0.60**	**2.40**	**1.90**	**4.58**	**11.02**	**68**

As at the LPD, we have secured an additional 16 EPCC projects of which 15 are currently ongoing and one (1) project is being deferred until further notice due to COVID-19 pandemic. The total capacity to be installed for these additional projects is 7.73 MWp and the total unbilled amount for these additional projects (i.e. the order book) is RM2.94 million.

2.1.3 Our milestones and key achievements

The table below sets out our milestones and key achievements:

Year	Milestone and key achievements
2012	• RGS EPC was incorporated under the name of Rich Gold Solar (M) Sdn Bhd to venture into the solar PV business.
2013	• We began our business operations offering installation of solar PV systems to residential buildings.
2014	• We secured our first EPCC project for industrial and commercial building from Milleon Extruder Sdn Bhd. This project was to design and build a 504.00 kWp solar PV system with a contract value of RM5.60 million.
2015	• We registered as a PV services provider under SEDA Malaysia's new policy. • We became a subcontractor for the provision of installation services.
2016	• We expanded our EPCC services for the NEM and SELCO schemes. • We were awarded income tax incentives by MIDA for green technology industry to benefit from income tax exemption. • RGS EPC was awarded the right to use the "MyHIJAU Mark" on our PV system design from Malaysia Green Technology Corporation, which is an official green recognition endorsed by the Government.
2017	• We completed our first NEM solar PV project with a capacity of 100.00 kWp from Becker Industrial Coatings (M) Sdn Bhd.

Year	Milestone and key achievements
2018	• We raised RM1,374,840 in capital funding through the ECF Exercise. • RGS EPC registered as an electrical contractor with the Energy Commission for providing electrical operations for our own EPCC projects.
2019	• RGS EPC changed to its present name on 8 August 2019. • RGS EPC obtained BS EN ISO 9001:2015 certification from NQA for our quality management system for the provision of supply, providing solutions and installation of roof-mounted solar PV system. • RGS EPC obtained a CIDB license as a G7 contractor in Malaysia.
2020	• RGS EPC obtained approval from MyIPO for the registration of our trademark. • RGS Power was incorporated with the intention to venture into solar leasing business under the SARE programme. As at the LPD, it is still a dormant company.

2.1.4 Our recognition and accreditation

Our Group's recognition and accreditation are listed in the table below:

Type of recognition or accreditation	Issuer	Validity period	Details
SME Competitive Rating for Enhancement Programme	SME Corporation Malaysia	13 February 2020 to 12 February 2022	Rating - 4 stars
Certificate of registration for BS EN ISO 9001: 2015	NQA	21 November 2019 to 21 November 2022	To certify the quality management system of the company applicable to provision of supply, providing solution and installation of rooftop-mounted solar PV system

2.2 Information on subsidiary companies

As at the LPD, the details of our subsidiaries, which are incorporated in Malaysia are as follows:

Company name	Date of incorporation/ Date of commencement of business	Issued share capital as at the LPD RM	Effective equity interest %	Principal activities
RGS EPC	19 June 2012/ 1 May 2013	3,121,106	100	Provision of EPCC and maintenance of solar PV systems
RGS Power	2 December 2020/ NA	1,000	100	Dormant*

Note:

* *Plans to venture into solar leasing business during or after our Proposed Listing.*

2 OVERVIEW OF OUR GROUP (CONT'D)

2.3 Shareholding structure

Our Company's shareholding structure as at the LPD and after our Proposed Placement are as follows:

Shareholders	As at the LPD		After the Proposed Placement	
	No. of Shares '000	**%**	**No. of Shares '000**	**%**
Dato' Ray Tan	154,342	*76.12*	154,342	*60.53*
Datin Wang Rui	39,357(1)	*19.41*	39,357(1)	*15.43*
Public shareholders:				
- ECF Investors(2)(3)	9,052	*4.47*	9,052	*3.55*
- New public shareholders(4)	-	-	52,249	*20.49*
Total	202,751	*100.00*	255,000	*100.00*

Notes:

(1) Including 15,434 Shares owned by Datin Wang Rui which were held by Pitch Nominees prior to the completion of the Acquisition.

(2) Included as a shareholder here is Tee Shun Yong who is the COO of our Group. No adjustment is made to ECF Investors' shareholding as the Shares he holds is less than 0.01% of the total paid up share capital of the Company and therefore is negligible.

(3) Save for Datin Wang Rui, none of the ECF Investors are persons connected to the Promoters and/or substantial shareholders.

(4) Consist of placees of the Proposed Placement.

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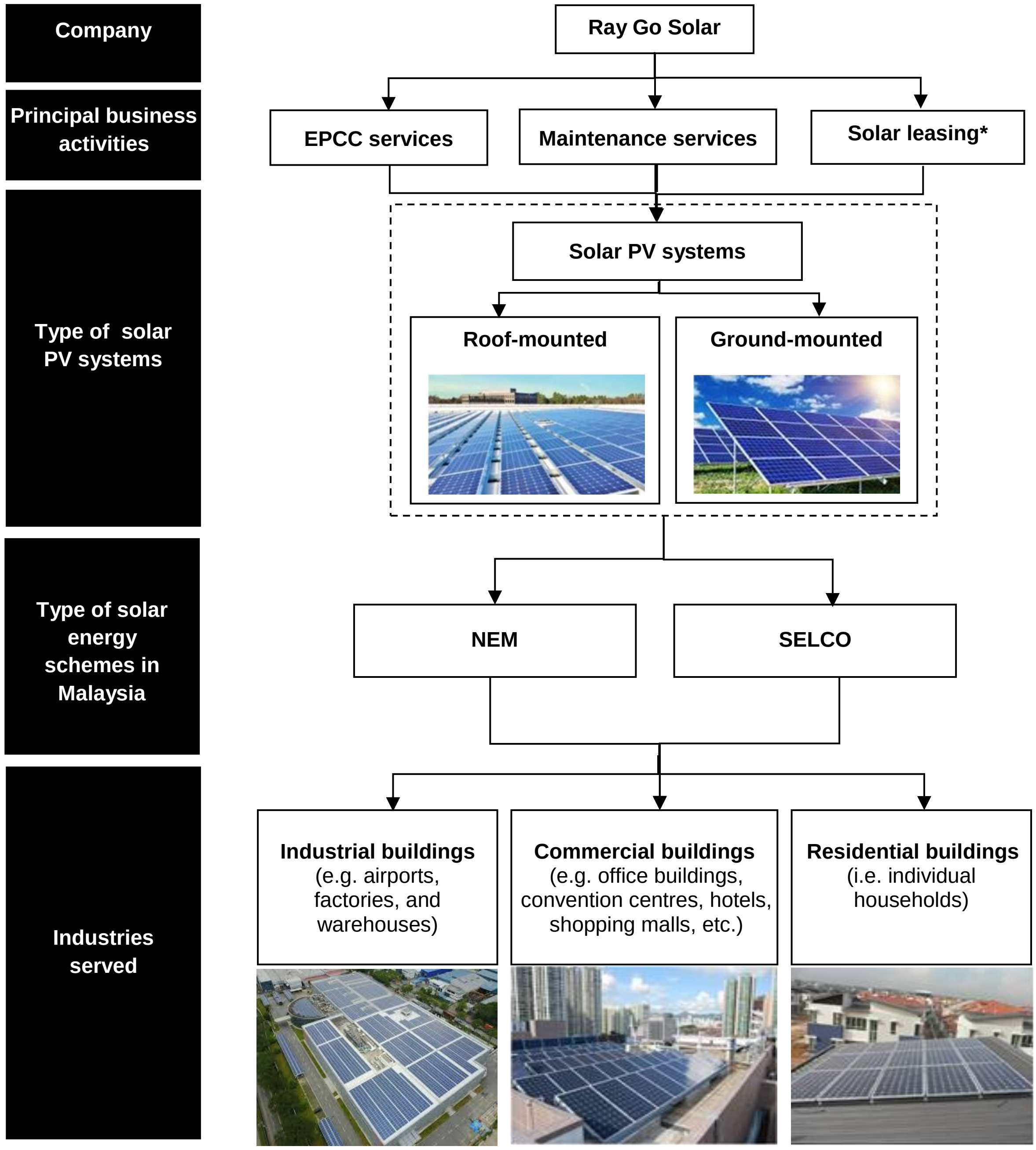
3 BUSINESS OVERVIEW

3.1 Business model

Our business model is illustrated in the following chart:



Note:

* *This is the proposed business activity, planned to be undertaken by RGS Power during or after our Proposed Listing, as highlighted in Section 2.1.2 of this Information Memorandum.*

3.2 Principal business activities

We are principally involved in providing solar PV solutions in Malaysia. As a solar PV solutions provider, our principal activities can be categorised as follows:

- **EPCC services** such as the design and engineering; procurement and supply of materials and equipment; construction, assembly, installation and integration; testing and commissioning; and training in solar PV systems; and

- **maintenance services** of solar PV systems installed by our Group.

3.2.1 EPCC services

EPCC services of solar PV system is our Group's core activity. Since incorporation, we have completed 68 EPCC projects for solar PV systems with combined installed capacity of 11.02 MWp in Malaysia. As at the LPD, we have secured additional 16 EPCC projects with total capacity to be installed of 7.73 MWp.

One of our key advantages is our ability to offer our customers solar PV solutions depending on our customers' solar PV energy requirement. With our experience in delivering solar PV solutions for industrial, commercial and residential, we have the capability and competency to deliver solar PV energy solutions that maximise the value of our customers' solar PV investments while minimising their risks. Our solar PV solutions approach extends along the entire project chain, namely:

- **pre-project services** such as consultancy services, engineering and design studies, and project planning;

- **project management and execution** such as procurement and supply of equipment and components, assembly and installation, testing and commissioning, and training; and

- **post-project services** such as customer services and maintenance services.

We do not manufacture our solar PV equipment, components, tools and parts. We procure them from our suppliers locally and internationally. Subsequently, they are assembled, installed and integrated together to form the solar PV systems.

We source our PV modules from Hanwha Q CELLS, a member company of Hanwha Solutions Corporation which is one (1) of the largest PV modules manufacturers in the world and also our long-term supplier, which has been able to provide us with uninterrupted supply of PV modules. Although we mainly procure our PV modules from Hanwha Q CELLS, we are not overly dependent on them as we have other suppliers who can also supply the PV modules to us.

The details of the solar PV components used by our Group are shown below:

Solar PV components	**Description**	**Brand(s)**
PV modules 	We supply and use polycrystalline modules or monocrystalline modules panels to convert sunlight into electricity in the form of DC. Our PV modules are backed by a 25-year performance warranty from the manufacturers.	• Hanwha Q CELLS • Panasonic • LONGi • Jinko Solar
Inverter 	Inverters are used to convert sunlight into electricity and the electric current from DC to AC.	• SolarEdge • ABB • Huawei • KACO • SMA Solar
Power optimiser 	Power optimiser is a DC-to-DC converter used to maximise the energy generated from the solar PV system.	• SolarEdge
Electricity meter 	The electricity meter is used to measure the electrical energy usage of a residential, industrial and commercial buildings, or other electrically powered device.	• TNB

Solar PV components	Description	Brand(s)
Cloud-based monitoring system 	We also provide cloud-based monitoring system which can track, analyse and study the energy generated from the PV modules. The solar power monitoring system provides real-time data and results to our customers' computers and/or mobile devices.	• SolarEdge • ABB • Huawei • KACO • SMA Solar
Solar DC cables 	A solar DC cable is the interconnection cable used in PV power generation. Our solar DC cables interconnect the PV modules, inverters and other electrical components in a solar PV system. The solar DC cables utilised in our solar PV system are durable and are also ultraviolet and weather resistant. The solar DC cables are laid in an outdoor environment and must be able to withstand high temperature range and rough weather conditions.	• LEONI • JJ Lapp
Solar mounting structure and accessories 	The solar mounting structure and its accessories is used to fix PV modules on building surfaces mainly on the roofs and grounds.	• Xiamen Kingfeels

Currently our business focus, strength, technical knowledge and experiences are in the design and installation of solar PV systems for the on-grid power energy supply scheme, particularly for NEM and SELCO schemes in Malaysia. Our solar PV systems can be tailored for any industrial, commercial and residential applications, which are further explained below:

Industrial and Commercial Projects

Our solar PV solutions can generate electricity for our customers' industrial or commercial businesses on site, saving them money over the long run. We collect our customers' energy consumption data and specific load profiles to plan and develop solar PV solutions suited for their roofs and/or premises, enabling them to cover a large share of their electricity demand and reduce costs. We have a team of in-house qualified engineers, and technicians who can install, integrate and commission the solar PV systems for our customers.

Being an experienced solar PV solutions provider, we work to ensure the quality and good price-performance ratios for our solar PV system. Our technical team has the experience to focus on determining a good solar PV system right from the planning stage to commission stage. We also source and use suitable equipment and components to build a solar PV system that produces yields as well as providing after-sales and maintenance services to our customers. Our Group provides a single sourced, tailor-made solar PV solution that meets our customers' requirements, which can be translated into fast deployment, peace of mind and cost efficiency.

Residential Projects

We also provide solar PV solutions to residential customers. Our solar PV systems are designed and pre-assembled for various roof sizes and load profiles. Such systems can provide residents' home with clean, fixed-price solar electricity, and the excess solar energy can be sent to the power grid.

Our solar PV systems are designed for on-site consumption. Residential customers can use the electricity generated on their roof-mounted solar PV systems to power their lighting and electrical appliances, such as air-conditioning, washing machine, refrigerator, television, etc. The surplus power that is not consumed on site can be fed into the power grid. This will reduce their electricity costs over the long term and works as a hedging mechanism against any future price increase by the power utility companies.

We provide below the list of our completed and ongoing solar PV projects from FYE 2019 up to the LPD, for our industrial, commercial and residential customers.

Completed projects

No.	Customer or Project location	Type of scheme	Project details	Year of award and completion date	Contract value (RM)
Industrial customers *(basis: contract value of RM0.50 million and above)*					
1.	Accupro Sdn Bhd	FiT	To design and build a 1,000.00 kWp solar PV system 	May 2018 – April 2019	4,203,886
2.	Jaya Nets Sdn Bhd	NEM	To design and build a 444.72 kWp solar PV system 	August 2018 – July 2019	2,890,680

3 BUSINESS OVERVIEW (CONT'D)

No.	Customer or Project location	Type of scheme	Project details	Year of award and completion date	Contract value (RM)
3.	Resintech Plastics (M) Sdn Bhd	NEM	To design and build a 120.06 kWp solar PV system 	August 2018 – June 2019	840,420
4.	Mega Label (Malaysia) Sdn Bhd	NEM	To design and build a 405.72 kWp solar PV system 	August 2018 – July 2019	1,411,906
5.	QL Foods Sdn Bhd	NEM	To design and build a 259.44 kWp solar PV system 	September 2018 – March 2019	1,188,000
6.	CLPG Packaging Industries Sdn Bhd	NEM	To design and build a 319.68 kWp solar PV system 	May 2019 – December 2019	1,146,912
7.	QL Fishmeal Sdn Bhd	NEM	To design and build a 734.30 kWp solar PV system 	May 2019 – February 2020	2,426,640

No.	Customer or Project location	Type of scheme	Project details	Year of award and completion date	Contract value (RM)
8.	Perindustrian Shunhon Sdn Bhd	NEM	To design and build a 229.77 kWp solar PV system 	October 2019 – July 2020	904,195
9.	Kombinasi Bumi Solar Sdn Bhd	FiT	To design and build a 312.81 kWp solar PV system 	February 2020 – October 2020	1,182,403
10.	QL Endau Marine Products Sdn Bhd	NEM	To design and build a 918.00 kWp solar PV system 	August 2019 – November 2020	2,845,800
11.	QL Endau Deep Sea Fishing Sdn Bhd	NEM	To design and build a 424.44 kWp solar PV system 	August 2019 – February 2021	1,336,986
12.	QL Endau Fishmeal Sdn Bhd	NEM	To design and build a 453.60 kWp solar PV system 	August 2019 – February 2021	1,428,840

3 BUSINESS OVERVIEW (CONT'D)

No.	Customer or Project location	Type of scheme	Project details	Year of award and completion date	Contract value (RM)
13.	QL Foods Sdn Bhd	NEM	To design and build a 2,392.20 kWp solar PV system 	April 2019 – March 2021	7,915,820
14.	Caretex Apparels Sdn Bhd	NEM	To design and build a 295.65 kWp solar PV system 	March 2020 – September 2021	1,430,425
Commercial customers *(basis: contract value of RM0.50 million and above)*					
15.	Infinity Logistics & Transport Sdn Bhd	NEM	To design and build a 154.56 kWp solar PV system 	April 2018 – January 2019	1,085,520
16.	Chun Hoe Trading Sdn Bhd	NEM	To design and build a 291.56 kWp solar PV system 	May 2019 – August 2020	1,349,880
Residential customers *(basis: all)*					
17.	Batu Pahat	NEM	To design and build a 20.72kWp solar system 	November 2019 – November 2020	85,988

3 BUSINESS OVERVIEW (CONT'D)

No.	Customer or Project location	Type of scheme	Project details	Year of award and completion date	Contract value (RM)
18.	Bukit Mertajam	NEM	To design and build a 7.20kWp solar system 	May 2019 – December 2019	36,000
19.	Bukit Mertajam	NEM	To design and build a 7.23 kWp solar PV system 	January 2021 – April 2021	33,235

<u>Ongoing projects</u>

No.	Customer or Project location	Type of scheme	Project details	Year of award and expected date of completion	Contract value (RM)
Industrial customers *(basis: contract value of RM0.50 million and above)*					
1.	QL Marine Products Sdn Bhd	SELCO	To design and build a 1,563.12 kWp solar PV system 	June 2019 – November 2021	5,605,190
2.	Nippon Paint (Malaysia) Sdn Bhd	NEM	To design and build a 1,769.52 kWp solar PV system 	January 2020 – February 2022	6,968,635

3 BUSINESS OVERVIEW (CONT'D)

No.	Customer or Project location	Type of scheme	Project details	Year of award and expected date of completion	Contract value (RM)
3.	Sweet Home Candied Products Sdn Bhd	NEM	To design and build a 413.10 kWp solar PV system 	December 2020 – February 2022	1,440,893
4.	Tako Astatic Technology Sdn Bhd	NEM	To design and build a 283.01 kWp solar PV system 	June 2021 – August 2022	1,004,687
5.	QL Endau Fishmeal Sdn Bhd	NEM	To design and build a 516.60 kWp solar PV system*	April 2021 – December 2021	1,487,808
6.	Wansern Foam Industry Sdn Bhd	NEM	To design and build a 309.83 kWp solar PV system*	May 2021 – July 2022	1,085,107
7.	Joo Lee Import & Export Co. Sdn Bhd	NEM	To design and build a 325.22 kWp solar PV system*	July 2021 – September 2022	1,434,349
Commercial customers *(basis: contract value of RM0.50 million and above)*					
8.	Yeo Aik Hevea (M) Sdn Bhd	NEM	To design and build a 757.74 kWp solar PV system 	July 2020 – February 2022	2,808,316
9.	Mayfresh Frozen Sea Products Sdn Bhd	NEM	To design and build a 464.94 kWp solar PV system 	August 2020 – November 2021	1,636,589

No.	Customer or Project location	Type of scheme	Project details	Year of award and expected date of completion	Contract value (RM)
10.	LST Cold Storage (M) Sdn Bhd	NEM	To design and build a 471.75 kWp solar PV system 	February 2021 – December 2021	1,798,289
11.	Seng Fu Trading Sdn Bhd	NEM	To design and build a 376.55 kWp solar PV system 	May 2021 – August 2022	1,275,751
12.	Boon Kee Supply Sdn Bhd	NEM	To design and build a 190.90 kWp solar PV system 	June 2021 – September 2022	665,859

Note:

* *Secured but yet to commence installation works.*

3.2.2 Maintenance services

To complement our EPCC services, we also offer our customers maintenance services for the solar PV systems we installed. For the FYE 2019 and FYE 2020, our maintenance services accounted for 0.08% and 0.18% of our Group's total revenues, respectively.

We offer our maintenance services on a request basis, either during or after the warranty period. The solar PV systems designed and installed by us come with a remote monitoring system. After the handover of our solar PV system to our customers, we will continue to provide scheduled monitoring and assessment on the performance of our customers' solar PV system. The scheduled monitoring and assessment service is a complimentary service to prevent system downtime on our customers' solar PV system. If there is a deficiency in the system, we will offer corrective maintenance service, where we will notify our customers to rectify the problem on a timely basis to avoid further loss of income. If the system is still under warranty, we will replace the faulty components for them. In our solar PV systems, the PV modules come with a 25-year performance warranty from the principals. During the manufacturer warranty period, the repairs or replacements of faulty products are guaranteed by the principals. If the PV modules are defective, we will assist our customers to make warranty claims for replacement parts from our suppliers/principals. While waiting for the replacement parts to arrive, we will usually replace the defective parts with our existing stock on a temporary basis to ensure minimal downtime at our customers' sites.

If the warranty for other PV components, such as inverters, optimisers, etc have expired, we will advise our customers to replace the faulty components at their own expense. The key objective of our maintenance service is to assist our customer in maintaining their solar PV systems that they operate to minimise downtime and achieve the required energy yield. The maintenance service represents a recurring income from our customers.

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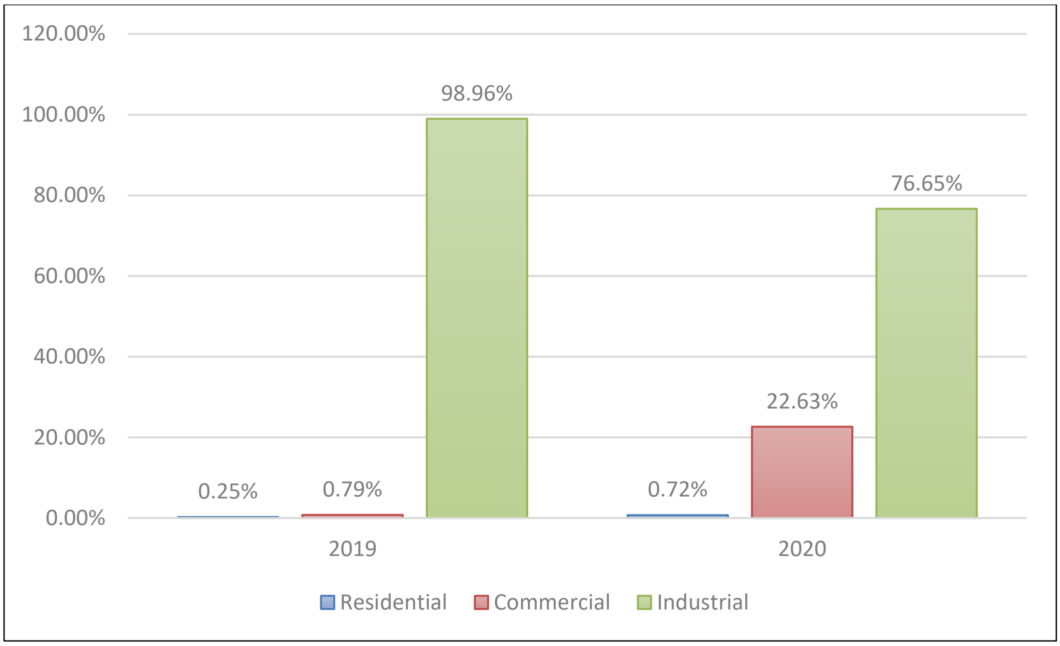
3 BUSINESS OVERVIEW (CONT'D)

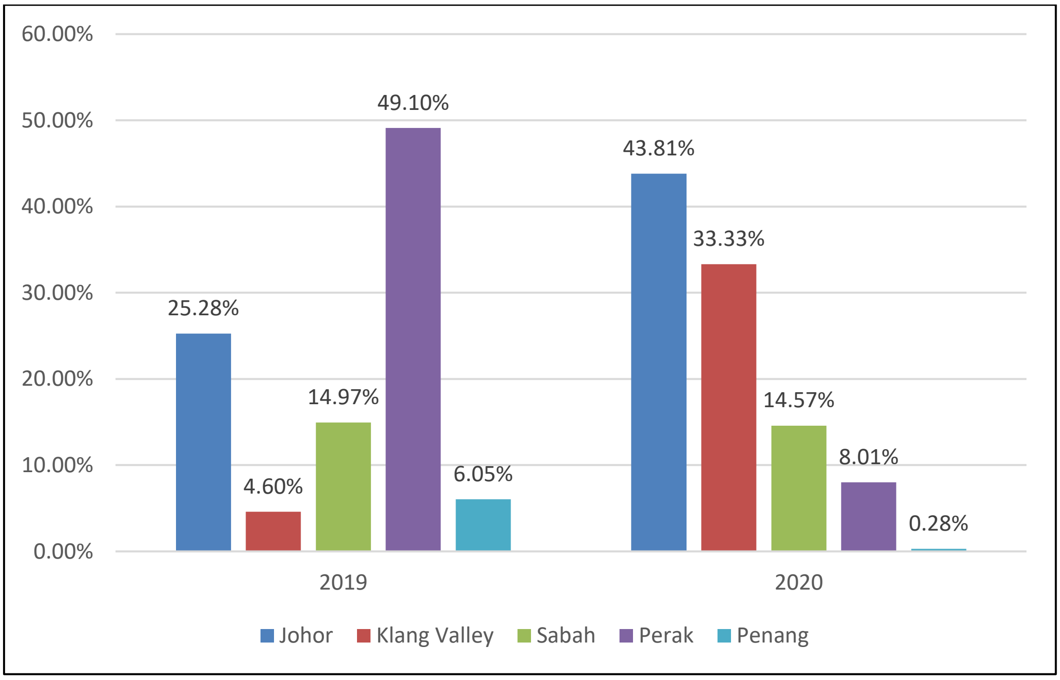
3.3 Principal markets

Our Group's revenues are currently generated solely in Malaysia. Our Group's principal markets are the industrial, commercial and residential customers requiring solar PV energy solutions. Presently, our emphasis is on marketing our products and services to the industrial and commercial sectors, which collectively contributed RM18.80 million or 99.75% and RM14.72 million or 99.28% of our Group's total revenues for the FYE 2019 and FYE 2020.

Customer by sector



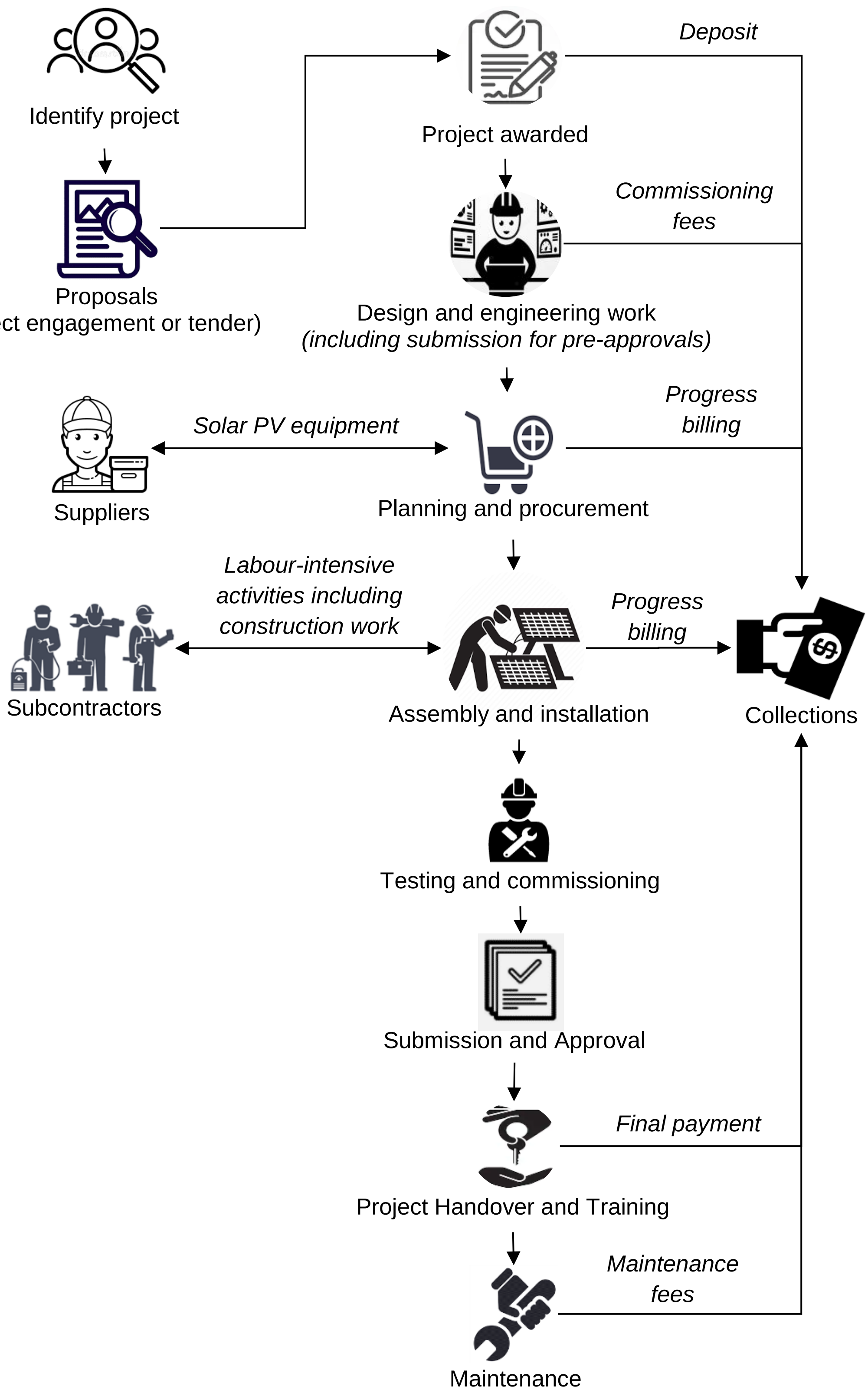
Customer by geographical location



3 BUSINESS OVERVIEW (CONT'D)

3.4 Business operations

Our Group's overall business operation workflows are detailed below:



Our job scope for EPCC and maintenance services entails the following activities:

Identifying opportunity – We secure projects either through direct engagement or by participating in tender. As at the LPD, majority of our projects have been secured through direct engagement, where we identify projects and submit proposals directly to the customers for consideration. We work with corporate and residential customers to assess their electricity requirement and formulate PV solutions which cater to their power consumption and at the same time can reduce their electricity costs. Our sales and marketing team and our Directors are constantly communicating with existing and potential customers to seek out opportunities to offer our services to them.

Proposals – Prior to each project engagement and/or tendering, an evaluation of credit risks of the potential customer is assessed by our top management. We will review the potential customer's financial position. Upon determining the potential customer's creditworthiness, the sales department will prepare the required submission proposals to submit to the potential customer. For example, finance department will prepare a deposit invoice to secure the project. Thereafter, our technical team will issue a checklist to customer to request for all related information.

Together with the submission proposals, our technical team will conduct a feasibility study on the project to determine whether the potential customer's premise is suitable for building a solar PV system. The factors taken into consideration include the monthly power consumption by customers, building and rooftop layouts, the amount of radiant light and heat from the sun available for solar energy production, and proximity to the power grid lines. After we conduct study at the site, we will analyse the amount of energy usage required, and provide a system output calculation. Once this is done, a quotation for the project is given to the potential customer for approval.

Once the customer agrees to the solar PV project and gives their commitment to the project, i.e. approving our tender, and/or sign our project agreement contract, we will begin creating a detailed design of the entire solar PV system.

Design and engineering work – The detailed design of a solar PV system comprises the electrical design of the solar power system, the structural design of the solar PV system for optimum usage of rooftop space and the positioning of the PV modules, as well as to work out a network connection agreement with distribution licensee, if required. Our technical and engineering team have the competency to develop conceptual engineering designs and architectural designs for a solar PV system, encompassing mechanical, electrical and engineering designs, rooftop study and evaluation, and detailed engineering designs. Our engineers must ensure that the engineering designs satisfy the given design criteria, based on safety, process parameters, serviceability and performance considerations. We have the ability to provide project planning and engineering design work to meet the demanding requirements of safety, cost, ease and efficiency of operation.

We will also submit our layout and system design drawings for MIDA, TNB, and SEDA Malaysia pre-approvals during our designing stage. Subsequently, we will then be able to commence physical work on the site.

Planning and procurement – We assist our customers in planning, selecting and procuring the appropriate solar PV equipment, tools and component parts required to carry out the installation work, from the beginning to the completion and commissioning of the project. We work closely with our suppliers to source the solar PV equipment, tools and component parts to meet the customers' solar PV system requirements and specifications.

Assembly and installation – The assembly and installation phase involves activities such as manpower and resource management, transportation of solar PV equipment, assembly and installation of PV modules, mounting brackets and equipment, to the establishment of the entire solar system control/storage facilities. At present, we outsource our labour-intensive activities such as civil, structural and mechanical and electrical works to external subcontractors.

We also have an experienced project management team which works closely with these subcontractors and monitor their work thoroughly to ensure that a quality and safety of work are consistently maintained.

The systems assembly, installation, connection and integration work are conducted by our internal technical personnel. Our technical personnel have the experience and knowledge to carry out their duties and responsibilities to ensure the systems operate according to specifications. After completing the installation works at our customer's site, we will perform a full system test to ensure that the solar PV system works accordingly.

Testing and commissioning – Our testing and commissioning phase comprises electrical testing associated with solar PV system installation and instrumentation testing, which are in compliance with SEDA Malaysia's and international standards. We have developed a set of engineering techniques and procedures to check, inspect and test every phase of the project, from individual functions to overall system functionality. We are capable of providing pre-commissioning and commissioning services to ensure that our work is in line with achieving the operational targets, as well as to ensure that the handover of the project from us to the project owner is done in a safe and orderly manner. This is also our way of guaranteeing the project's operability in terms of performance, efficiency, reliability and safety.

Submission and approval - We also assist our customer to prepare submission documentation and submit them to respective authorities, such as SEDA Malaysia, distribution licensee, ITA from MIDA, CAS (which was previously under NEMAS) from TNB, NEM quota from SEDA Malaysia, and generation license from Energy Commission, green certification from Malaysian Green Technology Corporation, etc. for approval. We will also liaise with the authorities and follow up on the application process. Once we have obtained all the necessary approvals from the governing bodies, we will proceed to project handover and provide training to our customers.

Project handover and training – Prior to the handover of our solar PV systems, a system functionality check will be conducted together with our customers. After all system checks are done and confirmed by our customers, the project handover process is completed. For corporate customers, we will organise training sessions for them to demonstrate and train them on the operation of all the equipment in the completed system, which is conducted by our technical personnel.

Collection – We practice the progressive billing method for our solar PV projects which enables us to obtain sufficient funding to support our operations in the interim. We will request our customer to place a deposit before we begin preparing for engagement contract. During the proposal stage, a payment schedule for our project will be prepared for customer confirmation. Upon agreement of our terms and conditions, our work begins.

Our customers are billed in stages for the duration of the solar PV project, for example, design stage, procurement stage, delivery of equipment, completion of installation work, testing and commissioning and project handover stage. Our project team works closely with our technical team and contractor to determine the stages of work completed. We bill our customers after each portion of work is completed, and based on completion progress, our customer will issue payments to our accounts department based on the pre-agreed progressive billing arrangement.

One of the major limitations we face in our business is our high dependence on working capital to finance our EPCC projects. Generally, we can only bill and collect our schedule payments based on the progress of our deliverables. Therefore, to mitigate our collection risk, we bill and collect our payments on a progressive basis.

To ensure we have positive cash flows to finance our projects, we have implemented a stringent cost management system to manage our cash receivables and outlays. The major costs of our projects lie in the procurement of solar PV equipment and component parts. Therefore, before the installation stage, we will require our customers to pay up to 30% of the entire contract value. Upon the delivery of all the equipment and component parts, we will collect approximately 70% of the contract value. To better manage our cash flows, we have also been working closely and have been building strong working relationships with our equipment suppliers so that they may provide us with more favourable payment terms.

Maintenance – After handing over each solar PV project, we also offer offsite monitoring services, which is part of our solar PV systems' preventive maintenance services. With an offsite monitoring service, we are able to monitor and alert our customers when there are interruption and downtime on their solar PV systems. Our offsite monitoring system enables us to track and identify the defective components (e.g. PV modules, inverters, and optimisers) and perform the repair/replacement of faulty parts in the system upon request by our customers.

3.5 Material machinery and equipment

Below is a list of our primary equipment used in our operations:

No.	Type of machinery/ equipment	Description/ Use of machinery/ equipment	No. of units	Year purchased	Total purchases value RM	Audited NBV as at 31 October 2020 RM
1	Seaward PV Tester 	Allows electrical safety and performance verification of PV installations	1	2017	5,115	2,046
2	Hioki Power Logger 	Monitor power demand and other power parameters	1	2017	9,253	2,159
3	Kyoritsu Insulation – Continuity Tester 	Measures the insulation resistance and check of current flow in an electric circuit	1	2018	953	413
4	Kyoritsu Digital Earth Tester 	To check earth resistance for grounding/earthing	1	2018	887	384

The above types of equipment are only utilised during the testing phase after the installation work of our solar PV systems at our customers' premises is completed. As the completion date for our installation works are not on the same day, we are not required to have many units of such equipment.

As at the LPD, we have sufficient units to conduct our testing of installed solar PV system for our 16 ongoing EPCC projects. If our projects increased dramatically, we can always rent or purchase additional units in the market easily.

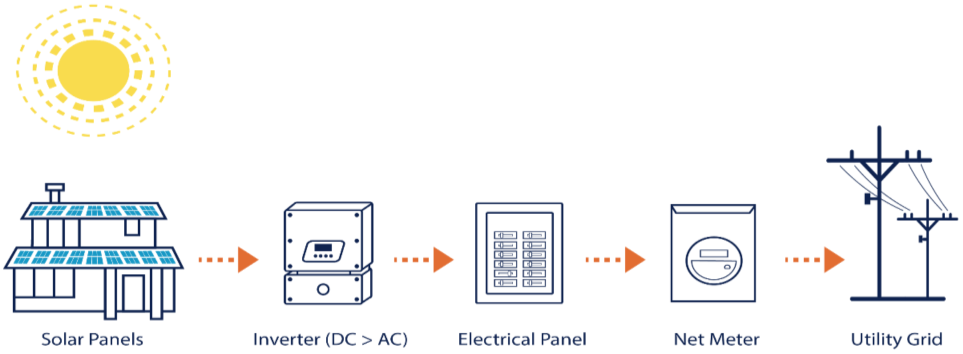
3.6 Technology used

Currently, we design and build solar PV systems for industrial, commercial and residential buildings. Our solar PV systems are used to generate electricity from sunlight. Building an operating solar PV system requires a combination of the following fundamental solar PV equipment and component parts such as:

- **PV modules** also known as solar panels to absorb sunlight**;**
- **inverters** to convert sunlight into electricity and to change the electric current from DC to AC;
- **power optimisers** use to maximise the energy generated from the solar PV system;
- **support structure and mounting** to support the PV modules in place;
- **cabling** to connect all wires in the solar PV system;
- **cloud-based monitoring platform** to collect and analyse power energy data from the solar PV system; and/or
- **other related electrical accessories** to set up a working system.

Currently, we specialise in the provision of **grid-tied solar PV solutions**, whether it is **roof-mounted and/or ground-mounted systems**, for our customers' solar requirements. A grid-tied PV system is where the solar PV system is connected to the grid.

The diagram below illustrates how a grid-tied solar PV system works:



Malaysia is located near the equator and has plenty of sunlight throughout the year. Therefore, there is an inexhaustible source of energy from the sun. Our PV modules rely on the ability of the solar cells to harness the energy from the sun and convert it into useful and clean energy. There are two (2) types of solar panel, such as polycrystalline and monocrystalline panels, used in our solar PV systems.

(i) **Monocrystalline panel,** which has the highest efficiency rates (generally higher than 20% range), meaning they produce more power per square foot, and are therefore very space-efficient, and

(ii) **Polycrystalline panel,** which has lower efficiency ratings (generally between 15% and 17% range), lower heat tolerance level and are less efficient in low-light condition. Polycrystalline panel is cheaper than monocrystalline panel.

Based on our customers' criteria, we are able to provide both types of PV modules.

When photon energy from the sun hits the PV modules, the PV modules transform these photons into electrons which becomes DC electricity. Subsequently, this DC electricity can flow to other electronic devices which require DC electricity to operate. Our solar PV system also uses inverters to convert DC electricity into AC electricity which is used in many electronic devices and home appliances such as computers, televisions and even washing machines.

<u>Types of solar PV system</u>

Currently, we are capable of offering two (2) types of solar PV systems, namely roof-mounted and/or ground-mounted systems to meet our customers' solar PV requirements. Both types of solar PV system offered by us are equipped with cloud-based monitoring system to allow remote monitoring.

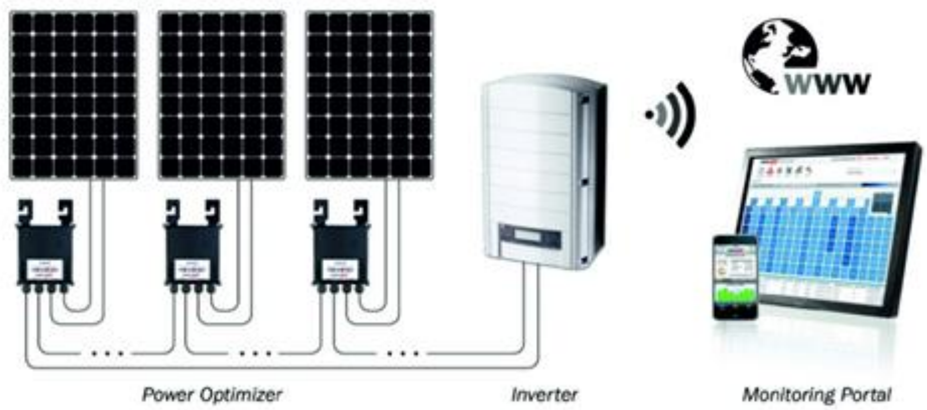
A. **Roof-mounted solar PV system** – a roof-mounted solar PV system is a system where all the electricity-generating PV modules are mounted on the rooftop of a building whether they are industrial, commercial and residential buildings or structures. A roof-mounted solar PV system is faster and easier to install than a ground-based solar energy system, so labour charges are minimal. Also, the mounting components are less expensive. There are several factors which we take into consideration before we recommend a roof-mounted solar PV system to our customers.

- **Rooftop condition** – PV modules must be mounted on a solid, stable structure. The PV modules are designed to last for more than 20 years; therefore, it is more cost effective to place them on roofs that are in good condition. Therefore, we generally recommend our customers to repair and replace damaged roofs before scheduling a rooftop installation. If the rooftop is in good condition, customers can minimise cost by choosing to install rooftop PV modules.

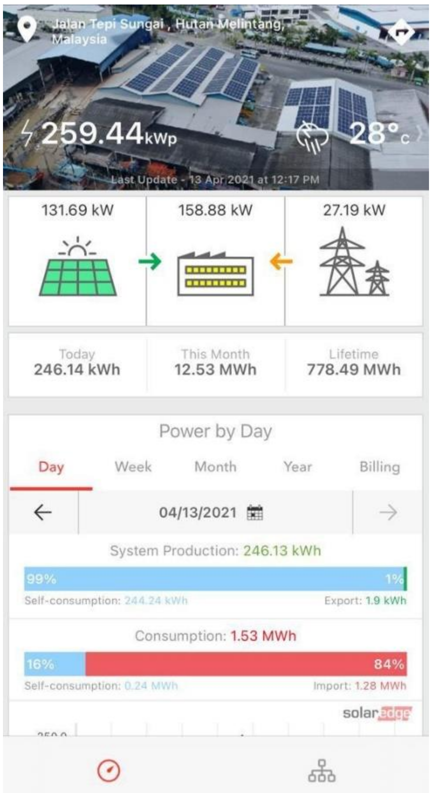
- **Rooftop facing** – a PV module needs to have an unobstructed access to the sun rays in order to harness the sun's energy effectively. To capture the sun's energy, PV modules must be facing the correct direction as any presence of shade from nearby buildings and trees can reduce the electricity output.


B. **Ground-mounted solar PV system** – a ground-mounted solar PV system is a system of PV modules that are mounted on the ground on our customer's property. PV modules mounted at ground level can be placed at the optimal orientation and angle for maximum energy production. To build a ground-mounted solar PV system, there are more materials required in the mounting process such as reinforced pole structures and cement foundations, as well as cable laying process, where majority of the cables are laid underground. This type of system incurs higher labour cost for cable trenching and underground work and therefore is generally more expensive than roof-mounted solar PV system.

C. Cloud-based monitoring system – Our customers are able to remotely monitor their solar PV systems via cloud-based monitoring systems developed by SolarEdge Monitoring Platform and Aurora Vision®. These cloud-based monitoring systems allow us and our customers to access the telemetry data generated from our installed PV systems in their sites without the need to be physically there. Only authorised personnel can access the real-time data and results of the PV system from any location where there is internet connectivity. Through our monitoring system, customers can study their solar progress patterns, analyse optimisation rates, and check for any problems that might arise from their system and perform troubleshooting procedures immediately.

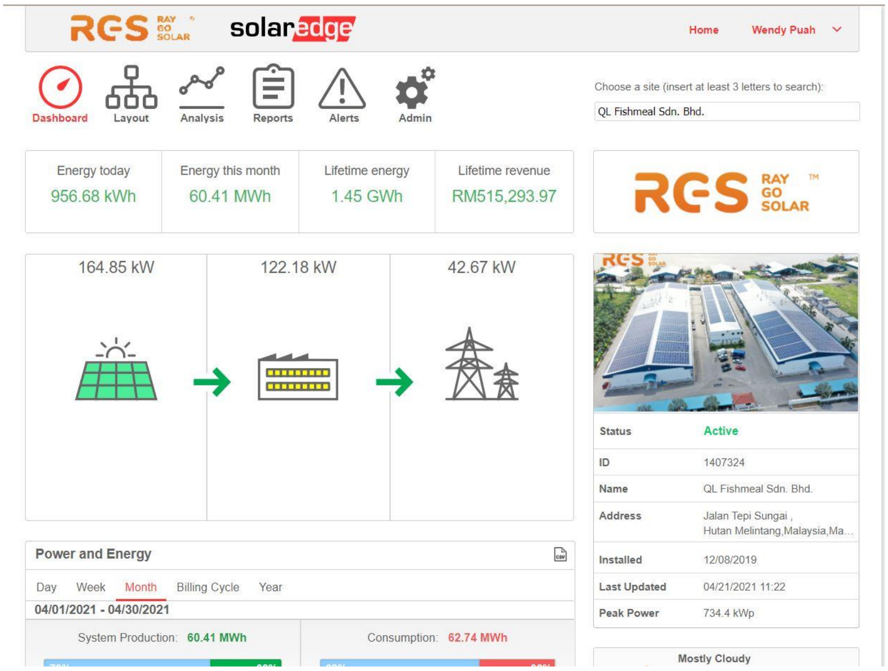


Below are the pictorials of our mobile-based and desktop-based monitoring systems:

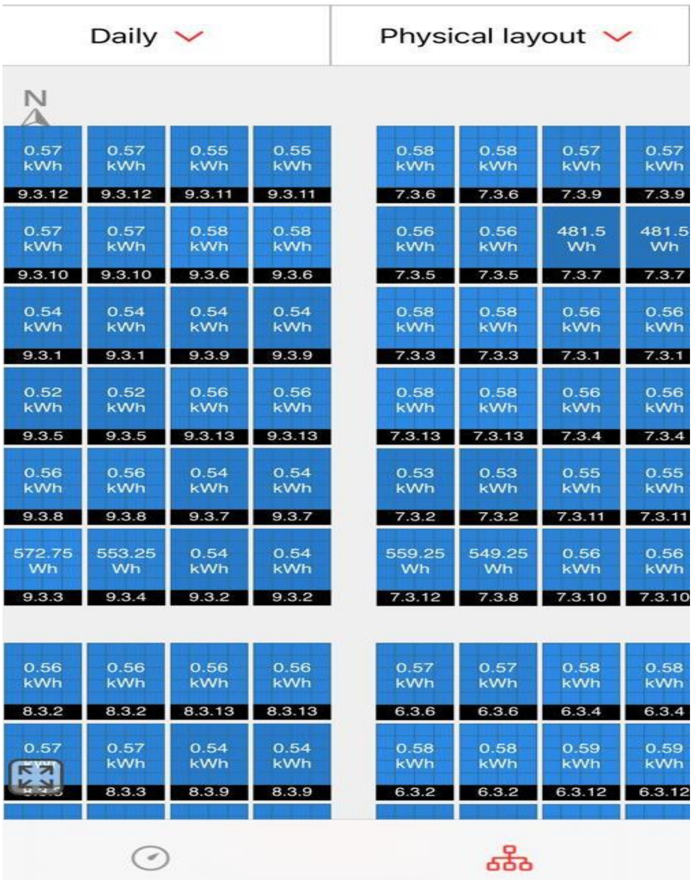


(Mobile based monitoring system)

3 BUSINESS OVERVIEW (CONT'D)



(Desktop based monitoring system)



(Panels monitoring and maintenance screen)

3.7 Research and development

As a solar PV solutions provider, we are not involved in the development and manufacturing of any solar PV products and equipment. For our solar PV solutions, we source and procure our solar PV products from international vendors. As a result, we do not engage in any R&D activities for our business. However, we are involved in the system design and layout activities based on our customers' requirements. Such activity involves selection of the correct PV equipment and tools, from multiple brands of solar PV equipment.

3.8 Quality management system

Our Group is committed to providing quality EPCC services and as such, we have implemented a quality management system, which is in compliance with national and international standards and requirements. Our Group has been accredited with BS EN ISO 9001:2015 Quality Management System certification for the Provision of Supply, Providing Solution & Installation of Solar System on Rooftop by NQA. This accreditation is a testament to our Group's ongoing commitment in providing quality EPCC services for solar PV systems to our customers.

Since we began offering our EPCC services in 2013, we have established a reputation as a solar PV solution provider in delivering work and services in accordance with our customers' requirements. We have internal quality management assurance policies to ensure that our products and services are of quality and meet the specifications and requirements of our customers. Our Group is of the opinion that the essential attributes in retaining existing customers and attracting new ones in the local markets, as well as maintaining our market presence, lies in the provision of consistent product quality and service.

We aim to provide EPCC services for solar PV systems and we strive not only to provide quality products and services, but also to ensure we deliver positive commercial value services without compromising on quality and compliance with our customers' project requirements. We practice stringent quality control in every service aspect we offer to our customers, from design, procurement of materials and equipment and engineering to installation and commissioning of the project.

It is vital to carry out proper quality control procedures at every stage of our projects. Our personnel will monitor and control every quality aspect of the projects, encompassing the procurement of equipment, internal inspection and testing at our facilities and on-site quality monitoring during installation and commissioning.

We initiate and maintain a proper project quality system incorporating procedures required to ensure quality and timely delivery throughout each phase of the project and supervising our field personnel on their performance to ensure that they meet the project specification requirements.

Below are the quality control activities which we carry out at various stages of our project:

I. Design and engineering stage

All design activities are reviewed to ensure conformance with project specifications and requirement. This encompasses conceptual and detailed design activities relevant to all engineering disciplines including mechanical, electrical, electronic, instrumentation, process and civil.

We will also perform critical assessments to establish the focus for quality related activities. This will ensure that resources will be directed to the essential systems and processes within the overall project requirements and timeframe.

II. Procurement stage

We will undertake auditing and inspection of the materials, tools, component parts and equipment procured by our procurement department to ensure they are in compliance with the required codes, standards and project specifications.

III. Assembly and installation stages

We provide site surveillance and auditing during assembly, installation and pre-commissioning to ensure quality compliance with our customers' requirements. We will prepare report results of inspections, providing recommendations to address any area of non-conformance to our QC department for rectification.

IV. Testing and commissioning stages

After completion of a project, we will conduct a detailed inspection and on-site testing of the customers' system to ensure the system is working. Any defects identified will be rectified immediately to minimise operational downtime for our customers.

3.9 Defect liability assurance, product and performance warranties

3.9.1 Defect liability assurance

We provide defect liability assurance for our customers for our EPCC services as follows:

- workmanship (except for roof leakages) for a period of 12 months; and
- roof leakages for a period of six (6) months,

from the completion of installation work (i.e. from installation of solar PV system up to system commissioning).

During the defect liability period, we are obligated to rectify any defects arising from defective works under our EPCC scope.

3.9.2 Product and performance warranties

Solar PV modules and inverters that we install for our customers come with the following product and performance warranties as provided by our suppliers:

Type of warranty	Products	
	Solar PV modules	**Inverters**
Product warranty	Up to 12 years	Up to 12 years
Performance warranty	Performance warranty that the power generated by the solar PV modules will not be less than 85.00% of the installed capacity during the commercial operation period of approximately 25 years. In the event the power generated by the solar PV modules falls below 85.00%, the supplier will make good of the shortfall through product replacement or addition of solar PV modules to restore to the expected performance or monetary compensation if the replacement or addition is unable to give the expected result.	N/A

Based on the above, any product or performance liability claim will be covered by our suppliers/vendors. As such we are not required to make any provision for product or performance warranties for our PV modules and inverters.
However, we are responsible for the cost of replacing the products, which typically includes the costs of labour, transportation and consumables. If we are unable to claim from the manufacturers due to our negligence or the amounts cannot be claimed in full or at all from the manufacturers, we may need to bear some or all the costs of the claims.

Notwithstanding the warranties provided by the suppliers, we are exposed to product liability risks such as, among others, manufacturing defects, design defects or defective warnings or instructions and product mislabelling. Customers claiming damages from these defects may take legal action against us as a distributor, which may impact our business.

3.10 Sales and marketing strategies

Our main marketing strategy is service marketing to promote and market our services to both our existing and potential customers. These marketing services involve the advertising of our capabilities in providing solar PV solutions, from design and planning to the delivery of completed projects and maintenance services to our solar PV customers. We visit and give presentations to our potential and existing solar PV customers to exhibit our relevant experiences, service capabilities, quality of services as well as proven track records with regards to the projects which we are marketing and tendering for. Our marketing team will constantly update the marketing presentations with our Group's latest profile, as well as the projects/contracts which we have completed and delivered.

The sales and marketing strategies initiated by our Group include the following:

(a) Tendering

Our marketing department is responsible for the continuous monitoring and sourcing of new projects for our Group. Potential projects can come in the form of open tenders or invites to tender from our customers in the public and private sectors. Our marketing department will also approach and submit solar PV project proposals to any potential projects identified on a proactive basis from prospective customers as well as consultants. We perform routine follow-ups on tender release dates and their requirements so as to ensure that we are pre-qualified to participate.

(b) Client referrals and direct engagement

We also undertake design and build projects and submit proposals directly to potential customers for consideration. One of our key strategies is to proactively communicate with potential customers to promote our products and services. As at the LPD, the majority of our EPCC projects are secured from direct engagement with our customers and referrals from our existing customers.

Despite the implementation of MCO which slightly hampered our marketing efforts as we were unable to visit new customers and conduct presentation to promote our products and services, we continue to proactively engage customers and have managed to secure 15 additional EPCC projects since the implementation of the first MCO in March 2020. As movement restrictions were relaxed and businesses started to operate again, we have been able to re-commence work and this has resulted in the increase in revenue for the 9-month FPE 2021. As at the LPD, we have completed two (2) of the 15 projects secured, 12 are currently ongoing and one (1) is deferred until further notice.

Our track record has helped us to establish mutually beneficial relationships with our customers. The goodwill developed among these loyal and satisfied customers have translated into greater business opportunities either through repeat business and/or recommendations to other prospective customers.

Apart from our services marketing channels, we have also embarked on a branding strategy. Since we began operating in the solar PV industry, we have been continuously building our presence and have established a corporate branding based on the activities and services which we have provided. This is done through our consistent quality of services via quality work as well as through referrals among our customers.

Our corporate branding is also evidenced by our ability to secure repeated business from our existing customers who have good working relationships with us. Our reputation is further strengthened through past and current engagements with our customers, who are familiar with our capabilities and our abilities to plan, manage, execute and deliver successfully projects for them. The track record achieved is a form of marketing and advertising platform for us as our clientele base grows larger.

We also organise site visits for our customers to visit our existing operations to better understand our capabilities, in terms of our operation processes and procedures, technology and service know-how, as well as our scope of activities. These visits help further strengthened our relationships and business dealings with them. We also provide other marketing tools such as service training and demonstrations to educate our customers on service availability, capabilities and deliverables.

(c) Our Directors and key management's network of business contacts

We are continuously looking to generate new business opportunities by leveraging on the wide, established network of business contacts that our Directors and key management have developed over the years in the solar PV industry.

(d) Participation in exhibitions and trade fairs

Since 2019, we have participated in five (5) exhibitions to promote our products and services as well as to meet prospective customers. These exhibitions were:

Year of participation	Events	Location
2019	ASEAN Super 8 2019	MITI Exhibition Centre, Malaysia
2019	International Greentech & Eco Products Exhibition & Conference Malaysia 2019	Kuala Lumpur Convention Centre, Malaysia
2020	International Greentech & Eco Products Exhibition & Conference Malaysia 2020	Virtual
2020	ASEAN Super 8 Virtual Connect Exhibition	Virtual
2021	ASEAN Super 8	Virtual

3 BUSINESS OVERVIEW (CONT'D)

3.11 Major customers

Our top five (5) customers in the last two (2) financial years are as follows:

Customers	Type of customers	Type of products and services sold	Approximate length of relationship Year(s)	Revenue RM'000	Revenue %
FYE 2019					
QL Resources Group			3		
QL Foods Sdn Bhd	Industrial	Roof-mounted solar PV system		7,013	*37.20*
QL Fishmeal Sdn Bhd	Industrial	Roof-mounted solar PV system		2,243	*11.90*
QL Endau Marine Products Sdn Bhd	Industrial	Roof-mounted solar PV system		2,266	*12.02*
QL Marine Products Sdn Bhd	Industrial	Roof-mounted solar PV system		2,821	*14.97*
QL Endau Fishmeal Sdn Bhd	Industrial	Roof-mounted solar PV system		1,083	*5.74*
QL Endau Deep Sea Fishing Sdn Bhd	Industrial	Roof-mounted solar PV system		1,004	*5.33*
				16,430	87.16
Jaya Nets Sdn Bhd	Industrial	Roof-mounted solar PV system	3	569	3.02
CLPG Packaging Industries Sdn Bhd	Industrial	Roof-mounted solar PV system	2	1,106	5.87
Resintech Plastics (M) Sdn Bhd	Industrial	Roof-mounted solar PV system	3	238	*1.26*
Mega Label (Malaysia) Sdn Bhd	Industrial	Roof-mounted solar PV system	3	303	1.61
Total revenue				**18,646**	***98.92***
FYE 2020					
Nippon Paint (Malaysia) Sdn Bhd	Industrial	Roof-mounted solar PV system	2	3,720	*25.09*
QL Marine Products Sdn Bhd	Industrial	Roof-mounted solar PV system	3	2,161	*14.57*
Yeo Aik Hevea (M) Sdn Bhd	Commercial	Roof-mounted solar PV system	1	2,085	*14.06*
Chun Hoe Trading Sdn Bhd	Commercial	Roof-mounted solar PV system	2	1,242	*8.38*
Kombinasi Bumi Solar Sdn Bhd	Industrial	Roof-mounted solar PV system	2	1,182	*7.97*
Total revenue				**10,390**	***70.07***

For the last two (2) FYEs, our major customers were the QL Resources Group, Nippon Paint (Malaysia) Sdn Bhd and Yeo Aik Hevea (M) Sdn Bhd, which individually contributed more than 10% to our Group's total revenue. Although they contributed more than 10% to our Group's total revenue for the given year, we are not dependent on them due to the nature of our products and services which is project-based. Upon completion of the project, our relationship may continue based on new project awards and the fee derived from the maintenance of the solar PV system which is usually not substantial.

Despite the implementation of several MCOs which hampered our marketing efforts, we have been proactively engaging customers. As a result, we secured 15 additional EPCC projects during this period.

3.12 Major suppliers and types, sources and availability of materials

3.12.1 Major suppliers

Our top five (5) suppliers in the last two (2) FYEs are as follows:

Suppliers	Country(ies)	Type of products and services supplied	Approximate length of relationship	FYE 2019		FYE 2020	
			Year(s)	RM'000	%	RM'000	%
Hanwha Q CELLS	Malaysia and China	PV modules	5	9,265	65.00	4,432	*41.39*
Inverpower Sdn Bhd	Malaysia	Inverters and other related products	7	2,945	*20.66*	2,756	*25.74*
Xiamen Kingfeels Energy Technology Co Ltd	China	Mounting structure	3	391	*2.74*	506	*4.72*
IQD 1 Construction Sdn Bhd	Malaysia	Sub-contractor	4	296	*2.07*	1,010	*9.43*
Logimas Sdn Bhd	Malaysia	Cables	6	158	*1.11*	363	*3.39*
Total cost of sales				**13,055**	***91.58***	**9,067**	***84.67***

Hanwha Q CELLS and Inverpower Sdn Bhd are our Group's major suppliers which individually accounted for more than 10% of our Group's total purchases.

PV modules and inverters are the major components for solar PV systems. To ensure our solar PV systems deliver positive performance, we only source and utilise quality PV modules and inverters from reputable vendors.

For the FYE 2019 and FYE 2020, Hanwha Q CELLS is our major supplier who accounted for 65.00% and 41.39% of our Group's total cost of sales, respectively. Hanwha Q CELLS is the manufacturing arm of Hanwha Solutions Corporation, a major manufacturer of solar PV cells. It has manufacturing facilities in four (4) countries namely Malaysia, South Korea, China and US. Hanwha Solutions Corporation' revenue for its financial year ended 31 December 2020 was KRW3,702 billion which was equivalent to approximately RM13 billion.

Hanwha Q CELLS Malaysia is the main distributor of Q-Cells PV modules in Malaysia. For the last 5 years, we have been sourcing our PV modules mainly from Hanwha Q CELLS Malaysia due to its product quality and performance as well as long operating history. For FYE 2020, we also purchased some of the Q-Cell PV modules from Hanwha Solutions Corporation's manufacturing facility in China, after taking into consideration among others the exchange rates, custom duty and transportation cost at the point of purchase.

Hanwha Solutions Corporation is a major manufacturer of PV solar cells. Q Cells was founded in 1999 by a German company and was later sold to Hanwha Solutions Corporation, a South Korean business conglomerate in August 2012. Since Hanwha Solutions Corporations has been in the solar PV business for 22 years, we do not foresee any supply shortage from Hanwha Q CELLS in the foreseeable future. Therefore, we have confident in using its PV modules for our EPCC projects. Furthermore, our established long-term business relationship with Hanwha Q CELLS which spanned over five (5) years, is a testimony of our good working relationship with them.

Although we currently procure most of our solar PV panels from Hanwha Q CELLS, we also have other alternative brands of solar PV panels such as Panasonic, LONGi, and Jinko Solar, which we can use to design and build our solar PV systems. The cost of the solar PV panels varies between different brands and is usually associated with its performance. Ultimately, it is our customers' final decision to choose their preferred brands of solar PV panels according to their budget and energy requirement. To date, solar PV panels supplied by Q CELLS have been tested to deliver better performance for our Solar PV systems.

We also source our inverters and related products from Inverpower Sdn Bhd. Inverpower Sdn Bhd was established in 2012 and is one of the main distributors of SolarEdge inverters in Malaysia. They also distribute other brands of inverters such as ABB and Sungrow. The company provides presales design, product training, trouble shooting, after-sales product service, support at site and warranty support. For the FYE 2019 and FYE 2020, our purchases from Inverpower Sdn Bhd accounted for 20.66% and 25.74% of our Group's total cost of sales respectively.

SolarEdge Technologies Inc., through its group of companies, is principally involved in the provision of power optimiser, solar inverter and monitoring systems for PV systems. It is listed on NASDAQ stock exchange and has manufacturing facilities in four (4) countries mainly China, Hungary, South Korea and Vietnam. SolarEdge Technologies Inc. has 15 years' operating history and strong reputation in the production and supply of quality inverters for the PV industry. SolarEdge Technologies Inc. has appointed Inverpower Sdn Bhd, as one of its main distributors in Malaysia to distribute its range of products. Our Group has also built a good business relationship with Inverpower Sdn Bhd to obtain stable supply of among others, SolarEdge and ABB inverters for our solar PV projects, through continuous orders and prompt payment history.

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3.12.2 Types, sources and availability of materials

We purchase our PV equipment from local and overseas suppliers, comprising mainly suppliers of PV modules, inverters, mounting structures, cables, etc from a pool of reputable suppliers in Malaysia and overseas. The table below sets out the major PV equipment purchased for our business operations for FYE 2019 and FYE 2020:

Type of raw materials	Country of origin[(1)]	% of Group's total purchases				Purchased from:	
		FYE 2019		FYE 2020		Local supplier	Direct import
		RM'000	%	RM'000	%		
PV modules	Malaysia/ China/ South Korea/ US	9,265	*65.00*	4,432	*41.39*	✓	✓
Inverters	China/ Hungary/ South Korea/ Vietnam	2,880	*20.20*	2,653	*24.77*	✓	-
Mounting structure	China	395	*2.77*	506	*4.73*	-	✓
Cables	Malaysia/ Germany	245	*1.72*	537	*5.01*	✓	-
Electric switchboard	Malaysia	94	*0.66*	430	*4.02*	✓	-
Monitoring system	USA	58	*0.41*	69	*0.64*	✓	-
Other costs[(2)]		1,318	*9.24*	2,082	*19.44*	✓	-
Total cost of sales (RM'000)		**14,255**	**100.00**	**10,709**	***100.00***		

Notes:

(1) Refers to the country of product manufacture.

(2) Other costs mainly consist of subcontractor cost, transportation and rent of equipment.

For FYE 2019 and FYE2020, our major purchases were PV modules and inverters, of which PV modules accounted for 65.00% and 41.39%; and inverters accounted for 20.20% and 24.77% of our Group's total cost of sales, respectively.

Generally, we are dependent on selected suppliers for our PV modules and inverters. This is because we only source PV equipment for our EPCC projects from reputable manufacturers such as Hanwha Q CELLS and SolarEdge Technologies Inc. for their quality and high-performance products.

In addition to the design for a quality solar PV system, the selection of the right equipment plays a vital part on the development process. Therefore, we do not change our suppliers regularly.

Since we began offering our EPCC services, we have been continuously building good and long-term business relationship, spanning between three (3) and seven (7) years, with our suppliers for the consistent supply of quality solar PV equipment used in our EPCC operations. As at the LPD, we have not experienced any major supply interruption and delay from our suppliers. Furthermore, the solar PV equipment purchased by us are generally readily supplied by numerous suppliers. Hence, we do not foresee any difficulty in sourcing our solar PV equipment from other suppliers on a timely manner.

For our EPCC projects, we outsource the labour-intensive activities to external subcontractors, such as (i) lifting and moving of solar PV equipment, and (ii) assembly and installation of PV modules, mounting brackets and equipment. For FYE 2019 and FYE 2020, our major subcontractor was IQD 1 Construction Sdn Bhd, which has provided quality workmanship to us for over four (4) years. However, we are not highly dependent on them as there are many other subcontractors available in the market to provide the same services. As long as IQD 1 Construction Sdn Bhd continues to provide us with quality workmanship, we will continue to work with them as we are assured of their services.

3.13 Property, plant and equipment

As at the LPD, the Group does not own any property.

In line with the Group's business expansion, we had on 15 September 2021 entered into a sales and purchase agreement to acquire a bigger office space in Shah Alam. The target relocation to the new office is in the first half of 2022.

3.13.1 Business location

Since RGS EPC commenced business in May 2013, it had operated from a rented office premises located at Bandar Bukit Tinggi in Klang. As at the LPD, our Group's principal business operations are situated at the following rented premises:

Company	Address	Activity/ Purpose of location	Estimated built-up and land area	Terms
RGS EPC	36 Jalan Jasmin 3 Bandar Botanik 41200 Klang Selangor	**Description:** Ground floor of a shop-lot building. **Existing use:** Head office use for operation and procurement activities.	**Land area:** 1,650 sq. ft. **Built-up area:** 1,430 sq. ft.	**Rented from:** Dato' Ray Tan **Monthly rental rate:** RM2,200 **Rental terms:** 2 years from 1 August 2020 to 31 July 2022
RGS EPC	36-1 Jalan Jasmin 3 Bandar Botanik 41200 Klang Selangor	**Description:** First floor of a shop-lot building. **Existing use:** Head office use for administration and marketing activities.	**Land area:** 1,650 sq. ft. **Built-up area:** 1,430 sq. ft.	**Rented from:** Dato' Ray Tan **Monthly rental rate:** RM1,400 **Rental terms:** 2 years from 1 August 2020 to 31 July 2022

3.14 Our competitive strengths

3.14.1 We possess the technical knowledge and experience to provide comprehensive solar PV solutions to service different customers' building requirements

We are a competent solar technology specialist with the technical knowledge and experience in providing turnkey solar PV solutions with the objective of addressing all aspects of our customers' solar PV requirements and needs. We are able to perform all necessary activities from the point of engagement, including engineering and design, procurement and assembly, installation, testing and commissioning, as well as maintenance of our customers' solar PV systems. We are able to apply our technical knowledge and experiences in project management, system implementation and integration in order to deliver operational and efficient solar PV systems to our customers, as well as to assist them in maximising performance and reducing operational costs.

Since we began our business operations, we have provided comprehensive, quality and high-performance solar PV solutions for our customers' residential, industrial and commercial buildings. Over the course of servicing these diversified market segments, we have accumulated a wealth of knowledge and a range of experiences and capabilities that has provided us with the versatility to address any solar PV matters our customers may have. From these experiences, we have built our capabilities to handle a few solar PV projects concurrently without affecting the quality of our work and the timeliness of our deliverables. This also reduces our reliance on any single sector for the sustenance of our business.

As a turnkey solar PV solutions provider, we are in a better position to serve our customers, from their short to long term operational demands. In the solar PV industry, solar technology specialists who are able to offer comprehensive range of solar PV solutions and supporting services are preferred as they can assist to improve resource allocation and efficiency, integrate technical solutions, reduce risk for customers and deliver better quality performance.

Through our technical knowledge and experiences, we are able to complete and deliver our projects to our customers within budget and time. We believe these are the main reasons why we have been continuously awarded with new contracts from new customers and repeat contracts from the QL Resources Group.

3.14.2 We have a team of experienced and dedicated management and key personnel

We aim to become the leading solar PV solutions provider in Malaysia, offering quality solar PV solutions to our customers. Our founders, executive directors and key personnel have played and continue to play vital roles in our success, as they have vast amount of knowledge and experience in the solar PV industry. Their strategic planning and direction, as well as technical knowledge have given us the competitive advantage to compete with our competitors.

We also believe that a capable and dedicated senior management team is a key factor to the successful operations of our Group. All heads of division are tasked with carrying out their duties to ensure that all operations within their scopes meet our Group's objectives. The heads of division ensure that all employees make good use of their skills, conduct new staff training and support our Group's growing business operations. Since a good working environment is essential for human resource development, the senior management team encourages new staff to learn their roles and job functions as fast as they can while receiving on-the-job training. Within all divisions, the heads of department are expected to stay in constant communication and collaboration, which allows for all departments and designated employees to be updated on the latest technical, operational and quality control matters in our Group, so that corresponding action can be affected within the shortest time.

3.14.3 We have a proven track record

We have established a proven track record in the EPCC of solar PV systems in Malaysia. As at the LPD, we have completed 68 EPCC projects for solar PV systems with total installed capacity of 11.02 MWp in Malaysia. Besides that, we have secured additional 16 EPCC projects of which 15 are currently ongoing and one (1) on hold until further notice due to COVID-19 pandemic. The total capacity to be installed for these additional projects is 7.73 MWp.

Since we began offering EPCC services in 2013, provided comprehensive, quality and high-performance solar PV solutions under NEM scheme for our corporate customers for their industrial and commercial buildings. During this period, we have built relationships and proven track records with our customers in diversified market segments. We have also accumulated a wealth of knowledge and a range of

experiences and capabilities that has provided us with the versatility to address any solar PV matters our customers may have.
From these experiences, we have built our capabilities to handle a few solar PV projects concurrently without affecting the quality of our work and the timeliness of our deliverables. This also reduces our reliance on any single sector for the sustenance of our business.

Furthermore, our ability to secure new and recurring projects from existing and new customers is a testament to our Group's reputation in providing customer satisfaction and quality services, and our ability to complete and deliver our products and services on time.

3.14.4 We are dedicated to quality assurance

We place emphasis on the quality of the products and services we offer. We have built a market presence in the local market based on our ability to provide quality products and services that meet our customers' expectations and requirements. We manage every aspect of our customers' solar PV projects with QC procedures at every stage right through to handover. We have implemented a quality management system for our entire operation process, which has been assessed and accredited with BS EN ISO 9001:2015 certification from NQA.

As a further testament to our confidence in the quality of our products and services, we also provide our customers with defect liability periods of up to 12 months as well as pre-determined performance ratio guarantees. Performance ratio guarantee focuses on the performance efficiency of our PV systems. In the event the PV system does not meet the efficiency level, the EPCC contractor will either improve the performance efficiency to the guaranteed level or compensate the customer by the loss of savings between the actual generation and the guaranteed performance.

It is important that the system which we designed and built are able to perform uninterrupted as the more electricity the system generates can be translated into cost saving for our customers. Therefore, we only source and utilise reputable and quality solar PV equipment, such as Q-Cells and SolarEdge, for our solar PV systems so that it is able to deliver high performance. Additionally, we also offer an offsite monitoring system to monitor the performance of our customers' solar PV systems to ensure continuous performance of the systems as well as minimal operation interruption.

3.14.5 We have established strong networks and strategic partnerships with our solar equipment suppliers and subcontractors

Our business relies on the constant supply of quality solar PV technology and equipment for the solar PV systems we install. We do not manufacture our own hardware and equipment, but we source these from local and international suppliers. Our competency lies in the understanding of what our customers require for their solar PV needs and subsequently, we build solar PV systems which can meet their electricity needs without exhausting their budget.

Please refer to Section 3.2.1 of this Information Memorandum for the list of our solar PV equipment sources and brands.

Over the course of our business, we have established strong working relationships with our solar equipment suppliers. As such, we are able to secure a continuous supply of solar equipment at competitive prices, favourable payment terms, prompt delivery and quick turnaround of repairs and spare parts. We strive to maintain our working relationships with these suppliers, who have the resources to cater to and meet our technical specifications and performance.

We appoint subcontractors to perform the labour-intensive activities such as construction work and installation of PV modules at our customers' site rooftops. We have a pool of subcontractors which we engage to supply us with their services.

Currently, we deal with our solar equipment suppliers and subcontractors mainly through direct engagement process. We only award projects to subcontractors after careful consideration and after going through our selection process to ensure consistent quality of work. Subcontractors are selected based on criteria such as the quality of their services, reputation and track record, pricing, reliability and their ability to complete projects within the deadlines. The performance of our subcontractors is evaluated and recorded upon the completion of each project to help identify qualified and reliable subcontractors for future projects.

3.15 Seasonality

Our Group's core acitivity is in the provision of EPCC services for solar PV systems for our customers. The nature of our Group's operation is predominantly project-based. Throughout the years, we are able to secure new projects from our customers, hence we are not subjected to any seasonality issues. However, the demand for solar PV systems correlates with the condition of the overall economy. Any slowdown in the overall economy may reduce the demand of our EPCC services. Currently, most of our customers are in the manufacturing sector. Any slowdown in the manufacturing sector may also reduce their investment spending which will also affect the demand of our products and services.

3.16 Interruptions to business and operations

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. And since March 2020, we experienced interruptions to our business due to the imposition of a series of MCO by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 effective from 18 March 2020 to curb the spread of COVID-19 pandemic in Malaysia. The COVID-19 outbreak and the movement control restrictions which are still ongoing as at the LPD are expected to continue to have an adverse effect on the Malaysian economy.

(i) Impact on our business operations

Event/Duration	Date	Impact on our operations
• MCO/ 8 weeks	18 March 2020 to 3 May 2020	• Stopped all operations at the work sites on 18 March 2020. • RGS EPC applied for written approval from MITI to resume operations at specific work sites. Approval obtained on 6 May 2020 and work resumed at affected sites from 8 May 2020 onwards.
• CMCO[(1)]/ 4 weeks	4 May 2020 to 9 June 2020	• Work at all sites and office continued to operate according to guidelines and SOP observed during the MCO.
• EMCO in Sabah[(2)] / 2 weeks	28 September 2020 to 12 October 2020	• Stopped all operations at the work sites
• RMCO[(3)]/ 42 weeks	10 June 2020 to 31 March 2021	• Work at all sites and office continued to operate according to guidelines and SOP observed during the MCO.

Event/Duration	Date	Impact on our operations
• MCO/ 7 weeks	13 January 2021 to 4 March 2021	• Our business was allowed to operate as usual but subject to compliance with the specified guidelines and SOP.
• CMCO[(1)]/ 9 weeks	5 March 2021 to 5 May 2021	• Our business was allowed to operate as usual but subject to compliance with the specified guidelines and SOP
• MCO in six (6) districts in Selangor/ 6 days	6 May 2021 to 11 May 2021	• Our business was allowed to operate for certain projects but subject to MITI approval and compliance with the specified guidelines and SOP
• MCO/ 20 days	12 May 2021 to 31 May 2021	• Our business was allowed to operate for certain projects but subject to MITI approval and compliance with the specified guidelines and SOP
• Full MCO/ 2 weeks	1 June 2021 to 14 June 2021	• Our business was allowed to operate for certain projects but subject to MITI approval and compliance with the specified guidelines and SOP
• NRP[(4)]/ Ongoing	15 June 2021 to current	• Our business is allowed to operate for certain projects but subject to MITI approval and compliance with the specified guidelines and SOP

Notes:

(1) Conditional Movement Control Order, where some of the measures implemented during MCO has been relaxed and including allowing most economic sectors to resume business provided specified guidelines and SOP were followed.

(2) Enhanced Movement Control Order in Sabah, where all business activities are stopped with the exception of those providing essential services and shops selling essential goods.

(3) Recovery Movement Control Order, where almost all economic sectors are allowed to resume provided that they follow specified guidelines and SOP.

(4) National Recovery Plan is a four-phase exit strategy from the COVID-19 crisis. The government will consider moving on to the next phase where the measures and restrictions are gradually relaxed and more economic sectors are allowed to resume operation. The move from one phase to the next will be based on the following three (3) indicators:

Indicators	***From phase 1 to phase 2***	***From phase 2 to phase 3***	***From phase 3 to phase 4***
Number of daily COVID-19 infections (cases)	*Below 4,000*	*Below 2,000*	*Below 500*
Bed utilisation rate in intensive care unit (ICU) wards	*Moderate level*	*Adequate level*	*Adequate level*

Indicators	*From phase 1 to phase 2*	*From phase 2 to phase 3*	*From phase 3 to phase 4*
Percentage of population that has received two doses of vaccines	*10%*	*40%*	*60%*

(Source: https://pelanpemulihannegara.gov.my/laporan/PPN-summary-en/index.html)

As at the LPD, status of NRP phase for the states and federal territories in Malaysia is as follows:

Phase	*States and federal territories*
Phase 1	*-*
Phase 2	*-*
Phase 3	*Perlis, Perak, Pulau Pinang, Kedah, Kelantan, and Sarawak*
Phase 4	*Pahang, Terengganu, Putrajaya, Kuala Lumpur, Selangor, Johor, Melaka, Negeri Sembilan, Sabah and Labuan*

(Source: https://www.malaysia.gov.my/portal/content/31194)

Cancellation, suspension or delay of EPCC projects

Arising from the implementation of MCO from 18 March 2020 up to the LPD, two (2) of our secured projects were affected as below:

(i) On hold until further notice – One (1) project

(ii) Terminated – One (1) project

(ii) Impact on our working capital and financial performance

We experienced disruptions to our solar PV projects due to stoppages at our installation sites particularly during the MCO period above.

These disruptions have affected our project implementation and billing schedule for some of our ongoing EPCC projects. A total of RM1.98 million billing for the implementation of solar PV project has been deferred from 1st half of 2020 to 2nd half of 2020. This has resulted in a reduction of our revenue for FYE 2020.

As at the LPD, we have cash and bank balances of approximately RM496,850 and bank overdraft facilities up to a limit of RM2,450,000, of which none have been utilised. Our board is confident that our working capital will be sufficient for our operations, after taking into account the said cash and bank balances and banking facilities that are currently available to our Group.

Save for the impact of the COVID-19 pandemic above, we have not experienced any interruptions to our businesses which had a significant effect on our Group's operations for the past 12 months prior to the LPD.

3 BUSINESS OVERVIEW (CONT'D)

3.17 Approvals, licences, permits, trademarks and right to use

3.17.1 Major approvals, licences and permits

Our Group has obtained all the major approvals, licences and permits for the operations of our businesses from the respective authorities, which are outlined as follows:

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
CIDB	CIDB G7 Contractor Licence Category B (Building), CE (Civil Engineering) and ME (Mechanical and Electrical)	Licence no.: 0120191112-WP035312	12 November 2019 to 11 November 2021[(1)]	1. The Company shall comply with the provisions under the CIDB Act, regulations made thereunder, and any terms and conditions or restriction imposed by CIDB from time to time.	Complied
				2. The Company shall provide to CIDB information in relation to any building work or contract within 14 days after awarded or before commencement of work, whichever is earlier.	Complied
				3. The Company shall at all time display this certificate of registration or its certified true copy issued by CIDB at its place of business.	Complied
				4. The Company shall display its registration number on signboard at its every construction site.	Complied
				5. The Company shall comply with the Contractors' Code of Ethic.	Noted
				6. The Company shall appoint skilled construction worker and site supervisors accredited and recognised by CIDB.	Complied
				7. All workers at the site visit shall have valid built-in personnel card (Kad Personel Binaan).	Complied

3 BUSINESS OVERVIEW (CONT'D)

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				8. The registration shall be revoked or suspended if, among others: (a) The Company does not comply with any provisions under any written law; (b) The Company is in breach of provisions under CIDB Act; (c) The Company has obtained the Certificate of Registration by making or cause to be made any false or fraud declaration or representation, written or otherwise; (d) The Company left any agreed construction work without any reasonable reason; (e) The Company is found guilty for negligence by the court or any investigation board established under any written law in relation to any agreed construction work; (f) The Company breaches any terms and conditions under "responsibilities and obligations of the contractor" herein.	Noted
Majlis Perbandaran Klang ("**MPK**")	Licence for office premises and front advertisement board at No. 36, Jalan Jasmin 3/KS6, Bandar Botanik, 41200 Klang	Licence no.: LL10743400905620207	1 January 2021 to 31 December 2021[(2)]	-	-

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
MPK	Licence for electric shop (selling) at No. 36, Jalan Jasmin 3/KS6, Bandar Botanik, 41200 Klang	Licence no. : LL10021400905620173	1 January 2021 to 31 December 2021[(2)]	-	-
SEDA Malaysia	Registered as a PV service provider and eligible to take part in FiT programme under the Renewable Energy Act 2011 ("**REA**")	Licence no.: SEDA-RPVSP-2021/008	15 January 2021 to 31 December 2021[(3)]	The Company shall:	
				(i) have a minimum paid-up capital of Ringgit Malaysia One Hundred Thousand (RM100,000.00);	Complied
				(ii) appoint any person who has passed the Grid-Connected PV (GCPV) Systems Design Course organized by SEDA Malaysia as a permanent employee;	Complied
				(iii) appoint any person who has an Electrical Wiring Certificate (at least PW2) and has passed the Grid-Connected PV (GCPV) Systems Wireman or Chargeman Course organized by SEDA Malaysia as one of those involved in the solar PV installation project in under any renewable energy mechanism and program;	Complied
				(iv) ensure that the deposit collected from any domestic customer who appoints registered solar service provider does not exceed Ringgit Malaysia One Thousand (RM1,000.00) for solar PV installation projects under any renewable energy mechanism and program and registered solar service provider shall issue a receipt or proof of payment to its customers;	Complied
				(v) have a safety policy and safe work practices for any solar PV installation work including ensuring that the environment is not affected by such installation;	Complied

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				(vi) ensure that all dealings relating to the business and handling of customers are conducted in a transparent and integrity manner in the interest of customers;	Complied
				(vii) shall comply with the applicable provisions under the REA and its subsidiary legislation, guidelines and other relevant laws; and	Complied
				(viii) shall meet the performance targets set by SEDA Malaysia, if any, and contribute towards the development of the NEM program or any related renewable energy program under SEDA Malaysia.	Complied
SEDA	Registered as a Solar PV Investor under NEM programme	Licence no.: SEDA-RPVI-2021/180	15 July 2021 to 31 December 2021[(3)]	The Company shall:	
				(i) have a minimum paid-up capital of Ringgit Malaysia One Million (RM1,000,000.00);	Complied
				(ii) shall comply with and enhance the importance, integrity and transparency of the renewable energy industry in its business activities as well as its operations with its customers;	Complied
				(iii) shall conduct their work, advertisement and promotion activities of their services, offer and products with integrity and transparency and shall avoid any statement that could mislead or create impression that the Company are representatives, agents or affiliates of SEDA or the ministry who would be responsible for matters relating to the supply of electricity; and	Complied

3 BUSINESS OVERVIEW (CONT'D)

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				(iv) shall regulate all details, information and data of its customers thoroughly and all details, information and data of its customers shall be confidential and shall not be disclosed to any third party without the consent of its customers except for a specific purpose by the relevant authority.	Complied
Energy Commission	Registered as an electricity contractor in accordance with Regulation 75 of the Electricity Regulations 1994 and power is given to the Company to operate electricity work business as an electricity contractor at 36-1, Jalan Jasmin 3, Bandar Botanik, 41200 Klang, Selangor under Class C	Licence no.: ST(TKL)SGRC/C/KE/03 072/2018	26 November 2020 to 25 November 2022	-	-

Notes:

(1) Application for renewal was submitted to CIDB on 25 October 2021 and approval was obtained on 15 November 2021. The licence will expire on 11 November 2022.

(2) Ray Go Solar will take the necessary actions to renew the MPK licenses by 31 December 2021.

(3) Ray Go Solar will submit the necessary documents for the renewal of both registered solar PV service provider and registered solar PV investor status in due course. As at the LPD, SEDA Malaysia has not announced the opening of process for the renewal of registered solar PV service provider and registered solar PV investor.

3.17.2 Trademarks

As at the LPD, save as disclosed below, our Group does not have any other registered trademarks:

Trademark	Proprietor	Registration no.	Class	Filing date	Country	Validity period
RGS RAY GO SOLAR ®	RGS EPC	2019009239	37[(1)]	15 March 2019	Malaysia	15 March 2019 to 15 March 2029
RGS RAY GO SOLAR ®	RGS EPC	2019009250	42[(2)]	15 March 2019	Malaysia	15 March 2019 to 15 March 2029

Notes:

(1) Class 37: Construction of utility solar installations; installation of solar powered systems; installation and maintenance of solar thermal installations; maintenance and repair of solar power installations; installation and maintenance of PV installations; installation, maintenance and repair of solar installations for generating power, solar collectors and PV modules; all included in Class 37.

(2) Class 42: Engineering consultancy; engineering research; engineering surveying; engineering design; engineering services; design and development of software for control, regulation and monitoring of solar energy systems; technical development of structural elements, devices and systems for solar collectors and PV plants; scientific and industrial research in the field of PVs and solar collectors; research and development services relating to solar cells and electricity generation; engineering feasibility studies; design of engineered building system; design and development of regenerative energy generation systems; design and development of PV systems; all included in Class 42.

3.17.3 Right to use

As at the LPD, RGS EPC has the right to use the following certification mark:

Certification mark	Issuing authority	Certificate no.	Period	Item
MALAYSIA MyHIJAU	Malaysian Green Technology Corporation	MyHS00010/16	31 May 2021 to 3 June 2022	PV system design

3.18 Future plans, strategies and prospects

Our vision is to become one of the leading solar PV solutions providers in Malaysia. Moving forward, our future plans will revolve around the following business strategies and activities with an estimated time frame of two (2) years. Our Proposed Listing is intended to raise the required funds for the said future plans.

3.18.1 Future plans and strategies

(i) Expansion into solar leasing program

Progress/status	:	Ongoing
Method of financing	:	IPO proceeds amounting to RM2.00 million
Timeframe	:	Within 24 months after the date of the Proposed Listing

We intend to grow our business and expand our offerings to include solar leasing program for our customers. Our Government has recently introduced the SARE program supplementary to the NEM scheme. The essential function of this program is to make participation in the NEM scheme more affordable for consumers as they do not need to incur the substantial upfront cost of installing a solar PV system. Rather, this program allows the lessee (building owners/customers), the lessor (the company which owns and leases the solar PV systems to the building owners/customers), and the distribution licensee (such as TNB) to agree on an arrangement in which the leasing fee may be paid to the lessor via electricity bills. With this arrangement, the lessor earns its profit from a portion of the savings that the customer enjoys from participating in the SARE/NEM scheme.

As a result, this SARE program has enabled the solar leasing business model as a means to sell solar PV systems at an affordable price to Malaysian building owners and customers. Our solar leasing program is intended to assist targeted customers financially, when the required cost of investment for solar PV systems is high. In our solar leasing program, customers are not required to invest in any initial purchase of equipment. We will design and build the entire solar PV systems at the customers' rooftop, car park and even a vacant land which they owned, at our cost. In the solar leasing agreement, customers only need to agree to buy back the solar electricity the solar PV systems generate. The energy sale is usually reflected either as a discount to the current prevailing grid electricity charges or a fixed tariff for the duration of the agreement which could extend up to 25 years. In summary, our customers can enjoy higher cost savings when the charges from the grid electricity increase.

Under these arrangements, we will own, operate, and maintain the solar PV system installed on the customers' premises and bear all the risk of electricity production. At the end of the contract term, which could be up to 25 years, the solar PV system is handed over to the customers and they have a choice to continue using the system or to dismantle and/or request for an upgrade of a new contract.

Solar leasing can reduce electricity bill immediately since the customer benefits from consuming solar electricity at a discounted rate as compared to the high electricity grid rates during the weekday and can resell the over-generated and unused electricity to the national power grid.

The benefits for the customers are:

- zero investment capital required to gain the benefits of cheaper electricity as compared to electricity from the power grid;
- no operations, management responsibility and obligation; and
- hassle-free - in case of problem in the output of the solar PV systems, we will be responsible and not the customers as they only pay for the electricity generated from the systems.

The total cost required to finance the purchase of all the solar PV equipment to venture into this solar leasing business is estimated at RM2.00 million. We intend to finance the purchase of all the solar PV equipment in advance using the IPO proceeds. In the event that the actual funds required exceeds the estimated costs above, we will fund the difference via internally generated funds.

Our solar leasing business will be carried out by RGS Power, our newly incorporated subsidiary company. Our solar leasing program will be targeting mainly corporate customers. As at the LPD, we have not started our solar leasing business. We intend to start this business during or after our Proposed Listing by utilising the IPO proceeds.

(ii) Operation expansion to Penang and Johor

Progress/status	:	Ongoing
Method of financing	:	IPO proceeds amounting to RM1.00 million
Timeframe	:	Within 24 months after the date of the Proposed Listing

As at the LPD, Ray Go Solar's operation teams are located in Klang, Selangor. In recent years, we have secured several EPCC projects from other states of Malaysia including Johor, Perak and Sabah. With the market potential and growing opportunity, we have placed more efforts to secure more new EPCC projects mainly from Perak, Penang and Johor. We anticipated our growth would continue to grow in the new markets in the foreseeable future.

To capture new projects in the northern and southern regions of Peninsular Malaysia, we intend to rent new offices and hire additional marketing and operation staff to operate in the new locations. Our initial plan will be setting up new operation offices in Penang and Johor, including rental, renovations, purchasing of office equipment, and purchasing of solar PV equipment for product demonstration and to better service our new customers in the northern and southern regions of Peninsular Malaysia, respectively.

We are also planning to recruit new sales and marketing staff in the respective regions to secure new projects. The new staff will be trained to better market and promote our solar PV solutions and services to new customers as well as servicing our existing customers. We will also practice a personalised marketing approach by contacting new customers directly and organising a private visit to them. From the visit, we will then be able to demonstrate and present our full range of products and services to our industrial and commercial customers effectively. Furthermore, with our new team of professionals in the northern and southern regions of Peninsular Malaysia, it will enable us to quickly respond to customers' needs.

The total cost for our operation expansion plan is estimated at RM1.00 million, which we intend to finance fully using the IPO proceeds. The RM1.00 million will be used to finance the rental and renovations of new offices, sales and marketing expenses, and staff recruitment programme, including training expenses. In the event that the funds required for the expansion plan goes beyond RM1.00 million, we will fund the difference via internally generated funds.

3.18.2 Prospects of our Group

Given the potential, solar PV has been identified as one of the key resources for Malaysia to achieve the renewable energy policy. The Government is committed to reach 31% renewable energy (excluding large hydro over 100 MW) target in the national capacity mix by 2025, from 22.4% in 2020.

The installations of solar PV systems on commercial and industrial buildings also assist to improve the cash flows of the businesses due to energy bill savings, as well as assist multinational corporations to leverage on the "green label" so as to create better awareness of their products and services. The market size for grid-connected, distributed and roof-mounted solar PV system in Malaysia is expected to increase from RM599.7 million in 2019 to RM780.1 in 2024, yielding a CAGR of 5.4%.

In consideration of the above, as well as our competitive strengths as elaborated in Section 3.14 of this Information Memorandum and our future plans as elaborated above, our Board is of the view that we are in a good position to seize the future growth opportunities in the industry we operate in.

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4 IMR REPORT PREPARED BY INFOBUSINESS

22 November 2021

The Board of Directors
Ray Go Solar Holdings Berhad
Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Selangor Darul Ehsan
Malaysia

Dear Sirs,

INDEPENDENT MARKET RESEARCH REPORT ("IMR REPORT") FOR RAY GO SOLAR HOLDINGS BERHAD ("RAY GO SOLAR")

This IMR Report has been prepared for inclusion in the Information Memorandum pursuant to the listing of Ray Go Solar on the LEAP Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an analysis of the Solar PV Industry in Malaysia. The research methodology includes both primary research, involving interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

The IMR Report contains information supplied by and analysis based on public and private sources. To the extent such sources have been cited herein, we hereby confirm that we are allowed to make reference to such sources. We believe that they are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

Infobusiness Research has prepared the IMR Report in an independent and objective manner and has taken all reasonable consideration and care to ensure its accuracy and completeness. In addition, Infobusiness Research acknowledges that if there are significant changes affecting the contents of the IMR Report after the issue of the Information Memorandum and before the issue of securities, then Infobusiness Research has an on-going obligation to either cause the IMR Report to be updated for the changes or withdraw our consent to the inclusion of the IMR Report in the Information Memorandum.

for and on behalf of
INFOBUSINESS RESEARCH & CONSULTING SDN BHD

Leow Hock Bee
Research Director

infobusiness

Notice:

This Independent Market Research report ("Report") is prepared for inclusion in the Information Memorandum of Ray Go Solar Holdings Berhad ("Ray Go Solar") for the listing on the LEAP Market of Bursa Malaysia Securities Berhad.

The Report has been prepared in an independent and objective manner and Infobusiness Research & Consulting Sdn Bhd ("Infobusiness Research") has taken all reasonable consideration and care within its capacity to ensure the accuracy and completeness of the Report in relation to the industry under study. It is our opinion that the Report represents a true and fair assessment of the overall industry within the limitations of, among others, secondary data and statistics.

While every attempt has been made to ensure the completeness of the information presented herein, no representation or warranty, expressed or implied, is made in respect of this information. The Report should not be taken as a recommendation for consideration to buy or not to buy the shares of any company or companies.

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infobusiness

RESEARCH METHODOLOGY

This study is undertaken with the purpose of providing an analysis of the solar PV industry in Malaysia and Ray Go Solar's positioning within it.

The research methodology for this study involves both primary research and secondary research approach. Experts' views and scientific research findings are cited whenever possible and necessary in identifying the opportunities and challenges facing the focus industry under study. The process also involves primary research, i.e. conducting interviews with the major players of the focus industry, trade associations and related government agencies/authorities. Surveys with other relevant parties are conducted through telephone interviews. Primary research is conducted to gain an in-depth understanding of the current supply and demand situations and to provide an overall picture of the market performance and trends.

Secondary research includes gathering of data on statistics of the industry, including reviews on the in-house database of Infobusiness Research as well as various reports from SEDA Malaysia, Eleventh Malaysia Plan 2016-2020, etc.

For and on behalf of Infobusiness Research & Consulting Sdn Bhd,

……………………………………

Research Director
Leow Hock Bee

infobusiness

INTRODUCTION

For the purpose of facilitating an independent industry research assessment in relation to the business of Ray Go Solar, this Report has been prepared to provide an overview of the industry in which it is involved in. This Report focuses on the overview, and outlook and prospects of the solar PV industry in Malaysia, with an emphasis on the NEM scheme.

1.1 OVERVIEW OF THE RENEWABLE ENERGY INDUSTRY

Climate change poses significant and growing risks to the planet. Rising sea levels, floods and droughts have displaced people from their homes, disrupted commerce and threatened natural resources, as well as the livelihoods of many. Malaysia too, is not spared from the physical and transition risks arising from climate change.

Over the last few years, the fight against climate change has become one of the main topics in international debates, and it is now identified as one of the greatest challenges mankind has ever faced. The emission of greenhouse gases from human activities such as burning of fossil fuels and clearing of forests has been identified as the main cause of climate change. Although emission reduction has become an immediate environmental agenda; it is also a challenging issue because the world depends heavily on fossil fuel consumption to generate energy.

Current trends in energy supply and use are unsustainable, after taking into considerations factors such as the economy, environment and social concerns. Without decisive action, energy-related greenhouse gas emissions would lead to considerable climate degradation with an average increase of six degree Celsius in global warming by 2050. There is a pressing need to accelerate the development of renewable energy technologies in order to address the global challenges of clean energy, climate change and sustainable development. The overall aim is to advance global development and uptake of key technologies to limit the global mean temperature increase to two degrees Celsius by 2050.

1.2 INTRODUCTION TO THE SOLAR PV INDUSTRY

The sun offers mankind virtually unlimited energy potential. Each second, the sun turns more than four million tonnes of its own mass - mostly hydrogen and helium into energy, radiated in all directions. A tiny fraction of this energy falls on Earth after a journey of about 150 million kilometres, which takes a little more than eight minutes. In addition, sunlight on the surface of the planet is weakened or attenuated by the earth's atmosphere and so less power arrives at the surface. Although the solar resource is enormous compared to our energy needs, it varies in quantity and quality in both time and places.

Solar radiation can also be viewed as a flux of electromagnetic particles or photons. Photons from the sun are highly energetic, and can promote photoreactions such as in photosynthesis in plants and cause the conduction of electrons in semiconductors, enabling the PV conversion of sunlight into electricity.

While proven global hydrocarbon reserves represent 53.5 years (crude oil) and 48.8 years (natural gas) of consumption at current rates, the energy received by the sun in a single year, if entirely captured and stored, would represent more than 6,000 years of total global energy consumption. Solar PV energy offers a clean, climate-friendly, abundant and inexhaustible energy resource. It is one of the most promising emerging renewal technologies as it is able to play a major role in enhancing energy security, protecting economic stability and ensuring environmental protection, especially in mitigating climate change. While solar energy is plentiful, it represents a tiny fraction of the world's current energy mix.

1.3 THE SOLAR PV INDUSTRY VALUE CHAIN

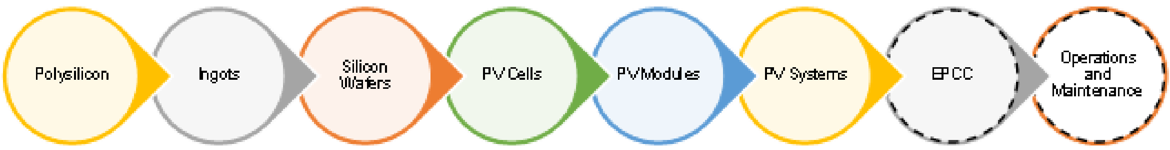
The solar PV industry combines two advantages as follows:

- The manufacturing of PV module can be done in large plants, which allows for economies of scale; and

- The PV module is basically a modular technology. The system comprises prefabricated units with standardised dimensions, allowing for easy assembly and flexible arrangements. It has the flexibility of scale, allowing it to be designed as small as a panel to fit the roof of a house, and up to a LSS solar power plant.

There are distinct segments within the solar PV industry value chain, starting from the manufacturing of polysilicon to operations and maintenance, as illustrated and discussed in the figure below.

Figure 1: Solar PV Industry Value Chain



Notes:

The above industry value chain is only applicable to crystalline PV cells and not thin film solar cells and concentrated solar power.

Ray Go Solar is involved in the EPCC segment and the maintenance part of the operations and maintenance segment of the solar PV industry value chain, as indicated by the dotted boxes.

Source: Infobusiness Research

- Polysilicon – this is the most expensive and complex process in the PV industry value chain. Polysilicon forms the primary raw material required for the manufacturing of PV cells. It is made from silica, the second most abundant element on the Earth;

- Ingots – the polysilicon is melted and cast into ingots (also known as blocks) and then sliced into wafers. The materials are purified into solar-grade feedstock to prepare them for the silicon wafer production process;

- Silicon wafers – they function as the underlying material or substrate for PV cells (also known as solar cells);

- PV cells – through the machining and coating of their surfaces, the wafers are turned into PV cells. They possess all the technical properties needed to convert sunlight into electric power. PV cells are semiconductor devices that generate DC and they constitute the basic element of a solar module;

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- PV modules (also known as solar modules) – the PV cells are then grouped into modules, with high quality, transparent glass for the front, a weatherproof material for the back and often a surrounding frame. Essentially, the PV modules are a collection of PV cells connected together to generate higher current and voltages;

- PV systems – the PV modules are combined with a set of additional application-dependent system components (also known as balance of system) such as mechanical support structures, electrical wiring, protection devices (fuses, ground connections and switches), etc. Through an inverter, the DC generated is converted into AC and then fed into the electricity grid, or consumed directly on the spot;

- EPCC – they are companies that specialise in the design, procurement, engineering, construction, installation, testing and commissioning of PV systems in customised projects in accordance with customer requirements, for the project owner.

- Operations and maintenance – upon the complete installation of a PV system, many project owners elect to sign operations and maintenance agreements with EPCC companies or third party service providers to ensure the system's optimal performance. These companies maintain and repair the equipment over the life of the contract. Operations and maintenance may require semi-annual/annual system inspections, array cleaning, electrical checks and inverter maintenance. Systems that are more complex may require regular monitoring and system analysis.

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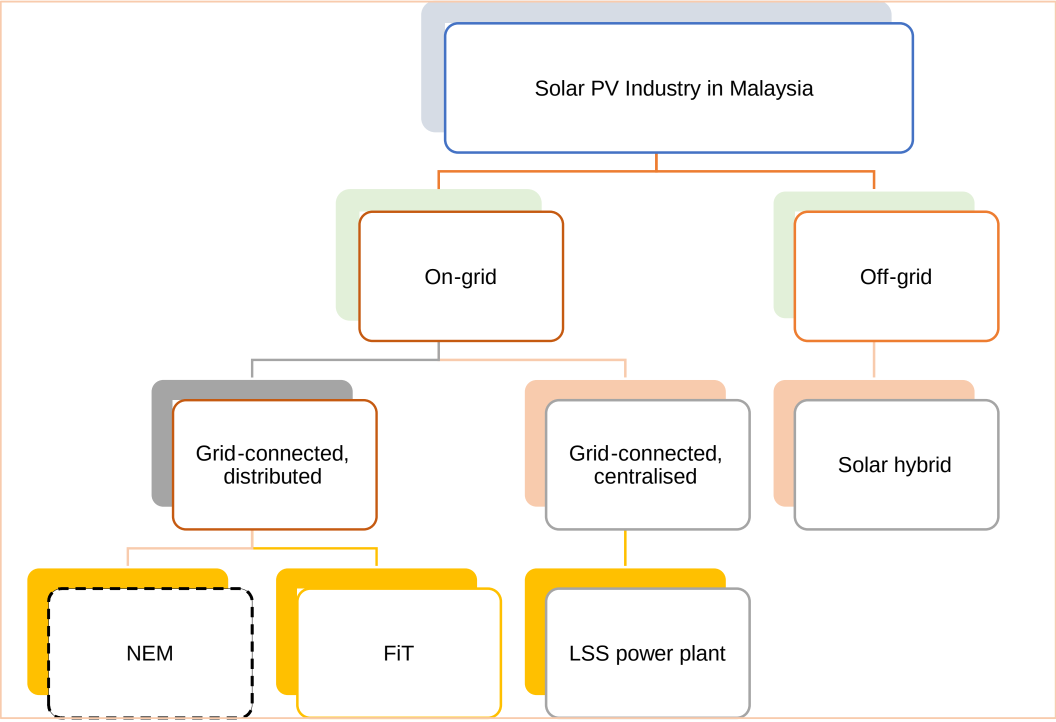
1.4 SEGMENTATION OF THE SOLAR PV INDUSTRY

Currently, the solar PV industry in Malaysia can be segmented as illustrated and described below:

Figure 2: Segmentation of Solar PV Industry in Malaysia



Notes:

The SELCO scheme can be either on-grid (grid-connected, distributed), or off-grid; depending; on whether the installed system is connected or not connected to the grid, respectively. Under the SELCO scheme, the electricity generated is for own use and any excess is not allowed to be exported or sold to the grid. As a result, solar PV installations under the SELCO scheme are minimal in Malaysia due to economic reason.

Ray Go Solar is presently mainly involved in the NEM scheme, as indicated by the dotted box, as well as the SELCO scheme (only one project to date).

Source: Infobusiness Research

➢ On-grid - means the solar PV system is connected to the local utility company grid's power system. In Malaysia, the solar PV industry is dominated by the on-grid system.

- NEM: it provides an opportunity for consumers to install solar PV systems on the roofs of their respective buildings for electricity bill reductions;

- FiT: electricity produced from solar PV systems are sold to the distribution licensees at a fixed rate for a specific duration of 21 years;

- LSS power plant: it is a solar power facility which generates solar PV energy ranging between one MW and 100 MW to supply a power utility company.

- Off-grid - means the solar PV system is not connected in any way to the utility company grid's power system. The power generated is either used immediately or stored in batteries to benefit the buildings where the national electricity grid is not available.

    - Solar hybrid: refers to a system whereby solar PV complements a diesel generator in generating electricity;

1.5 THE NEM SCHEME IN MALAYSIA

NEM is a solar PV scheme implemented in 2016 as a succession to the FiT scheme, so as to further encourage the growth of the solar PV market. Under the previous FiT scheme, the consumers will receive a bill just like any other user, which must be paid in full, as the electricity generated by the panels will be paid to the consumers separately. On the other hand, the concept of NEM is that the energy produced from the installed solar PV system will be consumed. There have been three NEM schemes introduced since 2016, as follows:

- NEM 1.0: It was introduced in 2016 with a quota of 500 MW. The excess solar electricity was compensated in RM and at a lower rate than the regulated electricity retail tariff;

- NEM 2.0: Allocated with a quota of 500 MW between 2019 and 2020. The sale and purchase prices of electricity were at the same price on a one-to-one offset basis, in a move aimed at improving the return on investment for consumers. When more electricity is generated than consumed, the extra credits in KWh will be kept for up to 24 months.

- NEM 3.0: Allocated with a quota of 500 MW between 2021 and 2023, there are three initiatives as follows:

    - NEM Rakyat – residential consumers will enjoy an offset rate of "one-to-one" for 10 years, which will then revert to SELCO after the period ends;

    - NEM GoMEn – it is similar to the NEM Rakyat, except that it is confined to Government ministries and entities; and

    - NEM NOVA – commercial and industrial consumers will be able to consume and sell the extra electricity energy generated back to the grid at a market rate or a system marginal price as an energy credit in the following month's electricity bill. They will also be able to offset extra electricity energy through "virtual aggregation" of up to three electricity bills under the same owner. It will also revert to SELCO after 10 years.

The NEM scheme only allows consumers to save on energy costs, unlike the FiT scheme which allows them to profit from the system. As a result, in general, it would probably take eight years under the NEM scheme, as opposed to six years under the FiT scheme, to recover the costs. The priority is for individual consumption, however, some premises especially industrial facilities which may not be operating during the weekends may have excess energy to export to the grid.

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1.6 GOVERNMENT LEGISLATIONS, POLICIES AND INCENTIVES
1.6.1 GOVERNMENT LEGISLATIONS

RENEWABLE ENERGY ACT, 2011

The Renewable Energy Act was enforced in 2011 to accelerate the contribution from green energy such as solar PV, mini hydro, biomass, biogas and solid wastes in Malaysia's electricity generation mix, which is dominated by natural gas and coal. It provides for the establishment and implementation of a special tariff system to create an incentive for the generation of renewable energy and to provide for any other related matters.

SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY ACT, 2011

The establishment of SEDA Malaysia as a statutory body in 2011 is mandated under the Sustainable Energy Development Authority Act, 2011. SEDA Malaysia promotes the usage of technologies which are designed to facilitate the efficient use of energy resources and to bring renewable energy into the mainstream. SEDA Malaysia also has the responsibility to realise a level of sustainability in energy production and usage, ensuring that the current energy requirements are met without compromising the ability of future generations in meeting their needs.

1.6.2 GOVERNMENT POLICIES

The electricity generation industry relies heavily on fossil fuel sources, resulting in over 50% of carbon emissions in the national greenhouse emissions profile. In this regard, new renewable energy sources will be explored to reduce the dependency on fossil fuels,

Renewable energy is a form of energy resource that can be replaced by a natural process and are continually available. The energy is derived from natural processes that can be replenished at a higher rate than it is consumed. Renewable energy, which includes solar PV, mini hydro, biomass, biogas and solid wastes accounted for about 22.4% of Malaysia's energy generation mix in 2020 and under the National Renewal Energy Policy, the target is to reach 31% by 2025 (excluding large hydro over 100 MW). This is also in line with the sharp declining price of solar PV technologies that will drive solar PV power towards grid parity with fossil fuel generated electricity, when the cost of generation is equivalent or lower than the cost of generating electricity from conventional sources such as coal, natural gas and crude oil.

The implementation of LSS solar and net energy metering schemes will be continued to increase the contribution of renewable energy in the grid system. The emphasis on renewable energy is in tandem with the national commitment under the Paris Agreement signed in 2015 to reduce greenhouse gas emissions intensity to GDP by 45% by 2030, relative to the greenhouse gas emissions intensity of the GDP in 2005.

As competent and skilled workers are imperative to support the growth of the renewable energy industry, efforts will be geared towards enhancing collaboration between public and private training institutions.

1.6.3 GOVERNMENT INCENTIVES

A GTFS of RM3.5 billion was established to provide low interest loans to both producers and consumers of green technology in 2010. This was followed by GTFS 2.0, which was launched in 2019 with an allocation of RM2.0 billion for the period between January 2019 and December 2020. Under Budget 2021, an additional fund size of RM2.0 billion was earmarked for GTFS 3.0 until it expires in 2022. It offers a 2.0% per annum interest/profit rate subsidy for the first seven years with 60% Government guarantee on the financing, under the purview of the Malaysian Green Technology Corporation (GreenTech Malaysia) and Credit Guarantee Corporation Malaysia Berhad.

In addition, the SARE programme which was launched by Tenaga Nasional Berhad in 2019 has three options available for consumers:

- Solar leasing - basically refers to the leasing of solar PV panels from providers, without the consumers incurring an initial capital to purchase and install the system. The consumers can enjoy zero upfront cost to install the PV panels, and payments for the monthly leasing fee or solar energy usage can be made to the solar PV company involved (the company that installs and owns the solar PV panels) via the bills of Tenaga Nasional Berhad, which will impose a small service charge. At the end of the leasing period, the solar PV system will be handed over to the consumers. The participation of Tenaga Nasional Berhad reduces the risk of consumers not paying because the utility may cut off the main electricity supply if the bills are not paid;

- Solar PPA, which is based on payments for the electricity generated, is ideal for consumers that do not want to own the assets. The concept is that the assets will be owned by the solar PV company, which rents their roofs. The consumer enters into a power purchase agreement with the solar PV company to purchase solar energy at an agree rate; and

- A hybrid of both solar leasing and solar PPA.

Companies that want to benefit from corporate tax savings can qualify for a tax incentive from the Malaysian Investment Development Authority for investing in green technology, as under Budget 2020, further incentives on green technology were announced, as follows:

- Green investment tax allowance - an investment tax allowance of 100% on capital expenditure for qualifying green activities on investment applications received until December 2023. This allowance can be set-off against up to 70% of statutory income; and

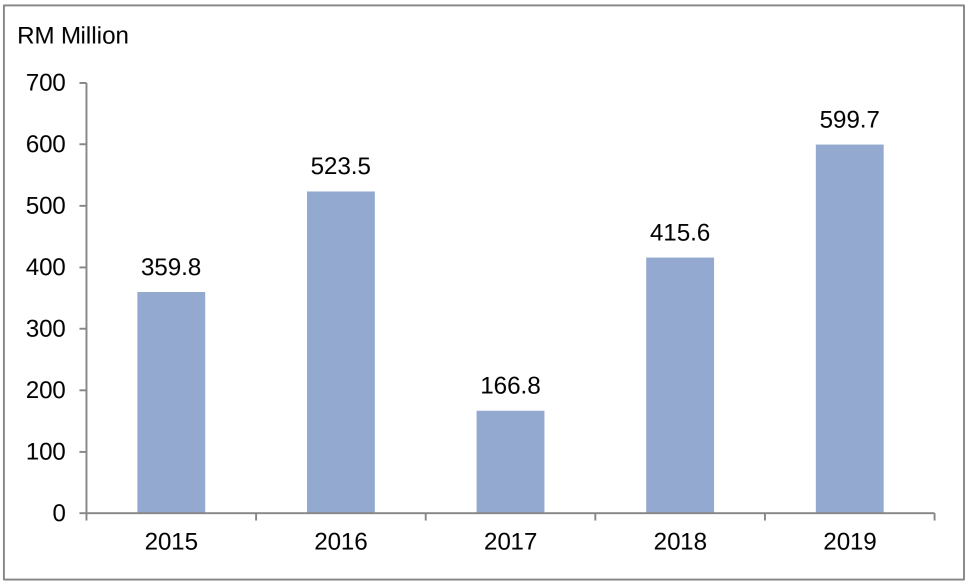
- Green income tax exemption - Income tax exemption of 100% of statutory income for qualifying green services activities on investment applications received until December 2023 and new tax incentives for solar leasing companies certified by SEDA Malaysia with income tax exemption of 70% of statutory income for a period of up to 10 years of assessment.

1.7 PAST PERFORMANCE

Recognising the potential of harnessing the sun's rays as a significant source of energy, the Government has taken steps to develop the solar PV industry in the country. The value of the solar PV business in Malaysia as reported by SEDA Malaysia under the category of grid-connected, distributed and roof-mounted solar PV system, encompasses solar PV panels mounted on villas and single-family houses, public buildings, multi-family houses, agriculture barns, grocery stores, industrial buildings, warehouses, etc. This covers both the NEM and FiT schemes, but excludes both the SELCO and LSS schemes. Revenues derived from operations and maintenance are also excluded. Between 2015 and 2019, the value of solar PV business under this category expanded by a CAGR of 13.6%, from RM359.8 million to RM599.7 million (figure 3).

Unlike under the previous FiT scheme, where energy is sold for actual money to the distribution licensees, the electricity sold under the NEM scheme earns credit for the building owners that are used to offset their electricity bills. The revised NEM scheme makes sense for factories with large rooftop spaces and commercial or domestic consumers with high electricity bills. Owners of commercial and industrial buildings are keener on installing solar PV panels, as electricity costs account for a very large portion of operational costs. On the other hand, due to the smaller footprints of landed houses as opposed to commercial and industrial buildings, house owners are not so keen on installing large solar PV panels under the NEM scheme, as they only need enough electricity to offset their usage.

Figure 3: Value of Grid-Connected, Distributed and Roof Mounted Solar PV Business in Malaysia (RM Million)



Notes:
The figure for 2020 is not available.
Excluding SELCO and LSS solar schemes.

Source: SEDA Malaysia

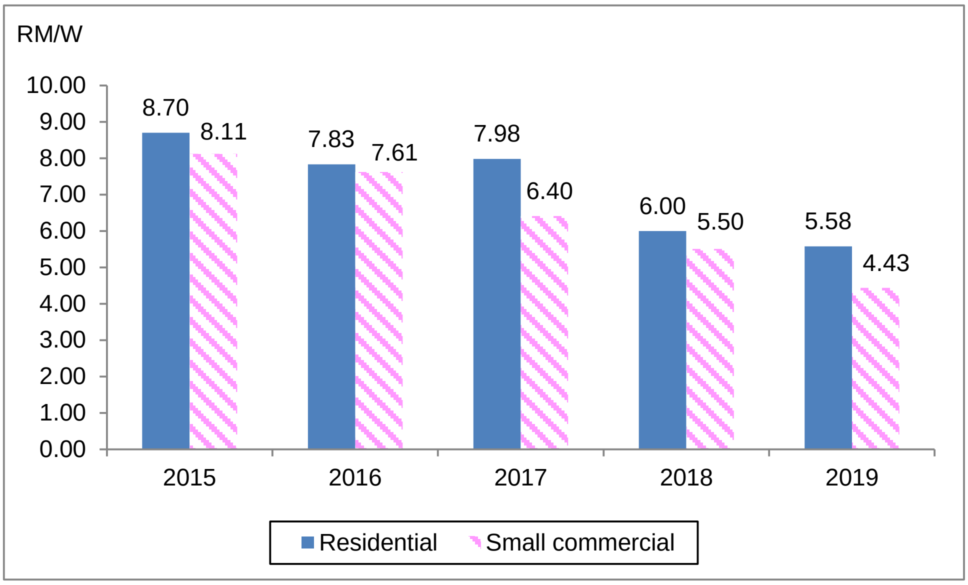
1.8 DEMAND AND SUPPLY CONDITIONS
1.8.1 DEMAND CONDITIONS

Declining Costs of Solar PV Systems

The declining cost of solar PV systems in recent years has been one of the main factors behind their increasing adoption by consumers. This is mainly due to technological improvements and rapid market growth that enables economies of scale. The resulting lower cost of generating electricity with solar PV systems is making solar power increasingly competitive against conventional sources of electricity. Attractive packages can incentivise consumers to invest as they can benefit in terms of electricity bill savings.

Between 2015 and 2019, the prices in RM/watt of solar PV systems for residential properties (5-10 KW) declined by a CAGR of 10.5%, while for small commercial properties (10-100 KW), they decreased by a CAGR of 14.0% (figure 4). These trends are anticipated to further stimulate solar energy growth, particularly among commercial and industrial consumers.

Figure 4: Trends in Solar PV System Prices in Malaysia (RM/Watt)



Notes:
The figure for 2020 is not available.
Excluding SELCO.
Residential refers to 5-10 KW grid-connected, distributed and roof-mounted solar PV systems.
Small commercial refers to 10-100 KW grid-connected, distributed and roof-mounted solar PV systems.

Source: SEDA Malaysia

Climate Change

As climate change is a global challenge, it requires a global solution. The international response to climate change was launched at the Earth Summit in Rio de Janeiro, with the signing of the United Nations Framework Convention on Climate Change in 1992. It established a long-term objective of stabilising greenhouse gas concentrations in the atmosphere.

The Copenhagen Accord, a political agreement struck by world leaders at the United Nations Climate Change Conference in Copenhagen held on 2009, calls on participating countries to pledge specific actions they will undertake to mitigate greenhouse gas emissions. This was further reinforced by the United Nations Climate Change Conference held in Spain in 2019. There was formal recognition of the need to bridge the gap between greenhouse gas emission targets set in 2015 in Paris and scientific advice that says much deeper cuts are needed. The earlier the world gets to net zero greenhouse gas emission, the lower the climate change risk. The most urgent sector to decarbonise is the electricity sector, as it is the largest source of global emissions, and also, in the case of Malaysia. Without decisive action, greenhouse gas emissions would have led to considerable climate degradation.

Fossil Fuel Savings

For a crude oil and natural gas exporter like Malaysia, the use of solar PV energy offers the benefits of diversifying the electricity generation mix at home, while selling such fossil fuels in the international markets, bringing in valuable foreign exchange to the national coffers. Reserves of fossil fuel deposits are also limited, as crude oil and natural gas reserves in Malaysia are expected to last for another 12.5 years and 12.4 years, respectively, at current rates of production. In addition, solar PV power enhances energy diversity and hedges against price volatility of fossil fuels, thus stabilising the costs of electricity generation over the long term.

1.8.2 SUPPLY CONDITIONS

Availability of Skilled Manpower

All solar PV installations conducted in Malaysia must be carried out by qualified engineers who are certified by SEDA Malaysia. They have to undergo the Grid-Connected PV System Training Course set by SEDA Malaysia. The course covers the following:

- the design of grid-connected solar PV systems which include solar PV modules, inverters and the associated equipment that are suitable for Malaysia's climatic conditions;
- information about grid-connected solar PV systems; and
- relevant Malaysian requirements and standards for a grid-connected solar PV system.

In addition, the electrical connection between the inverter to the supply can only be undertaken by licensed electricians approved by the Energy Commission. The strong demand for electrical engineers in the manufacturing industries in Malaysia has led to a shortage of experienced professionals.

Other issues related to skilled manpower are that some installers lacked the required skills or the initial design was poor. Conceiving and building solar PV systems requires a variety of skills, in which some are very specific to the domain of solar PV itself. The development of a skilled workforce is crucial for the solar PV industry's success.

Availability of Solar PV Systems

The solar PV industry has experienced a tremendous change over the past few years, with considerable increases in manufacturing capacities. There was also a move of solar module manufacturing from European countries, particularly Germany, and the US to Asia, notably the PRC. The PRC entered the global solar PV industry in 2001 when the global market was just emerging. It has dominated global production of solar PV cells and modules since 2009.

Malaysia has also emerged as a source of solar PV systems, as it is an international hub for the manufacture of solar PV wafers, cells and modules. Companies such as Jinko Solar Technology Sdn Bhd, LONGI (Kuching) Sdn Bhd, Hanwha Q Cells Malaysia Sdn Bhd and Sun Everywhere Sdn Bhd are involved in the manufacturing of both solar PV cells and modules in Malaysia.

Ample Sunlight

The solar radiation reaching the earth's surface is about one kilowatt per square metre in clear conditions when the sun is near the high point in the sky. Different areas of the world receive different yearly average amounts of energy from the sun. The output of solar PV also depends on daylight patterns and the weather, notably the cloud cover and atmospheric turbidity.

Tropical areas receive more radiation per land area than places north of the Tropic of Cancer or south of the Tropic of Capricorn. The tropics are bounded by the Tropic of Cancer in the northern hemisphere and the Tropic of Capricon in the southern hemisphere. In physical geography, the Tropic of Cancer and Tropic of Capricorn are imaginary lines running at latitudes of 23.5 degrees north and south of the equator, respectively.

Malaysia receives abundant sunlight year round thanks to its geographical location around the equator. The country sees six hours of sunshine every day on average (2,190 hours a year). Blessed by ample sunshine throughout the country, the estimated solar PV potential in Malaysia is 268.9 GW, of which ground mounted is 210.2 GW, rooftop is 42.2 GW and floating is 16.5 GW. Although solar PV generation is variable and uncertain, it does not create serious issues as solar PV energy has a low share of the energy mix on the national level.

1.9 SUBSTITUTES

Substitute products to solar PV energy in Malaysia are the other forms of renewal energy such mini hydro, biomass, biogas and solid wastes. However, the rapid decline in the costs of solar PV modules has made investments in solar energy more lucrative.

Compared to other forms of renewal energy technologies, solar PV is a technology that requires minimal construction. In addition, the construction period for solar PV systems is relatively shorter and the technology relatively simpler. On the other hand, certain renewal energy technologies such as biomass and biogas depend on the commercial feedstock and the investors are not in full control of the future prices of the feedstock, especially if the feedstock has other uses. The generation of renewal energy from solid wastes entail high construction and operating costs. In the case of mini hydro, while it is free from the constraints of having to secure commercial feedstock, it too has own set of challenges, such as a consistent supply of water.

1.10 INDUSTRY RELIANCE ON AND VULNERABILITY TO IMPORTS

Although Malaysia manufactures silicon wafers, PV cells and PV modules, the need to comply with certain technical specifications by project owners necessitates the importation of solar PV systems by EPCC companies. Other critical component parts of a solar PV system such as inverters are also imported into Malaysia. Therefore, the solar PV industry in Malaysia is reliant on and vulnerable to imports.

1.11 MAJOR INDUSTRY PLAYERS

Ray Go Solar is a solar PV solutions provider principally involved in providing solar PV solutions for industrial, commercial and residential buildings; encompassing services such as design and engineering; procurement and supply of materials and equipment; construction, assembly, installation and integration; testing and commissioning; and training in solar PV systems and maintenance services. The selected comparable companies based on their similar business activities as Ray Go Solar, are shown in the table below (table 1).

Table 1: Business Activities and Revenue of Comparable Companies to Ray Go Solar

Company	Business Activities	Latest FYE	Revenue (RM '000)
Helios Photovoltaic Sdn Bhd	It is involved in providing EPCC services in solar PV systems in commercial, industrial and residential installations, as well as in operations and maintenance and LSS power plants.	31/03/19	46,483.1
JS Solar Sdn Bhd	It is involved in EPCC services in solar PV systems in commercial, industrial and residential installations, as well as in operations and maintenance.	31/03/20	7,981.6
Pekat Group Berhad	Listed on Bursa Malaysia, it is involved in the provision of EPCC services in solar PV systems in commercial, industrial and residential buildings, as well as in LSS power plants.	31/12/20	125,561.9
Plus Xnergy Services Sdn Bhd[1]	It is involved in providing EPCC services in solar PV systems in commercial, industrial and residential buildings, as well as in LSS power plants.	31/03/20	164,290.9
Ray Go Solar	It is a solar PV solutions provider principally involved in providing solar PV solutions for industrial, commercial and residential buildings. This includes services such as design and engineering; procurement and supply of materials and equipment; construction, assembly, installation and integration; testing and commissioning; and training in solar PV systems and maintenance services.	31/10/20	14,827.0
Samaiden Group Berhad	Listed on Bursa Malaysia, it is principally involved in the EPCC of solar PV systems in commercial, residential and industrial buildings, operations and maintenance and LSS power plants, as well as in biomass and biogas renewable energies.	30/06/21	53,449.2
Solarvest Holdings Berhad	Listed on Bursa Malaysia, it is principally involved in the provision of EPCC services in solar PV systems for commercial, industrial and residential buildings and operations and maintenance, as well as in LSS power plants.	31/03/21	224,286.9

Company	Business Activities	Latest FYE	Revenue (RM '000)
Solar Sunyield Sdn Bhd	It is involved in the provision of EPCC services in solar PV systems in commercial, industrial and residential buildings, as well as in operations and maintenance.	30/06/20	3,850.4
TopRank Solar Energy Sdn Bhd	It participates in the EPCC of solar PV systems in commercial, industrial and residential buildings, as well as in operations and maintenance and LSS power plants.	30/09/20	612.2

Note:
1 = Formerly known as Plus Solar Systems Sdn Bhd.

Source: Bursa Malaysia, Companies Commission of Malaysia and Infobusiness Research.

OpenSys Technologies Sdn Bhd, a subsidiary of OpenSys (M) Berhad, has launched Malaysia's first one-stop online platform that enables both residential and business consumers to purchase solar PV panels with the financing options best suited to them. The buySolar platform enables connections between solar PV companies and potential customers, assisting to elevate the domestic solar ecosystem to the next level. A number of commercial banks are starting to offer solar PV financial schemes with relatively low interest rates to capitalise on this.

1.12 MARKET SIZE

The market size for grid-connected, distributed and roof-mounted solar PV system in Malaysia amounted to RM599.7 million in 2019 (excluding operations and maintenance). This encompassed solar PV panels mounted on villas and single-family houses, public buildings, multi-family houses, agriculture barns, grocery stores, industrial buildings, warehouses, etc; As Ray Go Solar reported revenue of RM16.57 million (excluding its revenue from maintenance and its sole SELCO project) in its audited financial statement for FYE 2019, its market share amounted to 2.8% in 2019.

1.13 OUTLOOK AND PROSPECTS

Similar to many other countries across the world, Malaysia is grappling with the challenge of balancing an expanding population and economic growth with rising electricity demand, in an environment that is increasingly under stress. Renewable energy could assists to mitigate the issue of energy security, which refers to the availability and steady supply of energy sources at a reasonable price, through reducing the national dependency on the generation mix of natural gas and coal. In addition, energy consumption is anticipated to further increase over the long term due to rising industrialisation and this could be met though increased investments in renewable energies, including solar PV. In the global context of increasing intensity and frequency of extreme weather events, adopting green growth, including the use of renewable energy, has now become vital for Malaysia.

Given the vast potential, solar PV has been identified as one of the key resources for Malaysia to achieve the renewable energy policy. Solar PV is a popular renewable energy technology, due to its rapid approach to grid parity. It is at the centre of the new constellation of renewable energy technologies. The Government has committed to reach 31% renewable energy (excluding large hydro over 100 MW) target in the national capacity mix by 2025.

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Solar PV is a renewable energy technology that allows the public to play an active role in mitigating climate change. It can generate clean energy, hence reducing energy consumption and greenhouse gas emissions. The installations of solar PV systems on commercial and industrial buildings also assist to improve the cash flows of the businesses due to energy bill savings, as well as assist multinational corporations to leverage on the "green label" so as to create better awareness of their products and services. As the cost of solar PV systems continues to decrease each year, consumers can benefit in the long run by generating their own energy. In addition, installing solar PV systems is a way for consumers to hedge against potential increases in electricity tariffs in the future, as electricity tariffs seldom come down. Although the COVID-19 pandemic has slow down demand temporarily, both commercial and industrial consumers would take steps to recover and rebuild their businesses, such as installing solar PV systems in order to cushion against future increases in electricity tariffs.

Malaysia has the potential to generate more than enough electricity to meet its current demand as its rooftop space on buildings could generate up to 42 GW of electricity if they are fitted with solar PV systems. The country's total electricity production currently stands at an average of 24 GW. The market size for grid-connected, distributed and roof-mounted solar PV system in Malaysia is expected to increase from RM599.7 million in 2019 to RM780.1 in 2024, yielding a CAGR of 5.4%.

ASEAN has sought to foster energy collaboration among its member nations. An ASEAN Plan of Action for Energy Cooperation 2016-2025 was adopted in October 2015 and contains a range of initiatives for cooperation in achieving a transition to clean and affordable energy systems. Renewable energy investment trends are uneven across ASEAN, reflecting the different resource endowments, demographic circumstances and economic priority given to renewable energy. Countries such as Malaysia, Thailand and Vietnam have large and active renewable energy industries, driven by long standing policies and financing schemes to promote investments.

Malaysia took up 10.5% of total renewable energy capacity in Southeast Asia 2020 and was ranked number fourth after Vietnam, Thailand and Indonesia. In terms of solar PV capacity, Malaysia registered a share of 6.6% in Southeast Asia in the same year, and was ranked number three after Vietnam and Thailand. However, Malaysia intends to leverage on its manufacturing platform in the production of solar PV wafers, cells and modules to become the green technology hub for Southeast Asia.

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5 RISK FACTORS

The LEAP Market has been positioned as a market designed to accommodate corporations to which a higher investment risk may be attached than other corporations listed on Bursa Securities. It is a qualified market which is meant for Sophisticated Investors only. Only existing securities holders and Sophisticated Investors are allowed to participate in corporate exercises undertaken by our Company. Sophisticated Investors should be aware of the potential risks of investing in such corporations and should make the decision to invest after due and careful considerations and, if appropriate, consultation with stockbroker, manager, solicitor, accountant and other professional advisers.

In this regard, Sophisticated Investors should carefully consider the following material risk factors in addition to information contained elsewhere in this Information Memorandum.

If any of the following risks were to materialise, our Company's business, financial condition, results of future operations could be materially and adversely affected. In such cases, the market price of our Company's shares could decline and investors may lose part or all of their monies.

5.1 Risks relating to our business, operation and industry

5.1.1 Implementation or changes in laws, regulation and/or government policies

Our Group may be affected by the implementation of new laws, or changes in existing laws, regulations and policies by the Government or through other governmental activities in Malaysia and may not be able to obtain, renew or maintain the permits, licences and registrations required for our operations.

Changes to current laws and regulations or the introduction of new laws or regulations by local and/or international bodies, or the imposition of additional conditions to our Group's licenses, permits and registrations to conduct business or to operate in the jurisdictions which we conduct business or operate in, may cause our Group to incur significant or additional compliance costs.

Any failure to comply with such legal or regulatory requirements may result in the termination of our Group's contracts by our customers, failure to secure new contracts or the imposition of fines, penalties or sanctions, including stop work orders issued by the relevant authorities on our Group, revocation or non-renewal of our Group's permits, licences or registration or prohibition from continuing our Group's operations. Each of the above could have a material and adverse effect on our Group's business or financial condition.

Our Group's qualification to tender for and secure solar PV projects may be dependent on the permits, licenses and registrations issued to our Group by various authorities. All these permits, licenses and registrations must be valid for certain periods of time with renewals subject to our Group's compliance with the requirements imposed by the relevant authorities. Failure by our Group to obtain, renew or maintain the required permits, licenses and registration may interrupt our Group's operations and consequently have an adverse effect on our Group's results of operations, financial condition and prospects.

Although many of the above factors are beyond our Group's control, we will continue to adopt various measures such as efficient operating procedures, as well as keeping abreast with the latest development in the industry to limit the above risks.

5.1.2 Dependency on major suppliers

Hanwha Q CELLS and Inverpower Sdn Bhd are our Group's major suppliers which individually accounted for more than 10% of our Group's total cost of sales. For the FYE 2019 and FYE 2020, our purchase of PV modules and inverters and other related products from Hanwha Q CELLS and Inverpower Sdn Bhd accounted for 65.00% and 41.39%, and 20.66% and 25.74% of our Group's total cost of sales respectively.

Although they are our major suppliers, we are not highly dependent on them as there are other distributors of the same brands of panels (Q CELLS) and inverters (SolarEdge and ABB) and other alternative brands of PV panels and inverters, which are easily obtained in the local and overseas markets. Notwithstanding this, if we are unable to find alternative suppliers for PV panels and inverters on time, the delivery and handover of our EPCC projects will be delayed, which may have an impact on our operation, financial performance and reputation.

To mitigate the risk, our Group has been continuously maintaining good relationship with these major suppliers to ensure minimal disruption to our supply. We have established long-term relationship with Hanwha Q CELLS and Inverpower Sdn Bhd for five (5) and seven (7) years respectively. Although we are confident of our business relationship with both suppliers, we cannot give any assurance that changes in our business relationship will not have an adverse effect on our Group's future operation and financial performance.

5.1.3 Dependency on major customers

For the FYEs 2019 and 2020, our major customers were the QL Resources Group, Nippon Paint (Malaysia) Sdn Bhd and Yeo Aik Hevea (M) Sdn Bhd, which individually contributed more than 10% to our Group's total revenue. Although they contributed more than 10% to our Group's total revenue for the given year, we are not dependent on them due to the nature of our products and services which is project-based, and we may derive substantial revenue from different customers each year.

Through our track records, we have been able to continuously secure new contracts from customers and repeat contracts from the QL Resources Group. Apart from the QL Resource Group, we are also able to secure new EPCC projects from other new customers from year to year.

To mitigate our risk on any dependency on our customers, we are continuously seeking for new customers. Despite the implementation of MCO which hampered our marketing efforts, we have been proactively engaging customers and managed to secure 15 additional EPCC projects since the implementation of the first MCO in March 2020. To date, we are not dependent on any one of our major customers for revenue.

5.1.4 We are subject to potential claims against defects, product and performance warranties

(i) Potential claims against defects

We provide defect liability assurance for our customers for our EPCC services for workmanship (except for roof leakages) for a period of 12 months from the completion of installation work and roof leakages for a period of six (6) months from the completion of installation work.

During the defect liability period, we are obligated to rectify any defects arising from defective works under our EPCC scope.

(ii) Potential claims against product warranty

Product liability generally involves, among others, manufacturing defects, design defects or defective warnings or instructions and product mislabelling. Customers claiming damages from these defects may take legal action against us as a distributor, which may impact our business.

While our PV modules and inverters are covered by our suppliers against manufacturing defects for up to 12 years by their respective product warranties, we are responsible for the cost of replacing the component, which typically includes the costs of labour, transportation and consumables. If we are unable to claim from the manufacturers due to our negligence or the amounts cannot be claimed in full or at all from the manufacturers, we may need to bear some or all the costs of the claims.

Notwithstanding the warranties provided by the suppliers (as the brand owner or party manufacturing the products), our Group as the EPCC contractor may also be exposed to product liability risks.

(iii) Potential claim against performance warranty

The performance of our solar PV systems is dependent on the operability of certain key solar PV components, particularly, solar panels and inverters sourced from our suppliers.

The solar PV modules that we install for our customers come with 25-year performance warranty as provided by the supplier, wherein the power generated by the solar PV modules will not be less than 85.00% of the installed capacity. In the event the power generated by the solar PV modules falls below 85.00%, the supplier will make good of the shortfall through product replacement or addition, or monetary compensation.

As at the LPD, we have not received any major product liability claims against us from our customers. However, there is no assurance that there will not be any defects, product liability or performance warranty claims from our customers in the future. If we are unable to receive warranty claims from our suppliers and replace the defected components for our customers on time, our operations, growth and reputation may be affected.

5.1.5 We may not be able to replenish our order book

There can be no certainty that our Group's order book will be replenished in the future given that contracts are based on direct engagement or open tenders and we operate in a very competitive environment due to the numerous players in the solar PV industry. There can also be no assurance that the solar PV industry will remain positive in the future.

As at the LPD, the majority of our projects secured are through direct negotiations with our customers. One of our key strategies is to proactively communicate with potential customers to promote our products and services. Through our proactive efforts, we have been able to secure projects for our Group.

We have built strong working relationships with our customers since we began offering EPCC services for solar PV systems. Our relationship with our customers is further strengthened through our ability to provide quality solar PV products and services which has enabled us to achieve high customer satisfaction. Since we began operations, we have not received any major complaints on our products supplied and services offered. Our Group's inability to maintain a strong order book may have a material adverse impact on our Group's profitability and financial performance.

Given the forward-looking nature of the order book of our Group, it may not be necessarily indicative of our future earnings. For example, we may not achieve our expected margins, or may suffer losses on one or more of these contracts, in which case our Group's earnings will be reduced.

However, we are confident that with our proven track records in offering EPCC services, we will be able to replenish our order book from our customers. Furthermore, we have successfully established a reputable track record associated with quality, reliability as well as technical expertise, which will further enhance the replenishment of our order book.

5.1.6 Operational and accidental risks

We are subject to operational, environmental and accidental risks such as accidents, injuries and other risks that may affect our business operations. As such, we maintain insurance at levels which we believe is applicable to protect us against any losses and liabilities from our operations. For our EPCC projects, we maintain different types of insurance covers such as erection all risk ("**EAR**") insurance to cover for any damages which may occur during our operations at sites.

The EAR policy is to cover the risk of loss arising out of the erection and installation of machinery, plant and steel structures, including physical damage to the contract works, equipment and machinery, and liability for third-party bodily injury or property damage arising out of these operations.

Our operations involve working on rooftops which can be dangerous, and our assets can be damaged during assembly and installation. If any significant losses and liabilities occur and we are not fully insured, it could have a material adverse effect on our business and financial conditions. We purchased insurance policies for every phase of our projects. The value of the coverage is computed based on project values, estimated labour costing, value of PV equipment, etc.

5.1.7 Competition risk

Our Group may face competition from local and global players providing similar products and services. Awards for contracts are dependent on a number of factors, including performance and safety record, turnaround time, price package, types of systems and equipment available, the ability to timely deploy the solar PV systems, experience, financial stability, business relationships, and quality of products and services.

Our Group's competitors may have longer operating histories and experience, greater financial, technical and marketing capabilities, larger asset base and/or other resources than us. However, we possess the relevant experience and technical expertise in solar PV solutions, which have enabled us to meet customers' distinctive requirements for different applications and at different sites. In addition, we have successfully established a reputable track record associated with quality and reliability which are added advantages in a competitive environment. As at the LPD, we have completed 68 EPCC projects for our customers and secured additional 16 EPCC projects of which 15 are currently ongoing and one (1) project being deferred until further notice due to COVID-19 pandemic.

5.1.8 We are affected by the fluctuation in prices of solar PV equipment which may affect our competitiveness

Any changes in cost of solar PV equipment procured will have an impact on our Group's financial performance. For example, the cost of solar PV equipment procured is predetermined and approved by our customers before we can purchase from the suppliers. During the project period, if the cost of solar PV equipment goes up, this will increase our operational costs. This may result in lower profit margins if we are unable to pass on such increased costs to our customers. However, in most situations, increases in the prices of solar PV equipment are usually factored into the pricing of our service contracts.
To mitigate this risk, we ensure that stringent cost controls are implemented in our operations. Majority of our solar PV equipment are imported. Any major fluctuation in the foreign exchange will have a big impact on the costing of solar PV equipment. As such, we have implemented tight cost controls, where we constantly monitor the price of the solar PV equipment.

Although appropriate steps have been taken to monitor and manage our project costing, there is no assurance that fluctuations in the prices of the solar PV equipment used by our Group will not have a material adverse impact on our financial performance.

5.1.9 We are dependent on our Director, key management and technical team for our continued success, and may not be able to find suitable replacements in the event that they cease to work for us

We recognise that our Group's continued success is significantly related to the abilities and continuing efforts of our Directors, key management personnel and technical team. Our Directors, key management and technical team have charted the growth of our Group from its inception to its present state and have been instrumental in spearheading and implementing business strategies for our Group. The loss of any of these personnel can adversely affect our Group's continued ability to compete in our industry.

We constantly seek suitable and experienced personnel to enhance our existing management and technical teams. We have in place a competitive remuneration package which is on par with the industry standards for employees, especially for key management and technical personnel, as well as providing on-the-job training programmes and job advancements to promote productivity, employee satisfaction and loyalty. Our Group's future success also depends on our ability to attract and retain qualified and skilled key management and technical personnel.

However, there is no assurance that we will be able to continue to attract and retain our key management and technical personnel. If we fail to attract and retain key management and technical personnel, our business, financial conditions, results of operations and growth prospects may be materially and adversely affected.

5.1.10 Performance and quality of our subcontractors

We outsource the labour-intensive activities to external subcontractors, such as (i) lifting and moving of solar PV equipment, and (ii) assembly and installation of PV modules, mounting brackets and equipment.

Hence, we are dependent on their deliverables timetable as well as quality of work which is carried out. In the event that the subcontractors fail to deliver their work according to schedule and of the required quality, we run the risk of having our reputation tarnished, which may affect our ability to secure/tender for new contracts from our existing and new customers in the future.

To mitigate this issue, we have a stringent screening process in which we evaluate our subcontractors based on their capabilities, track records and reputation. We only subcontract our work to our qualified subcontractors under the strict supervision of our staff. During the course of our projects, we monitor our subcontractors closely in term of their performance and quality of work.

As we rely on subcontractors for certain portion of the work, our business may be affected if we are unable to obtain subcontractors and/or they are unable to perform their work within the contracted timeframe and quality of work. To mitigate such risk, we do not rely on any single subcontractor for our assembly and installation stages. As at the LPD, we have alternative subcontractors who are able to provide us with comparable quality of work.

However, there is no assurance our subcontractors are able to deliver their work according to schedule and of the required quality or that we will be able to replace our subcontractors on time to expedite the construction, assembly and installation work for our EPCC projects. If we fail to manage our subcontractors and their work, this may have a negative impact on the reputation of our Group and may affect our ability to secure/tender for new contracts from existing and new customers in the future.

5.1.11 Positive cashflow management

The nature of our business is such that each project we undertake has different variables such as contract value, time to completion and collection of payments. As such, this exposes us to fluctuations in our operating cashflows. To ensure we have positive cashflows to finance our projects, we implemented a stringent cost management system to manage our cash receivables and outlays. We also practise progressive billing where we bill our customers in stages. We bill our customers after each stage of work is completed, and based on completion progress, our customers will issue payments to our accounts department based on the pre-agreed progressive billing arrangements. To better manage our cash flows, we have also been working closely and have been building strong working relationships with our equipment suppliers so that they may provide us with more favourable payment terms.

Although we have implemented all these procedures to manage our cashflows, there can be no assurance that we will not be exposed to cashflow challenges in the future. If we are unable to collect payments on time or are unable to negotiate favourable payment terms with our suppliers and subcontractors, our operations, growth and reputation may be materially and adversely affected.

5.1.12 Our business may continue to be affected by the outbreak of COVID-19 pandemic or any other contagious or virulent diseases.

Our business is susceptible to any outbreaks of diseases affecting Malaysia including pandemics that cause interruptions in our business operations. These outbreaks or interruptions will adversely affect our financial performance if prolonged.

The Malaysian economy was adversely affected following the outbreak of the COVID-19 pandemic due to the implementation of the MCO by the Government of Malaysia. The Government has imposed the MCO effective from 18 March 2020. During the MCO period that was imposed by the Government, our Group's operations faced minimal disruptions despite a restriction in movement as we were still able to carry out business outside the office, save for onsite EPCC activities. Please refer to Section 3.16 of this Information Memorandum for information on our affected business and operation during MCO, EMCO, CMCO and RMCO periods.

However, our Group's performance for FYE 2020 was affected as there was disruptions in the collection of payments and lower demand for our products and services as the COVID-19 pandemic has impacted the financial performance of our customers, some of who have in turn decided to defer or cancel their projects. As at the LPD, we have one (1) project being deferred and one (1) project was terminated.

Nevertheless, from 4 May 2020, work at all sites and office has resumed operations according to guidelines and SOP observed during the MCO/CMCO/RMCO. We have also implemented SOP such as social distancing and body temperature screening for visitors and employees. Our business operations were not significantly affected by the implementation of CMCO from 4 May 2020 to-date as most sectors are allowed to operate by observing the SOP.

The overall impact of the COVID-19 pandemic would depend on the duration and spread of the outbreak, the policy responses by authorities as well as the successful roll-out of the vaccination programme by the Government. In the event that the COVID-19 pandemic prolongs and new MCOs are implemented by the Government, there may be material adverse impacts on our business operations and financial performance.

5.2 Risks relating to investment in our shares

5.2.1 No prior market for our shares and possible volatility of our share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Proposed Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than the Placement Price of RM0.12 per Share as a result of many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing global and local economic conditions, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

5.2.2 Control by our Promoters

Upon the Proposed Listing, our Promoters will collectively hold approximately 75.96% of our enlarged issued share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, our Board will ensure that any future transactions involving related parties are entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, in order to facilitate good corporate governance whilst promoting greater corporate transparency.

5.2.3 Failure/Delay in our Proposed Listing

Our Proposed Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(i) we are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 10.00% of our enlarged issued share capital for which the Proposed Listing is sought is in the hands of public shareholders;

(ii) the revocation of approvals from the relevant authority for our Proposed Listing and/or admission to the Official List of the LEAP Market of Bursa Securities for whatever reason; and

(iii) the occurrence of any force majeure events, which are beyond our control, before our Proposed Listing.

Although we will endeavour to comply with the regulatory requirements for our successful Proposed Listing, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Proposed Listing.

In the event the Proposed Listing does not take place within six (6) months from the date Bursa Securities approves the Proposed Listing on the LEAP Market (or such further extension of time as Bursa Securities may allow) or we abort the Proposed Listing on the LEAP Market, Sophisticated Investors will not receive any Shares but we will return in full, without interest, all monies paid in respect of any application for our Shares within 14 days and our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10.00% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

In the event our Proposed Listing is aborted and/or terminated and our Shares have been allotted to the shareholders, a return of monies to all our shareholders could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

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6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

6.1 Promoters and/or substantial shareholders

6.1.1 Shareholdings

Our Promoters and/or substantial shareholders and their respective shareholdings are as follows:

Name	Directorship/ Position	Direct shareholding in our Company			
		Before the Proposed Placement		After the Proposed Placement	
		No. of Shares	%	No. of Shares	%
Dato' Ray Tan	Executive Chairman/ CEO	154,342,000	*76.12*	154,342,000	*60.53*
Datin Wang Rui	Executive Director/ Finance Director	39,357,200	*19.41*	39,357,200	*15.43*

6.1.2 Profiles of Promoters and/or substantial shareholders

The profiles of our Promoters and/or substantial shareholders are as follows:

Dato' Ray Tan | **Malaysian **| Aged 38
Promoter/Substantial shareholder/Executive Chairman/CEO

He obtained a certificate of competency from SEDA Malaysia certifying that he has successfully completed SEDA Malaysia - Grid-Connected Photovoltaic Systems Design Course in 2014.

He began his career in 2004 as a sale executive for AmAssurance Berhad. He was later promoted as a Unit Manager in 2006. His duties were to oversee staffing, develop strategic directives and conducting training for the regional sales teams. He developed and implemented strategic marketing plans, established marketing and sales objectives as well as prepared agency-wide sales forecasts.

In 2012, he founded Ray Go Solar Group with the aim of reducing the total carbon footprint of homeowners, factory businesses, governments and non-profit organisations through the provision of an integrated green solution with the utilisation of solar energy as a sustainable source of renewable energy. As our Group's CEO, he is responsible for mapping our Group's long term strategic direction and goals, leading our Group's operations, ensuring the financial health of our Group and making sure our Group stays on course to achieve our vision and mission. He is also actively involved in the sales and marketing, and business development activities of our Group to achieve positive growth in our yearly sales and business operation.

Datin Wang Rui | Chinese and a Permanent Resident in Malaysia | Aged 37
Promoter/Substantial shareholder/Executive Director/Finance Director

She holds a Bachelor of Science degree in Business from Southern New Hampshire University which she obtained through HELP International College of Technology in 2009. She joined Ray Go Solar Group in 2013 as a Director and on 3 September 2013, she was appointed as the CFO. Her duties are to provide leadership, guidance and management to the finance and accounting division of our Group. Subsequently on 2 December 2019, she was redesignated to Director cum Finance Director. Presently, she oversees the process of financial forecasting and budgeting, as well as preparation of all financial reports.

She actively communicates and reports all financial matters to the CEO and gives support to all the strategic heads of business units regarding financial issues. She provides strategic recommendations on long term business and financial planning to the CEO and members of the executive management team, provides guidance to our Group in maximising resources, utilisation of assets and streamlining the work processes.

6.2 Directors

6.2.1 Shareholdings

Our Directors and their respective shareholdings are as follows:

Name	**Directorship/ Position**	**Direct shareholding in our Company**			
		Before the Proposed Placement		**After the Proposed Placement**	
		No. of Shares	**%**	**No. of Shares**	**%**
Dato' Ray Tan	Executive Chairman/CEO	154,342,000	*76.12*	154,342,000	*60.53*
Datin Wang Rui	Executive Director/ Finance Director	39,357,200	*19.41*	39,357,200	*15.43*
Ong Kheng Swee	Independent Non-Executive Director	-	-	-	-

6.2.2 Profiles of Directors

The profiles of our Directors are as follows:

The profile of Dato Ray Tan and Datin Wang Rui are disclosed in Section 6.1.2 of this Information Memorandum.

Ong Kheng Swee | Malaysian | Aged 63
Independent Non-Executive Director

Ong Kheng Swee was appointed as our Independent Non-Executive Director on 12 April 2021.

In July 1981, he graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman, Malaysia. He was admitted as an Associate of the Association of Chartered Certified Accountants ("**ACCA**") in July 1990 and further admitted as a Fellow of the ACCA in September 1995. He was registered as a Chartered Accountant by the Malaysian Institute of Accountants ("**MIA**") since September 1993. He was also admitted as an Associate in the Malaysian Institute of Taxation ("**MIT**") in November 1994 and subsequently, admitted as a Fellow of the MIT in April 2000. In October 2017, he was registered as an ASEAN Chartered Professional Accountant by the ASEAN Chartered Professional Accountants Coordinating Committee.

He commenced his career as an Audit Assistant in Kassim Chan & Co (now known as Deloitte Malaysia) from August 1981 until March 1984. Subsequently, he joined KPMG PLT in Johor Bahru (then known as Peat Marwick Mitchell & Co.) as an Audit Assistant in March 1984 and was promoted to an Audit Senior in January 1985. In January 1989, he was promoted to Audit Supervisor and further promoted to Assistant Manager in January 1990.

In July 1990, he joined a petrochemical company, Titan Himont Polymers (M) Sdn Bhd as Accounting Manager. He was subsequently promoted to Assistant Financial Controller in January 1992. He left Titan Himont Polymers (M) Sdn Bhd in January 1994 to pursue an overseas appointment with PT Batasan in Jakarta, Indonesia, as Senior Accountant. In October 1994, he returned to Malaysia to join Koda Woodcraft Sdn Bhd as Group Finance Manager until March 1994 where he left to join a Thai owned costume jewellery manufacturer, Soleil Trading (M) Sdn Bhd based in Malaysia from April 1995 as Finance and Administration Manager (Asia Pacific) until December 1995. He then joined Niro Ceramics (M) Sdn Bhd from December 1995 to October 1997.

He co-founded his management consultancy and advisory business, Seven S Consulting Sdn Bhd ("**Seven S Consulting**") in 1998 and worked as a management consultant.

In August 1998, he joined Solid Corporation Sdn Bhd ("**Solid Corporation**") as the Group Finance Director. He subsequently left Solid Corporation in February 2008, to pursue his interest in management consultancy and advisory under his company, Seven S-Consulting. He further co-founded Ascella Consulting Sdn Bhd and Rigel Consulting Sdn Bhd on 10 October 2010 and 25 April 2011, respectively. In July 2011, he returned to Solid Corporation as Executive Director cum CFO.

In September 2012, he was appointed as Executive Director cum CFO of Solid Automotive Berhad, a company listed on the Main Market of Bursa Securities on 12 September 2013. He resigned as CFO and Executive Director in September 2019 and February 2020, respectively.

Since March 2020, he has been pursuing his own business interest in Rigel Consulting Sdn Bhd and Seven S-Consulting Sdn Bhd, both are involved in the provision of advisory and consulting services and Ascella Consulting Sdn Bhd, a company providing corporate training and technical services in chemicals.

He is currently an Independent Non-Executive Director in Power Root Berhad, a public company listed on the Main Market of Bursa Securities as well as Haily Group Berhad, a public company listed on the ACE Market of Bursa Securities. As at the LPD and in the last 3 years, his directorships in other companies outside of our Group are disclosed in Section 6.4 of this Information Memorandum.

6.2.3 Directors' remuneration

The aggregate remuneration proposed to be paid for services rendered to our Group for FYE 2020 and FYE 2021 are as follows:

	Remuneration band	
Directors	**FYE 2020 RM'000**	**FYE 2021 Estimated RM'000**
Dato' Ray Tan	208	228
Datin Wang Rui	146	147
Ong Kheng Swee	-	16
Total	354	391

Save for the remuneration for Ong Kheng Swee which only consists of director's fee, the remuneration of our Directors includes their fees as well as benefit in kind.

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.3 Key management personnel

6.3.1 Shareholdings

Our key management personnel and their respective shareholdings are as follows:

Name	Directorship/ Position	Direct shareholding in our Company			
		Before the Proposed Placement		After the Proposed Placement	
		No. of Shares	%	No. of Shares	%
Tee Shun Yong	COO	23,150	*0.01*	23,150	*0.01*
Puah Wen Yi	Senior Project Engineer	-	-	-	-
Lim Cheong Tat	Accounts and Administration Manager	-	-	-	-

6.3.2 Profiles of our key management personnel

The profiles of our key management personnel are as follows:

Tee Shun Yong | Malaysian **|** Aged 37
COO

He is an executive with over 15 years' experience in business and project management. He has broad knowledge of electrical and technical know-how from various industries ranging from building and construction to EPCC. He is proficient in defining project tasks and deliverables, developing time, cost, and resource estimates, and ensuring all operations meet project, client objectives and company's goal.

He began his career in 2006 when he joined Syarikat Ban Seng, a company involved in the maintenance and installation of air-condition and electrical jobs, as Assistant Manager. He was involved in the operation and management activities. In 2015, he joined TS Engineering and Facilities Pte Ltd, a construction and maintenance company in Singapore, as an Engineer and was involved in daily operation planning and execution of construction jobs. He joined Ray Go Solar Group in 2016 as a Project Engineer and involved in various project management roles. In 2017, he was promoted to Project Manager where he was tasked with bigger responsibilities including managing workers and overseeing the entire project management activities.

In 2018, he was promoted as our Group's COO, where he is currently responsible for collaborating with the CEO in setting and driving the Group's organisational vision, strategy and hiring needs. He oversees the Group's operations and employee productivity, fostering inclusive culture and ensuring all organisational outcomes are met. He jointly supervises the Group's sales management with the CEO to ensure the Group has sufficient capital to achieve growth targets. He also assists the CEO in developing strategies and plans that align with the short term and long term objectives of the Group and maintains relationships with key customers and stakeholders.

Puah Wen Yi | Malaysian **|** Aged 29
Senior Project Engineer

She holds a degree in Bachelor of Science majoring in environmental engineering/ Renewable Energy Systems from University of Applied Sciences (Hochschule für Technik und Wirtschaft) in Berlin in 2016. She also holds a Certificate of Qualified Person for SEDA Malaysia Grid-Connected PV Systems Design from SEDA Malaysia in 2020.

She started her career in 2017 when she joined RGS EPC as a Project Engineer. Her roles and responsibilities included the preparation of PV system designs and drawings, assisting in project management and reviewing, and project execution. She was later promoted to Senior Project Engineer in 2019 when she took up several management roles such as business development, overall project planning, resources management, and managing relationships with key stakeholders. In each project, she will oversee all aspects of the design and build process, working closely with stakeholders to develop plans, establish timetables, and determine labour and material costs. She is also responsible for ensuring all projects are completed on budget and within scope as well as hiring and managing subcontractors and employees and ensure all aspects of the projects comply with relevant regulations and requirements.

Lim Cheong Tat | Malaysian **|** Aged 37
Accounts and Administration Manager

He is the Accounts and Administration Manager of RGS EPC. He obtained his London Chamber of Commerce and Industry ("**LCCI**") qualification (Level 3 Advanced Business Calculation and Business Statistics) from Systematic Institute Klang in 2005. He also completed the Association of International Accountants ("**AIA**") – Advanced Diploma in Accounting from ALC College in 2013.

He started his career in the accounting field in 2006 when he joined a manufacturer of precision cutting tools and routers, as an Accounts and Administration Clerk where he was tasked with helping the company to assist in the preparation of accounting reports and handle business administration works. In 2007, he joined an entertainment outlet operator, as an Account Clerk to handle its account reporting. In 2009, he joined Delloyd Management Services (M) Sdn Bhd as an Accounts Officer to be involved in accounting work for its plantation business in Indonesia. His roles were reviewing the accounts prepared by the Indonesia's accounting department, prepare management accounts, and report back to the headquarters in Malaysia. He was later promoted to Accounts Executive in 2011 where his responsibilities included maintaining accounting records in ledgers and journals to produce financial reports and managing new junior accounting staffs.

In 2011, he joined Wajah Nichiei Sdn Bhd, a logistic consultant and contractor for laying underwater cables, as an Accounts Assistant, where he was assisting with the preparation of accounting reports, human resources ("**HR**") and administration matters. He was later promoted to Accounts Executive in 2013 where he was given the tasks to manage the Accounts and Administration staffs, maintain accurate information in the accounting system, prepare and process the company's payroll as well as liaise with auditors and tax agents. In 2015, he joined ChemStation Distribution Sdn Bhd, a distributor of chemical products, as an Accounts Executive. He was involved in the accounting and finance matters (including account reporting and managing bank facilities) for the company. He left the company in 2018 and became a Freelancer helping individuals to prepare their accounts, audit works, and setting up for Malaysia Sales and Services Tax ("**MySST**").

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

In 2020, he joined Tradeworks Intenational Sdn Bhd, an online trading company for mobile devices, as a Senior Account Executive. He handled the accounting, finance, administration and HR matters for the company. Due to the COVID-19 pandemic in 2020, the business of the company was affected, and led him to leave the company in July 2020. In August 2020, he joined Tan Chin Huat & Brothers Sdn Bhd, a timber trading company, as an Accounts Executive, to be involved in managing and preparing accounts and finance matters.

He has 15 years of working experience in the accounting field. He joined RGS EPC on 1 September 2021, as an Accounts and Administration Manager. He is tasked with overseeing our Group's accounting and finance, and administration matters.

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6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.4 Involvement of our Promoters, substantial shareholders, Directors and key management personnel in businesses/corporations outside our Group

Save as disclosed below, our Promoters, substantial shareholders, Directors and key management personnel do not have any other interest and directorships in other corporations outside our Group for the past three (3) years up to the LPD:

Name/Position in Ray Go Solar	Company	Principal activities	Position held	Date of appointment	Date of resignation	Direct shareholdings (%)	Indirect shareholdings (%)
Dato' Ray Tan/	***Present involvement***						
Promoter/ Substantial shareholder/ Executive Chairman/CEO	Arah Angkasa Sdn Bhd	Housing/Property developer	Shareholder	-	-	10.00	-
	Previous involvement – past three (3) years						
	-	-	-	-	-	-	-
Ong Kheng Swee	***Present involvement***						
Independent Non-Executive Director	Power Root Berhad	Investment holding company	Director/ Shareholder	15 February 2008	-	~	-
	Rigel Consulting Sdn Bhd	Provision of book-keeping services, investment and other financial consultancy services	Director/ Shareholder	23 May 2011	-	33.34	-
	Seven-S Consulting Sdn Bhd	Provision of consultancy and general insurance agency services	Director/ Shareholder	20 October 1998	-	50.00	
	Haily Group Berhad	Activities of holding companies	Director	2 September 2020	-	-	-
	JB Spark Corporation Sdn Bhd	Dormant	Shareholder	-	-	10.50	-
	Ascella Consulting Sdn Bhd	Provision of Technical and management consultancy services	Director/ Shareholder	10 October 2010	-	33.33	-
	Solid Automotive Berhad	Investment Holding and Provision of Management Services	Shareholder	12 September 2012	21 February 2020	~	-

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Name/Position in Ray Go Solar	Company	Principal activities	Position held	Date of appointment	Date of resignation	Direct shareholdings (%)	Indirect shareholdings (%)
	Previous involvement – past three (3) years						
	Win Soon Auto Suppliers (JB) Sdn Bhd	Dealer in spare parts and accessories	Director	31 January 2019	12 February 2020	-	-
	Win Soon Auto Suppliers Sdn Bhd	Trading in Auto Spare parts and accessories	Director	31 January 2019	12 February 2020	-	-
	Borneo Technical Co (M) Sdn Bhd	Marketing and distribution of automotive replacement parts, industrial supplies and marine products	Director	9 January 2019	28 February 2020	-	-

Note:

~ *Negligible.*

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6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.5 Our employees

The following depicts the breakdown of our full-time employees as at 31 October 2020 and as at the LPD:

	Number of employees	
Category	**As at 31 October 2020**	**As at the LPD**
Director and top management	4	4
Sales and marketing	3	4
Human resources	1	1
Accounts and finance	2	1
Project management and technical	10	10
Others	1	1
	21	**21**

As at the LPD, we have one (1) local contractual employee.

None of our employees belong to any labour union. The relationship and cooperation between the management and employees have always been good and this is expected to continue in the future. To date, there have been no major industrial disputes pertaining to our employees.

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7 APPROVALS REQUIRED, CONDITIONS AND UNDERTAKINGS

7.1 Approvals required/conditions

The listing of and quotations of our entire enlarged issued share capital on the LEAP Market is subject to the following:

(a) approval from Bursa Securities for the listing of the Shares; and

(b) the successful completion of the Proposed Placement.

7.2 Exempt transaction

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

7.3 Details of moratorium and undertakings

In compliance with Rule 3.07 of the LEAP Market Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of 193,699,200 Shares (representing 75.96% of the enlarged issued share capital upon our Proposed Listing) held by our Promoters.

Our Promoters, who hold any of our Shares directly and indirectly upon our Proposed Listing, have fully accepted the moratorium whereby they will not be permitted to sell, transfer or assign any part of their interest in the Shares during the moratorium period as follows ("**Promoters' Moratorium Period**"):

(i) the moratorium applies to our Promoters' entire shareholdings for a period of 12 months from the date of our listing on the LEAP Market; and

(ii) upon expiry of the 12 months period stated above, our Promoters' aggregate shareholdings amounting to 114,750,000 Shares representing approximately 45.00% of the total number of issued Shares shall remain under moratorium for another period of 36 months.

Our Promoters have also provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Promoters' Moratorium Period. In this respect, the Shares that are subject to moratorium are set out below:

	Moratorium shares during the 12-month moratorium[(1)]		Moratorium shares during the 36-month moratorium[(2)]	
Shareholders	**No. of Shares**	***%[(3)]***	**No. of Shares**	***%[(3)]***
Dato' Ray Tan	154,342,000	*60.53*	91,800,000	*36.00*
Datin Wang Rui	39,357,200	*15.43*	22,950,000	*9.00*
	193,699,200	*75.96*	114,750,000	*45.00*

Notes:

(1) From the date of our Proposed Listing.

(2) Upon the expiry of 12 months from the date of our Proposed Listing.

(3) Based on the enlarged issued share capital of 255,000,000 Shares upon the completion of the Proposed Placement.

7 APPROVALS REQUIRED, CONDITIONS AND UNDERTAKINGS (CONT'D)

7.4 Undertakings in relation to the Proposed Placement

(a) Ray Go Solar undertakes to open a Trust Account in accordance with Rule 3.10 of the LEAP Market Listing Requirements where all monies received from the Sophisticated Investors pursuant to subscription of our Shares will be deposited therein. The Trust Account will be jointly operated by Ray Go Solar and MainStreet;

(b) Ray Go Solar and MainStreet undertake that all monies deposited in the Trust Account will not be withdrawn until the date of listing of our Shares on the LEAP Market; and

(c) Ray Go Solar undertakes to forthwith repay within 14 days without interest all monies received from the Sophisticated Investors if:

  (i) the Proposed Listing does not take place within six (6) months from the date of Bursa Securities' approval for the Proposed Listing on the LEAP Market or such further extension of time as Bursa Securities may allow; or

  (ii) the Proposed Listing is aborted by Ray Go Solar.

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8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

Ray Go Solar was incorporated on 13 February 2019 as an investment holding company. Prior to the completion of the Acquisition, Ray Go Solar was dormant. As such, our Group's historical financial information for FYE 2019 and FYE 2020 as well as the 9-month FPE 2020 and FPE 2021 are presented based on the financial statements of RGS EPC only.

The financial statements for FYE 2020 have been audited by PKF. The audited financial statements for FYE 2020, detailing both the financial information for FYE 2019 and FYE 2020, as well as the 9-month financial statements for FPE 2021 detailing the interim financial information for FPE 2021 and 2020 have been prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. Both the audited financial statements and the interim financial statements are set out in Appendix I and Appendix II of this Information Memorandum respectively.

8.1 Statements of profit or loss and other comprehensive income

The following table sets out our audited statements of profit or loss and other comprehensive income for FYE 2019 and FYE 2020 which have been extracted from our audited financial statements as well as unaudited 9-month statements profit or loss and other comprehensive income for the FPE 2020 and FPE 2021 as set out in Appendix I and Appendix II of this Information Memorandum respectively.

	Audited		**Unaudited**	
	FYE 2019 RM '000	**FYE 2020 RM '000**	**9-month FPE 2020 RM '000**	**9-month FPE 2021 RM '000**
Revenue	18,850	14,827	8,073	12,512
Cost of sales	(14,255)	(10,709)	(5,470)	(8,150)
GP	**4,595**	**4,118**	**2,603**	**4,362**
Other income	20	132	39	129
Administrative expenses	(33)	(34)	(25)	(21)
Other operating expenses	(2,465)	(2,579)	(1,721)	(1,831)
Profit from operations	**2,117**	**1,637**	**896**	**2,639**
Finance costs	(20)	(16)	(10)	(57)
PBT	**2,097**	**1,621**	**886**	**2,582**
Income tax expense	(19)	20	26	(657)
PAT	**2,078**	**1,641**	**912**	**1,925**
EBITDA	2,341	1,870	1,067	2,801
Interest income	20	18	10	22
Depreciation of property, plant and equipment and right-of-use assets	244	251	181	184
GP margin (%)[(1)]	24.38	27.77	32.24	34.86
PBT margin (%)[(2)]	11.12	10.93	10.97	20.64
PAT margin (%)[(3)]	11.02	11.07	11.30	15.39
EPS (RM)[(4)]	1.19	0.94	0.52	1.10

Notes:

(1) GP margin is computed based on the GP over revenue.

(2) PBT margin is computed based on the PBT over revenue.

(3) PAT margin is computed based on the PAT over revenue.

(4) EPS is computed based on PAT attributable to owners of the Company over 1,751,358 Shares.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.2 Statements of financial position

The following table sets out our audited statement of financial position as at 31 October 2019 and 31 October 2020 as well as unaudited statements of financial position as at 31 July 2020 and 31 July 2021, which have been extracted from the audited financial statements and unaudited interim financial statements as set out in Appendix I and Appendix II of this Information Memorandum respectively.

	Audited		Unaudited	
	31 October 2019 RM '000	**31 October 2020 RM '000**	**31 July 2020 RM '000**	**31 July 2021 RM '000**
ASSETS				
Non-current asset				
Property, plant and equipment	701	309	309	206
Right-of-use assets	-	664	344	615
	701	**973**	**653**	**821**
Current assets				
Inventories	-	552	-	840
Trade receivables	2,952	5,370	4,519	2,073
Non-trade receivables, deposits and prepayments	99	207	211	285
Contract assets	10,503	4,981	3,256	2,774
Tax recoverable	2	6	3	-
Fixed deposits with licensed banks	220	950	1,170	1,090
Cash and bank balances	366	361	1,286	866
Total current assets	**14,142**	**12,427**	**10,445**	**7,928**
TOTAL ASSETS	**14,843**	**13,400**	**11,098**	**8,749**
Equity				
Share capital	3,121	3,121	3,121	3,121
Retained earnings	1,826	3,467	2,738	2,892
Total equity	**4,947**	**6,588**	**5,859**	**6,013**
Non-current liabilities				
Borrowings	283	782	782	720
Lease liabilities	-	373	104	272
Deferred tax	40	15	10	15
Total non-current liabilities	**323**	**1,170**	**896**	**1,007**
Current liabilities				
Trade payables	8,312	4,570	3,297	203
Non-trade payables and accruals	382	399	267	367
Contract liability	858	277	456	378
Tax payables	-	-	-	481
Borrowings	21	262	218	189
Lease liabilities	-	134	105	111
Total current liabilities	**9,573**	**5,642**	**4,343**	**1,729**
TOTAL LIABILITIES	**9,896**	**6,812**	**5,239**	**2,736**
TOTAL EQUITY AND LIABILITIES	**14,843**	**13,400**	**11,098**	**8,749**

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.3 Statements of cash flows

The following table sets out the summary of our audited statement of cash flows for FYE 2019 and FYE 2020 as well as the unaudited 9-month statements of cash flows for the FPE 2020 and FPE 2021, which have been extracted from our audited financial statements and unaudited interim financial statements as set out in Appendix I and Appendix II of this Information Memorandum respectively.

	Audited		Unaudited	
	FYE 2019 RM '000	FYE 2020 RM '000	9-month FPE 2020 RM '000	9-month FPE 2021 RM '000
Cash flows from operating activities				
Profit before taxation	2,097	1,621	886	2,582
Adjustments for:				
Loss/(Gain) on disposal of property, plant and equipment	9	(76)	-	(86)
Depreciation of property, plant and equipment	244	137	53	64
Depreciation of right-of-use assets	-	114	128	120
Interest expense	20	16	10	57
Interest income	(7)	(18)	(10)	(22)
Operating profit before working capital changes	2,363	1,794	1,067	2,715
(Increase)/Decrease in receivables	(1,727)	(2,525)	(1,679)	3,218
(Increase)/Decrease in inventories	-	(553)	-	(288)
(Increase)/Decrease in contract assets	(7,925)	5,523	7,247	2,207
Increase/(Decrease) in contract liability	847	(582)	(403)	102
Increase/(Decrease) in payables	6,835	(3,725)	(5,130)	(4,399)
Cash generated from/(used in) operations	393	(68)	1,102	3,555
Income tax refunded	16	-	-	2
Income tax paid	(7)	(8)	(4)	(172)
Interest received	6	18	10	22
Net cash generated from/(used in) operating activities	**408**	**(58)**	**1,108**	**3,407**
Cash flows from investing activities				
Addition of property, plant and equipment	(201)	(188)	(133)	(80)
Addition of right-of-use assets	-	(165)	-	-
Proceeds from disposal of property, plant and equipment	130	123	-	132
Net increase of fixed deposit pledged with licensed bank	(7)	(730)	(950)	(139)
Net cash used in investing activities	**(78)**	**(960)**	**(1,083)**	**(87)**
Cash flows from financing activities				
Dividends paid	(2,200)	-	-	(2,500)
Drawdown/(Repayment) of term loan	-	1,000	1,000	(91)
Proceeds from issuance of shares	1,375	-	-	-
Interest paid for lease liabilities	(20)	(16)	(10)	(56)
Repayment of hire purchase/lease liabilities	(235)	(11)	(91)	(124)
Net cash (used in)/from financing activities	**(1,080)**	**973**	**899**	**(2,771)**

	Audited		Unaudited	
	FYE 2019 RM '000	FYE 2020 RM '000	9-month FPE 2020 RM '000	9-month FPE 2021 RM '000
Net (decrease)/increase in bank balances	**(750)**	**(45)**	**924**	**549**
Cash and cash equivalents at beginning of the financial year	**1,112**	**362**	**362**	**317**
Cash and cash equivalents* at end of the financial year	**362**	**317**	**1,286**	**866**

Note:

* *Cash and cash equivalents as at 31 October 2019 and 31 October 2020 as well as 31 July 2020 and 31 July 2021 comprised the following:*

	Audited		*Unaudited*	
	31 October 2019 RM '000	*31 October 2020 RM '000*	*31 July 2020 RM '000*	*31 July 2021 RM '000*
Cash and bank balances	*366*	*361*	*1,287*	*792*
Less: Bank overdraft	*(4)*	*(44)*	*(1)*	*74*
Cash and cash equivalents at end of the financial year	***362***	***317***	***1,286***	***866***

Note:

~ *Less than RM1,000.*

8.4 Management discussion and analysis

The following management's discussion and analysis of our past financial condition, results of operations and prospects as set out in this section for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and FPE 2021 are based on and should be read in conjunction with RGS EPC's audited financial information for FYE 2020 and unaudited 9-month interim financial statements for FPE 2020 and FPE 2021 as set out in the Appendix I and Appendix II of this Information Memorandum.

This discussion and analysis contain data derived from our audited financial information as well as forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, particularly the risk factors as set out in Section 5 of this Information Memorandum.

8.4.1 Overview of our operations

We are involved in the provision of solar PV solutions for industrial, commercial and residential buildings. As a solar PV solutions provider, we are engaged in the provision of:

- **EPCC services** such as the design and engineering, procurement and supply of materials and equipment, construction, assembly, installation and integration works, commissioning, testing, and training of solar PV systems; and

- **maintenance services** of solar PV systems installed by our Group.

The significant factors affecting our business include the following:

(i) Continuity of our order book

For the FYE 2019 and FYE 2020, our revenue from EPCC services which are project-based in nature had collectively accounted for 99.92% and 99.82% of our total revenue respectively. For the 9-month FPE 2020 and 2021, our revenue from EPCC services collectively accounted for 99.75% and 99.87% of our total revenue respectively. Details on our order book are set out in Section 8.4.10 of this Information Memorandum.

There is a risk that we may not be able to continually secure sufficient projects to replace the ones that we progressively complete to sustain and grow our revenue and profits.

(ii) Potential claims against defects, product and performance warranties.

(a) Potential claims against defects

We provide defect liability assurance for our customers for our EPCC services as follows:

- workmanship except for roof leakages for a period of 12 months; and
- roof leakages for a period of six (6) months,

from the completion of installation work.

During the defect liability period, we are obligated to rectify any defects arising from defective works under our EPCC scope.

(b) Potential claims against product warranty

While our PV modules and inverters are covered by our suppliers against manufacturing defects for up to 12 years by their respective product warranties, we are responsible for the cost of replacing the component, which typically includes the costs of labour, transportation and consumables. If we are unable to claim from the manufacturers due to our negligence or the amounts cannot be claimed in full or at all from the manufacturers, we may need to bear some or all the costs of the claims.

Notwithstanding the warranties provided by the suppliers (as the brand owner or party manufacturing the products), our Group as the EPCC contractor may also be exposed to product liability risks. Product liability generally involves, among others, manufacturing defects, design defects or defective warnings or instructions and product mislabelling. Customers claiming damages from these defects may take legal action against us as a distributor, which may impact our business.

(c) Potential claim against performance warranty

The solar PV modules that we install for our customers come with 25-year performance warranty as provided by the supplier, wherein the power generated by the solar PV modules will not be less than 85.00% of the installed capacity.

In the event the power generated by the solar PV modules falls below 85.00%, the supplier will make good of the shortfall through product replacement or addition, or monetary compensation.

(iii) Interruptions in our business operations

Our business operations could be disrupted or delayed due to unforeseeable circumstances that include, amongst others, fire or flood as well as environmental factors (including natural disaster and outbreak of diseases).

Any prolonged interruptions to our business operations due to such factors will affect our ability in adhering to our project timeline which could have an adverse impact on our business operations, relationship with customers, financial performance and industry reputation.

Please refer to Section 3.16 of this Information Memorandum on the impact of COVID-19 pandemic on our Group.

(iv) Fluctuations of foreign exchange rate

Some of the input materials we purchase for our EPCC operations, are denominated in foreign currencies. In addition, input materials which are sourced from local suppliers are also subject to foreign currency fluctuation as it may be imported by our local suppliers. Any appreciation or depreciation of the foreign currencies against RM could significantly affect our cost of input materials.

The breakdown of our cost of sales for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and FPE 2021 is as follows:

	Audited		**Audited**		**Unaudited**			
	FYE 2019		**FYE 2020**		**9-month FPE 2020**		**9-month FPE 2021**	
	RM '000	***%***	**RM '000**	***%***	**RM '000**	***%***	**RM '000**	***%***
RM	13,864	*97.26*	9,538	*89.07*	4,299	*78.59*	7,350	*90.18*
USD	391	*2.74*	1,171	*10.93*	1,171	*21.41*	800	*9.82*
Total	**14,255**	***100.00***	**10,709**	***100.00***	**5,470**	***100.00***	**8,150**	***100.00***

As our Group's business is primarily project-based and short term in nature, any fluctuation of foreign exchange rate shouldn't be material as fluctuation in foreign exchange rate in short term is usually not volatile. Nevertheless, we have entered into forward currency contracts to hedge our exposure against fluctuations in foreign currency for the purchases of input materials. Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

8.4.2 Revenue

Our Group's revenue for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and 9-month FPE 2021 are analysed as follows:

(a) Revenue by business activities and products

	Audited				Unaudited			
	FYE 2019		FYE 2020		9-month FPE 2020		9-month FPE 2021	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
EPCC:								
- Industrial	18,652	*98.95*	11,357	*76.60*	5,471	*67.77*	7,604	*60.78*
- Commercial	147	*0.78*	3,355	*22.63*	2,496	*30.91*	4,856	*38.81*
- Residential	35	*0.19*	87	*0.59*	86	*1.07*	36	*0.28*
	18,834	*99.92*	14,799	*99.82*	8,053	*99.75*	12,496	*99.87*
Operations and maintenance:								
- Industrial	3	*0.01*	8	*0.05*	6	*0.07*	2	*0.02*
- Commercial	1	*0.01*	~	*0.00*	-	-	6	*0.05*
- Residential	12	*0.06*	20	*0.13*	14	*0.18*	8	*0.06*
	16	*0.08*	28	*0.18*	20	*0.25*	16	*0.13*
Total	**18,850**	***100.00***	**14,827**	***100.00***	**8,073**	***100.00***	**12,512**	***100.00***

Note:

~ *Less than RM1,000.*

Comparison between FYE 2019 and FYE 2020

In FYE 2020, our revenue decreased by RM4.02 million, representing a 21.33% decrease from RM18.85 million in FYE 2019 to RM14.83 million in FYE 2020 mainly due to the implementation of MCO in 2020 by the Government in light of the COVID-19 pandemic. We were unable to continue with our certain ongoing projects and we had to delay the commencement of new projects for the commercial and industrial segments. The total value of the projects that were delayed amounted to RM19.87 million. Details of the impact of MCO on our projects are provided in Section 3.16 of this Information Memorandum.

For the residential segment, although the number of contracts secured in FYE 2020 are about the same as the number of contracts secured in FYE 2019, we recorded an increase in revenue by RM0.05 million as a result of the higher contract value secured in FYE 2020.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

For the 9-month FPE 2021, our Group's revenue increased by RM4.44 million, representing a 55.02% increase from RM8.07 million for the 9-month FPE 2020 to RM12.51 million for the 9-month FPE 2021. Such increase is mainly due to the active marketing efforts undertaken by our CEO particularly in the Klang Valley as well as the commencement of projects which were delayed in FYE 2020 due to the implementation of MCO. During the FPE 2021, we were able to carry out eight (8) EPCC projects in the Klang Valley with total capacity of 3.59 MWp, which is higher than the number of EPCC projects undertaken in the Klang Valley during FPE 2020 of two (2) projects with total capacity of 0.37 MWp.

(b) Revenue by geographical location

	Audited				Unaudited			
	FYE 2019		FYE 2020		9-month FPE 2020		9-month FPE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Johor	4,765	*25.28*	6,495	*43.81*	5,020	*62.18*	4,875	*38.96*
Klang Valley	867	*4.60*	4,942	*33.33*	1,196	*14.82*	6,624	*52.94*
Sabah	2,821	*14.97*	2,161	*14.57*	654	*8.10*	553	*4.42*
Perak	9,256	*49.10*	1,187	*8.01*	1,161	*14.39*	185	*1.48*
Penang	1,141	*6.05*	42	*0.28*	42	*0.52*	275	*2.20*
Total	**18,850**	***100.00***	**14,827**	***100.00***	**8,073**	***100.00***	**12,512**	***100.00***

Comparison between FYE 2019 and FYE 2020

Ray Go is currently focusing on Johor and Klang Valley market. For FYE 2019, Johor and Klang Valley contributed 25.28% and 4.60% of the revenue respectively. The increase in revenue from Johor (from RM4.77 million in FYE 2019 to RM6.49 million in FYE 2020) and Klang Valley (from RM0.87 million in FYE 2019 to RM4.94 million in FYE 2020) is mainly due to new customers secured as follows:

- Johor – Mayfresh Frozen Sea Products Sdn Bhd, Yeo Aik Hevea (M) Sdn Bhd and Caretex Apparels Sdn Bhd; and

- Klang Valley – Kombinasi Bumi Solar Sdn Bhd and Nippon Paint (Malaysia) Sdn Bhd.

In FYE 2019, 49.10% of the revenue was derived from projects undertaken in Perak, namely QL Foods Sdn Bhd and QL Fishmeal Sdn Bhd. The decrease in revenue contribution from Perak from RM9.26 million in FYE 2019 to RM1.19 million in FYE 2020 is mainly due to the progress of the projects which are nearing completion as well as no new project secured in Perak.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

The increase in revenue from Klang Valley (from RM1.20 million in FPE 2020 to RM6.62 million in FPE 2021) is mainly due to more new customers secured as a result of active marketing efforts undertaken by our CEO during the FPE 2021 as well as the commencement of projects which were delayed in FYE 2020 due to the implementation of MCO as mentioned in Section 8.4.2(a) above.

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8.4.3 Cost of Sales

The following table sets out the breakdown of our cost of sales by cost category for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and 9-month FPE 2021:

	Audited				Unaudited			
	FYE 2019		FYE 2020		9-month FPE 2020		9-month FPE 2021	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Purchases of materials:								
- Solar PV modules	9,265	*64.99*	4,433	*41.39*	2,330	*42.60*	3,050	*37.42*
- Inverters	2,880	*20.20*	2,653	*24.77*	790	*14.44*	734	*9.01*
- Balance of system(1)	835	*5.86*	1,638	*15.30*	1,288	*23.55*	1,347	*1.53*
Subcontractor	252	*1.76*	1,247	*11.64*	637	*11.63*	2,251	*27.62*
Mounting structure	765	*5.37*	208	*1.94*	23	*0.42*	-	-
Transportation	68	*0.48*	169	*1.58*	130	*2.38*	296	*3.63*
Application/ Documentation fee	51	*0.36*	185	*1.73*	143	*2.61*	144	*1.77*
Rental of equipment	18	*0.13*	33	*0.31*	24	*0.44*	31	*0.38*
Levy fee(2)	-	-	-	-	-	-	86	*1.05*
Others(3)	121	*0.85*	143	*1.34*	105	*1.93*	211	*2.59*
Total	**14,255**	***100.00***	**10,709**	***100.00***	**5,470**	***100.00***	**8,150**	***100.00***

Notes:

(1) Balance of system comprises accessories, cables, racking system, switch boards and trunking and monitoring system.

(2) Being levy fee paid to CIDB for all projects undertaken from 2015 up to 30 April 2021, of which RM33,090 relates to projects completed before 1 November 2020. The levy fee is imposed on main contractor for project with contract value of RM500,000 and above and calculated at 0.125% of the contract sum.

(3) Others consist of TNB meter installation related cost, hardware, insurance, consultancy fees, printing and stationery, labour, calibration, inspection/test and commissioning fee.

Comparison between FYE 2019 and FYE 2020

Our cost of sales decreased by RM3.55 million or 24.88% from RM14.26 million in FYE 2019 to RM10.71 million in FYE 2020. The decrease is in tandem with the decrease in our revenue due to the delay in the implementation of solar PV projects as a result of the MCO implementation by the Government. It was also attributable to the decrease in material costs sourced for our solar PV project, particularly the solar panel cost, due to the general decline in cost of solar PV systems in the market in the recent years.

Notwithstanding the overall decrease for the cost of sales, our Group recorded a significant increase in the following expenses:

- subcontractor cost – This was mainly due to more job scope delegated to the subcontractors such as structural and strengthening of roofing work. Despite the reduction in the overall cost of sales in FYE 2020 compared to FYE 2019 as a result of the drop in the revenue in FYE 2020, the subcontractor cost had nevertheless increased due to the following:

(i) more structural and strengthening of roofing work were required to be carried out in FYE 2020 compared to FYE 2019. This structural and strengthening of roofing work is part of the preparatory work prior to the installation of PV systems. The requirement of such work would be depending on the condition of the roofing of the properties. Such roofing work is usually subcontracted to third party contractors so that we could simultaneously undertake more projects; and

(ii) timing of the projects undertaken whereby the installation work for some of the projects secured towards the end of FYE 2019 were only carried out in FYE 2020.

Going forward, delegation of work (including these additional scopes of work) to subcontractor will depend on the requirement of each EPCC project we undertake as well taking into consideration of the cost, time and quality of the work performed so as to ensure quality of final products and services delivered to our customers;

- transportation cost – This was mainly due to high custom duty incurred during the FYE 2020 in relation to the purchase and import of solar PV modules from China. Despite the higher transportation cost, the overall cost of solar PV modules purchased directly from China was lower than the overall cost incurred previously, in view of the trend of declining cost of solar PV systems in the market; and

- application/documentation fee – This was due to more SEDA Malaysia and NEMAS applications submitted in FYE 2020.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

For the 9-month FPE 2021, our Group's cost of sales increased by 48.99% or RM2.68 million, from RM5.47 million for the 9-month FPE 2020 to RM8.15 million for the 9-month FPE 2021. The increase in cost of sales was in tandem with the increase in revenue. It was also contributed by the following increase:

- total cost of solar PV modules which increased in line with the increase in revenue;

- purchase of balance of system – This was mainly due to the installation of SCADA monitoring system for one of our EPCC projects;

- subcontractor cost – This was mainly due to more job scopes delegated to our subcontractors, which allows us to undertake more solar PV projects simultaneously as explained above; and

- levy fee paid to CIDB for all projects undertaken from 2015 to 2020 which were inadvertently not declared on time.

8.4.4 GP margin

	Audited		Unaudited	
	FYE 2019	FYE 2020	9-month FPE 2020	9-month FPE 2021
GP (RM '000)	4,595	4,118	2,603	4,362
GP margin (%)	24.38	27.77	32.24	34.86

Comparison between FYE 2019 and FYE 2020

Our Group recorded a slightly higher GP margin of 27.77% in FYE 2020 as compared to 24.38% in FYE 2019. The higher GP margin was attributable to the following:

- lower material cost sourced for our solar PV project, in line with the trend of declining cost of solar PV systems in the market in the recent years; and
- more projects with higher margin undertaken during the FYE 2020.

Comparison between FYE 2020 and 9-month FPE 2020

Our Group recorded a higher GP margin of 32.24% for the 9-month FPE 2020 as compared to 27.77% for the full FYE 2020. This was due to completion of a few projects with higher margin during the 9-month FPE 2020. The margin of the projects we undertake ranges between 20% and 40%, with higher margins set for smaller scale projects. The higher margin recorded for a few completed projects during the 9-month FPE 2020 as mentioned above was also attributable to general decline in the cost of solar PV systems in the market. During the remaining three (3) months up to FYE 2020, the margins of the projects undertaken were lower and thus resulted in lower GP margin recorded for FYE 2020.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

Our Group recorded a slightly higher GP margin of 34.86% for the 9-month FPE 2021 as compared to 32.24% for the 9-month FPE 2020. This is mainly due to more projects with higher profit margin undertaken during the 9-month FPE 2021.

8.4.5 Other income

The breakdown of our other income for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and 9-month FPE 2021 are as follows:

	Audited				Unaudited			
	FYE 2019		FYE 2020		9-month FPE 2020		9-month FPE 2021	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Interest income	20	*100.00*	18	*13.68*	10	*25.64*	22	*17.05*
Government subsidies	-	-	38	*28.59*	29	*74.36*	-	-
Gain on disposal of property, plant and equipment	-	-	76	*57.73*	-	-	86	*66.67*
Gain on foreign exchange	-	-	-	-	-	-	1	*0.78*
Deposit forfeited	-	-	-	-	-	-	20	*15.50*
Total	**20**	***100.00***	**132**	***100.00***	**39**	***100.00***	**129**	***100.00***

Note:

~ *Less than RM1,000.*

Comparison between FYE 2019 and FYE 2020

In FYE 2020, our Group's other income increased by RM0.11 million or 549.16% from RM0.02 million to RM0.13 million in FYE 2020. The increase in other income was mainly contributed by the gain on disposal of a motor vehicle of approximately RM0.08 million by RGS EPC to a third party and subsidies received from Social Security Organisation ("**SOCSO**") under Wage Subsidy Programme 1.0, which was part of the COVID-19 relief measures implemented by the Government.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

For the 9-month FPE 2021, our Group's other income increased by 225% or RM0.09 million, from RM0.04 million in FPE 2020 to RM0.13 million for the 9-month FPE 2021. The increase in other income was mainly due to the gain on disposal of a motor vehicle and forfeited deposit due to termination of an EPCC project arising from the implementation of the MCO.

8.4.6 Administrative expenses

The breakdown of our administrative expenses for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and 9-month FPE 2021 are as follows:

	Audited				Unaudited			
	FYE 2019		FYE 2020		9-month FPE 2020		9-month FPE 2021	
	RM	%	RM	%	RM	%	RM	%
Office utilities[1]	10,716	*32.15*	12,647	*36.50*	9,140	*36.46*	9,865	*46.24*
Printing and stationeries	19,898	*59.70*	14,482	*41.79*	10,497	*41.87*	7,333	*34.37*
Postage and courier	472	*1.42*	754	*2.18*	402	*1.60*	692	*3.24*
Upkeep of office	2,243	*6.73*	6,767	*19.53*	5,030	*20.07*	3,443	*16.15*
Total	**33,329**	***100.00***	**34,650**	***100.00***	**25,069**	***100.00***	**21,333**	***100.00***

Note:

(1) Consist of water, electricity, telephone and fax charges.

Comparison between FYE 2019 and FYE 2020

Our administrative expenses for FYE 2020 recorded an increase of RM1,321 or 3.96% from RM33,329 in FYE 2019 to RM34,650 in FYE 2020. The increase was mainly due to the following:

- increase in office utilities and upkeep of office as we have opened a new office unit for marketing and operation purposes as well as the upgrade of telephone package for the newly opened office unit. The new office unit is located at the ground floor of the same building as our headquarter in Klang; and
- higher upkeep of office expenses incurred for the purchase of face mask and hand sanitiser to comply with the SOP for business operation during the MCO as well as additional cleaning fees for the new office unit.

These were offset by the decrease in printing and stationeries expenses. The higher printing and stationeries expenses incurred in FYE 2019 was due to the outsourcing of printing of company profile in bulk for marketing purposes. In FYE 2020, most printing was done in-house.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

Our Group recorded a decrease of RM3,736 or 14.90% in our administrative expenses from RM25,069 for the 9-month FPE 2020 to RM21,333 for the 9-month FPE 2021. The decrease was mainly due to the decrease in printing and stationery expenses (as explained above) and lower upkeep of office expenses since the Company did not purchase any new face mask and hand sanitiser during the period.

8.4.7 Other operating expenses

The breakdown of our other operating expenses for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and 9-month FPE 2021 are as follows:

	Audited				**Unaudited**			
	FYE 2019		**FYE 2020**		**9-month FPE 2020**		**9-month FPE 2021**	
	RM '000	**%**	**RM '000**	**%**	**RM '000**	**%**	**RM '000**	**%**
Staff costs[1]	1,427	*57.93*	1,609	*62.37*	1,093	*63.51*	1,308	*71.44*
Sales and distribution expenses[2]	339	*13.74*	143	*5.56*	101	*5.87*	70	*3.82*
Depreciation	244	*9.88*	251	*9.74*	181	*10.52*	185	*10.10*
Travelling expenses[3]	110	*4.45*	84	*3.24*	59	*3.43*	44	*2.40*
Car related expenses[4]	82	*3.33*	108	*4.18*	80	*4.65*	48	*2.62*
Application/Processing fee	78	*3.15*	10	*0.39*	5	*0.29*	*2*	*0.11*
Auditors' remuneration	32	*1.30*	30	*1.15*	20	*1.16*	20	*1.09*
Recruitment fee	26	*1.04*	6	*0.23*	-		12	*0.66*
Office rental	23	*0.95*	32	*1.27*	32	*1.86*	-	*0.00*
Training and seminar	16	*0.66*	63	*2.44*	32	*1.86*	23	*1.26*
Consultancy fee	13	*0.54*	8	*0.29*	3	*0.17*	-	*0.00*
Fine/penalty[5]	2	*0.06*	1	*0.02*	1	*0.06*	~	*0.00*
General insurance	1	*0.05*	42	*1.64*	12	*0.70*	18	*0.98*
Listing expenses	-	-	82	*3.19*	13	*0.76*	37	*2.02*
Stamp duty	-	-	13	*0.51*	13	*0.76*	1	*0.06*
Professional legal fee	-	-	11	*0.42*	10	*0.58*	-	*0.00*
Compensation	-	-	11	*0.44*	5	*0.29*	-	*0.00*
Loss on foreign exchange	-	-	-	-	-	-	17	*0.93*
Others[6]	72	*2.92*	75	*2.92*	61	*3.53*	46	*2.51*
Total	**2,465**	***100.00***	**2,579**	***100.00***	**1,721**	***100.00***	**1,831**	***100.00***

Notes:

~ *Less than RM1,000.*

(1) *Consist of salaries, wages, overtime, statutory contribution (Employees Provident Fund, SOCSO, Employee Insurance System, Human Resources Development Fund), bonus, directors' fees, medical, staff mileage, allowance and staff welfare.*

(2) *Consist of commission, entertainment, advertisements and promotion.*

(3) *Consist of petrol, parking, toll, travelling and accommodation.*

(4) *Consist of car maintenance, road tax and insurance.*

(5) *Consist of traffic summon, penalty to Inland Revenue Board for late payment, loss of parking ticket and late charges to bank in relation to hire purchase payment.*

(6) Consist of bank charges, sponsorship, gift and donation, rental of office equipment, upkeep of office equipment and computer, secretary fees, site survey, sewerage charges, subscription fees, permit and licenses, loss on disposal of asset, tax compliance, project maintenance, membership and management fees.

Comparison between FYE 2019 and FYE 2020

Our other operating expenses mainly comprise of staff cost, sales and distribution expenses, depreciation of property, plant and equipment, travelling expenses, and car related expenses.

RGS EPC recorded a slight increase of RM0.12 million or 4.88% in our other operating expenses from RM2.46 million in FYE 2019 to RM2.58 million in FYE 2020. The slight increase in FYE 2020 was mainly due to:

(i) increase in staff cost as a result of the recruitment of additional technical staff and increase in training and seminar expenses to strengthen our technical team for new projects;

(ii) increase in general insurance premium of RM0.03 million for the director of RGS EPC;

(iii) increase in rental as we have rented a new office unit for marketing and operation purposes, commencing from 1 August 2019. For FYE 2020, the rental expenses for the two office units were only up to 31 July 2020. Starting August 2020, due to the application of new accounting standards (i.e. MFRS16 Leasing), the monthly rental expenses were no longer recorded as office rental expenses under other operating expenses.; and

(iv) listing expenses incurred of RM0.08 million.

These were offset with:

(i) the decrease in sales and distribution expenses. The decrease was due to postponement of events and exhibitions that we were supposed to participate for marketing purposes in light of the COVID-19 pandemic; and

(ii) the decrease in application/processing fees. The higher application/processing fees in FYE 2019 was due to success fees paid to Pitch Nominees in relation to the ECF Exercise.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

Other operating expenses increased by RM0.11 million or 6.40% from RM1.72 million for the 9-month FPE 2020 to RM1.83 million for the 9-month FPE 2021 mainly due to the following:

(i) insurance benefit provided to all staff. During the FPE 2020, only site staff were entitled for the insurance benefit; and

(ii) increase in staff costs for the operation of the newly opened office unit.

These were offset with:

(i) the decrease in rental expenses incurred due to application of new accounting standards (i.e. MFRS16 Leasing). With the application of the new accounting standards (i.e. MFRS 16 Leasing), starting August 2020, the office rental expenses were captured as lease liabilities in the statement of financial position. The statement of profit or loss no longer recorded office rental expenses under other operating expenses and only recognised the lease interest expense under finance cost as noted below; and

(ii) the decrease in sales and distribution expenses due to postponement of events and exhibitions as mentioned above.

8.4.8 Finance costs

The breakdown of our finance costs for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and 9-month FPE 2021 are as follows:

	Audited				Unaudited			
	FYE 2019		FYE 2020		9-month FPE 2020		9-month FPE 2021	
	RM	%	RM	%	RM	%	RM	%
Hire purchase interest	20,111	*100.00*	13,889	*88.48*	10,417	*100.00*	11,071	*19.56*
Lease interest	-	-	1,809	*11.52*	-	-	4,824	*8.52*
Term loan interest	-	-	-	-	-	-	36,440	*64.37*
Bank overdraft interest	-	-	-	-	-	-	4,277	*7.55*
Total	**20,111**	***100.00***	**15,698**	***100.00***	**10,417**	***100.00***	**56,612**	***100.00***

Comparison between FYE 2019 and FYE 2020

Our finance costs for FYE 2020 recorded a decrease of RM4,413 or 21.94% from RM20,111 in FYE 2019 to RM15,698 in FYE 2020. The decrease was mainly due to the disposal of a motor vehicle which was financed by a hire purchase.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

The increase in finance costs by RM46,195 or 443.46% from RM10,417 for the 9-month FPE 2020 to RM56,612 for the 9-month FPE 2021 was mainly due to:

(i) increase in hire purchase interest in relation to a new motor vehicle acquired in FPE 2021. The acquisition of the motor vehicle is financed by a hire purchase;

(ii) drawdown of new loan facilities (i.e. term loan and bank overdraft) for working capital purposes; and

(iii) application of new accounting standards (i.e. MFRS 16 Leasing).

8.4.9 PAT and PAT margin

	Audited		Unaudited	
	FYE 2019	FYE 2020	9-month FPE 2020	9-month FPE 2021
PAT (RM '000)	2,078	1,641	912	1,925
PAT margin (%)	11.02	11.07	11.30	15.39

Comparison between FYE 2019 and FYE 2020

Although our PAT recorded a decrease of RM0.44 million or 21.15% from RM2.08 million in FYE 2019 to RM1.64 million in FYE 2020, RGS EPC recorded a slightly higher PAT margin of 11.07% in FYE 2020 as compared to 11.02% in FYE 2019. RGS EPC was able to maintain its PAT margin mainly attributable to the following:

(i) subsidies received from SOCSO, as part of the COVID-19 relief measures implemented by the Government;

(ii) the gain on disposal of motor vehicle of approximately RM0.08 million by RGS EPC to a third party; and

(iii) the decrease in finance cost due to the disposal of the motor vehicle.

Comparison between 9-month FPE 2020 and 9-month FPE 2021

Our Group recorded a higher PAT of RM1.93 million and PAT margin of 15.39% for the 9-month FPE 2021 as compared to PAT of RM0.91 million and PAT margin of 11.30% for the 9-month FPE 2020 in tandem with the higher GP margin recorded for the 9-month FPE 2020 (as explained in Section 8.4.4 above) and offset by the higher income tax expenses and slightly higher finance costs incurred for the period. The Group recorded a higher income tax expenses for FPE 2021 because the income tax exemption incentive which we obtained from MIDA in 2016 ended in 2020. We enjoyed the income tax exemption incentive for the year of assessment 2015 up to 2020.

8.4.10 Order book

Our Group's business is primarily project-based, therefore our future profitability is dependent on the number of projects and value of the projects secured.

We invoice our solar PV customers based on certain project milestones. As at the LPD, we have order book of RM2.94 million which is the remaining amount to be billed for our ongoing projects. The order book consists of 16 EPCC projects with total capacity to be installed of 7.73 MWp.

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8.4.11 Liquidity and working capital

Our business operations have been financed by internal funds which are mainly shareholders' equity and cash generated from our operations and external sources of funds from bank borrowings. Our utilisation of funds, amongst others, includes working capital, such as staff salaries and benefits and purchase of inventories including carriage outwards.

Our Directors are of the opinion that, after taking into account the cash and bank balances as well as the expected funds to be generated from operating activities, we have adequate working capital to meet our operational requirements for a period of 12 months from the date of this Information Memorandum.

(A) Review of cash flows

The table below sets out the summary of our historical cash flows for FYE 2019 and FYE 2020 as well as 9-month FPE 2020 and 9-month FPE 2021.

	Audited		Unaudited	
	FYE 2019 RM '000	FYE 2020 RM '000	9-month FPE 2020 RM '000	9-month FPE 2021 RM '000
Operating profit before working capital changes	2,363	1,794	1,067	2,715
Net cash generated from/(used in) operating activities	408	(58)	1,108	3,407
Net cash used in investing activities	(78)	(960)	(1,083)	(87)
Net cash (used in)/ from financing activities	(1,080)	973	899	(2,771)
Net decrease in bank balances	(750)	(45)	924	549
Bank balances at beginning of the financial year	1,112	362	362	317
Bank balances at end of the financial year	362	317	1,286	866

Comparison between FYE 2019 and FYE 2020

(i) Net cash generated from/(used in) operating activities

In FYE 2019, we recorded operating profit before working capital changes of RM2.36 million. We reported net cash inflow of RM0.41 million for the FYE 2019 mainly due to the increase in payables by RM6.83 million and offset with the following:

- increase in receivables by RM1.73 million; and
- increase in contract assets by RM7.92 million.

Contract assets arise when work is done for a project but can only be billed upon achieving the pre-agreed progressive billing milestone.

During FYE 2019, we carried out EPCC work for major customers such as QL Foods Sdn Bhd, QL Marine Products Sdn Bhd, QL Endau Fishmeal Sdn Bhd and QL Endau Deep Sea Fishing Sdn Bhd. As at 31 October 2019, a sizeable portion of the work for the projects were completed but can only be billed upon achieving the pre-agreed progressive billing milestone. Contract assets for these projects amounted to RM8.90 million as at 31 October 2019.

The increase in payables was due to purchases made in relation to the above projects of which the payments were not yet due as at 31 October 2019.

In FYE 2020, we recorded operating profit before working capital changes of RM1.79 million. We reported net cash outflow of RM0.06 million for the FYE 2020 attributable to the decrease in contract assets of RM5.52 million due to issuance of invoices for completed work amounted to RM4.35 million at the end of the FYE 2020. This was offset with the following:

- increase in receivables of RM2.53 million due to issuance of the above invoices;
- increase in inventories by RM0.55 million for pre-order stock of panel and wire in anticipation of the price increase in future as well as delay of work commencement due to MCO; and
- decrease in payables of RM3.73 million due to lower purchases in line with the decrease in revenue.

(ii) Net cash used in investing activities

In FYE 2019, we recorded net cash outflow for investing activities due to purchase of computers and office equipment of RM0.04 million and motor vehicle of RM0.16 million.

In FYE 2020, we recorded net cash outflow of RM0.96 million for investing activities due to purchase of office equipment and office renovation for the new office unit. We also purchased a motor vehicle of RM0.26 million financed under lease of RM0.23 million. In addition, there are cash outflows from the rights to use asset in relation to the rental of office of RM0.17 million and fixed deposit pledged to secure financing of RM0.73 million.

(iii) Net cash (used in)/from financing activities

In FYE 2019, we recorded net cash outflow for financing activities mainly due to the payment of dividend declared for the FYE 2019 of RM2.20 million and offset by receipt of RM1.37 million from the issuance of shares in relation to the ECF Exercise.

In FYE 2020, we recorded net cash inflow of RM0.97 million for financing activities mainly due to the drawdown of term loan of RM1.00 million. Such term loan was obtained for the purpose of working capital, under a scheme offered by the Government known as Bank Negara Malaysia Special Relief Fund – COVID 19 Scheme (BNM SRF-COVID 19 Scheme).

Comparison between 9-month FPE 2020 and 9-month FPE 2021

(i) Net cash generated from/(used in) operating activities

For the 9-month FPE 2020, we recorded operating profit before working capital changes of RM1.07 million. We reported net cash inflow of RM1.11 million for the period mainly due to the decrease in contract assets by RM7.25 million as a result of issuance of invoices for completed portions of EPCC projects undertaken.

These are offset with the following:

- increase in receivables for the issuance of invoices as mentioned above;
- decrease in payables by RM5.13 million for less purchases for the period due to imposition of MCO in response to COVID-19 pandemic; and
- decrease in contract liability by RM0.40 million as the works progressed.

For the 9-month FPE 2021, we recorded operating profit before working capital changes of RM2.72 million. We reported net cash inflow of RM3.56 million for the period mainly attributable to the decrease in receivables and contract assets of RM3.22 million and RM2.21 million respectively as a result of active collection efforts. These were offset with the decrease in payables by RM4.40 million for prompt payment made to the suppliers:

(ii) Net cash used in investing activities

For the 9-month FPE 2020, we recorded a higher net cash used in investing activities of RM1.08 million mainly due to fixed deposits pledged to secure financing of RM0.95 million and the purchase of office equipment and office renovation for the new office unit of RM0.13 million.

For the 9-month FPE 2021, we recorded net cash outflow of RM0.09 million for investing activities mainly due to the increase of fixed deposit pledged with licensed bank to secure financing and offset with the proceeds from disposal of a motor vehicle to a third party.

(iii) Net cash (used in)/from financing activities

For the 9-month FPE 2020, we recorded net cash from financing activities of RM0.90 million mainly due to drawdown of term loan of RM1.00 million and set off with the repayment of hire purchase/lease liabilities.

For the 9-month FPE 2021, we recorded net cash outflow of RM2.77 million for financing activities mainly due to payment of dividend in respect of FYE 2020 of RM2.50 million.

(B) Key financial ratios

	Audited		Unaudited	
	FYE 2019	**FYE 2020**	**FPE 2020**	**FPE 2021**
Trade receivables turnover period (days)	57	132	151	45
Trade payables turnover period (days)	213	156	163	7
Inventory turnover period (days)	-	9	-	23
Current ratio (times)	1.48	2.21	2.40	4.58
Gearing ratio (times)	0.06	0.24	0.20	0.22

Notes:

(1) $\frac{\textit{Trade receivables}}{\textit{Revenue}}$ *x No. of days in the period*

(2) $\frac{\textit{Trade payables}}{\textit{Cost of sales}}$ *x No. of days in the period*

(3) $\frac{\textit{Average inventories}}{\textit{Cost of sales}}$ *x No. of days in the period*

(4) $\frac{\textit{Total current assets}}{\textit{Total current liabilities}}$

(5) $\frac{\textit{Total borrowings}}{\textit{Shareholders' equity}}$

(i) Trade receivables turnover

Trade receivables turnover days increased from 57 days in FYE 2019 to 132 days in FYE 2020 due to slower payment from customers as a result of delay in obtaining approval from the relevant agencies/authorities for the solar PV installation mainly due to the MCO. Trade receivables turnover days then decreased to 45 days in FPE 2021 due to faster collection from customers as a result of active collection efforts.

The normal trade credit period granted to our customers ranges from 7 to 30 days. The ageing analysis of our net trade receivables as at the LPD is as follows:

	Within credit period	Exceeding credit period				Total
		0-30 days	31-60 days	61-90 days	>90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	4,347	67	163	86	707	5,370
Less: Provision for doubtful debts	-	-	-	-	-	-
Net trade receivables	4,347	67	163	86	707	5,370
Percentage of total trade receivables (%)	*80.95*	*1.25*	*3.03*	*1.60*	*13.17*	*100.00*
Subsequent collections up to the LPD	4,347	67	163	86	707	5,370
Outstanding balance as at the LPD	-	-	-	-	-	-

As at the LPD, we have collected RM5.37 million or 100.00% of the total trade receivables outstanding as at 31 October 2020.

We are not aware of any of our debtors being in significant financial difficulties or has defaulted on payments. As part of our credit control policy, we assign a dedicated person to actively monitor receivables collection to actively monitor our receivables which have exceeded the normal credit period of 30 days.

(ii) Trade payables turnover

Trade payables turnover days decreased from 213 days in FYE 2019 to 156 days in FYE 2020 due to less purchases during the FYE 2020. The high turnover days for both financial years was due to the payment terms by supplier, whereby we were invoiced for full amount and paid deposit when we placed order of raw materials but were only required to make the balance payment in full upon delivery of the materials which could take up to 3 months from the order placement. Trade payables turnover days decreased further to 7 days in FPE 2021 due to the changes in payment terms by suppliers and discount incentive for fast payment.

The credit period granted by our suppliers ranges from 1 to 90 days. For the FPE 2021, our trade payables turnover days were within the credit period granted.

The ageing analysis of our trade payables as at the LPD is as follows:

	Within credit period	Exceeding credit period				Total
		0-30 days	31-60 days	61-90 days	>90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	1,836	2,625	17	-	92	4,570
Percentage of total trade receivables (%)	*40.18*	*57.44*	*0.37*	-	*2.01*	*100.00*
Subsequent payment up to the LPD	1,836	2,625	17	-	92	4,570
Outstanding balance as at the LPD	-	-	-	-	-	-

As at the LPD, we have subsequently paid RM4.57 million or 100.00% of the total trade payables outstanding as at 31 October 2020 and there are no disputes in respect of trade payables and no legal action has been initiated by our suppliers to demand for payment.

(iii) Inventory turnover

Prior to FYE 2020, we did not keep any inventory as at the financial year end. As at 31 October 2021, we had RM0.55 million worth of inventories which were the pre-order stock of panel and wire in anticipation of the price increase in future as well as delay of work commencement due to MCO. This caused our inventory turnover days to increase from nil in FYE 2019 to 9 days for FYE 2020. The inventory turnover days then further increased to 23 days in FPE 2021 as we continued to build up stock of panel and wire for our ongoing EPCC projects.

(iv) Current ratio

Current ratio increased from 1.48 times as at 31 October 2019 to 2.21 times as at 31 October 2020 mainly due to the decrease in current liabilities arising from the decrease in trade payables. Current ratio then further increased to 4.58 times as at 31 July 2021 mainly due to the decrease in current liabilities mainly arising from the decrease in trade payables.

(v) Gearing ratio

Gearing ratio increased from 0.06 times in FYE 2019 to 0.24 times in FYE 2020 mainly due to drawdown of the new loan facility secured in FYE 2020 for working capital purpose. Gearing ratio then decreased slightly to 0.22 times in FPE 2021 mainly due to repayment of borrowings.

8.4.12 Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2019 to FYE 2020. In addition, our audited financial statements for the financial years under review were not subject to any audit qualifications.

8.4.13 Significant factors affecting our financial position and result of operations

Section 5 Risk Factors details a number of risk factors relating to our business and the industry which we operate in. Some of these risk factors have an impact on our revenue and financial performance.

Sophisticated Investors should carefully consider the risk factors set out in Section 5 Risk Factors before making a decision on whether an investment in our Shares is suitable for them in light of their circumstances and financial resources and whether they are able and willing to withstand the potential loss of their entire investment.

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9 OTHER INFORMATION

9.1 Responsibility statements

Our Board and the Promoters have seen and approved this Information Memorandum, 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 Information Memorandum false or misleading.

MainStreet acknowledges that, based on all available information and to the best of its knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing and the Proposed Placement.

9.2 Share capital

(a) As at the date of this Information Memorandum, we have one (1) class of share, namely ordinary share;

(b) Other than the Proposed Placement as disclosed in Section 1 of this Information Memorandum, there is no intention on the part of our Board to issue any new Shares in the Company; and

(c) As at the date of this Information Memorandum, we do not have any outstanding convertible debt securities.

9.3 Material contracts

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts entered into in the ordinary course of business and of material amount, that have been entered into by the Group within the two (2) years preceding the LPD:

(i) Ray Go Solar has entered into a sale and purchase of shares agreement dated 5 May 2021 and supplemental agreement dated 1 September 2021 with Dato' Ray Tan, Datin Wang Rui and Pitch Nominees to acquire their entire equity interest in RGS EPC comprising 1,751,358 shares for a purchase consideration of RM4,055,016, which was satisfied via the issuance of 4,055,016 new Shares to Dato' Ray Tan, Datin Wang Rui and ECF Investors, at an issue price of RM1 each. The transaction was completed on 20 September 2021; and

(ii) RGS EPC has entered into a sale and purchase agreement dated 15 September 2021 with Interfal Design Sdn Bhd for the acquisition of a piece of freehold industrial land held under H.S.(D) 284013 PT 624, Pekan Hicom, Daerah Petaling, Negeri Selangor measuring approximately 970.58 square meters in area together with a three (3) storey semi-detached factory erected thereon bearing postal address of 44, Jalan Serendah 26/39, Kawasan Perindustrian Hicom, 40400 Shah Alam, Selangor for a cash consideration of RM5,500,000. The transaction is pending completion.

9.4 Material litigation and contingent liabilities

As at the LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

As at the LPD, there is no contingent liability which, upon becoming enforceable, may have a material impact on our financial position or business.

9.5 Related party transactions

Under the LEAP Market Listing Requirements, a "related party transaction" is a transaction entered into between the listed corporation or its subsidiaries and a related party. A "related party" of a listed issuer is:

(i) A director having the same meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation or a chief executive of the listed corporation; or

(ii) A major shareholder who has an interest of 10.00% or more of the total number of voting shares in a corporation; or

(iii) A person connected with such director or major shareholder.

Save as disclosed below, we confirm that there are no existing or presently proposed related party transactions entered into between our Group and our Directors, major shareholders and/or persons connected with them for the FYE 2020 and subsequent period up to the LPD.

Transacting parties	Nature of relationship	Nature of transaction	Actual	
			FYE 2020 RM	Subsequent period up to the LPD RM
Dato' Ray Tan and RGS EPC	Dato' Ray Tan is our promoter, substantial shareholder, CEO and director.	Rental paid by RGS EPC to Dato' Ray Tan in relation to the premises (i.e. unit 36 and 36-1) located at Jalan Jasmin 3, Bandar Botanik, Klang for a total monthly rental of RM3,600. The current tenancy agreements are valid for the period from 1 August 2020 to 31 July 2022.	43,200	43,200

Having considered all aspects of the related party transactions, we are of the opinion that the transaction of rental of premises was transacted on normal commercial terms and on arm's length basis. These related party transactions are not detrimental to our Group and our minority shareholders and is in our best interests.

Upon the Proposed Listing, our Board will ensure that any related party transactions are transacted on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not detrimental to our minority shareholders.

9.6 Interests in similar businesses, interests in businesses of our customers or suppliers and other conflict of interest

We confirm that none of our Promoters, substantial shareholders, Directors and/or key management personnel has any interest, direct or indirect, in other businesses or corporations carrying on a trade similar to that of our Group or businesses or corporations which are also our customers or suppliers as at the LPD.

9.7 Further information on our Promoters, Directors and key management personnel

None of our Promoters, Directors and key management personnel:

(a) are undischarged bankrupts nor are they subject to any proceedings under bankruptcy laws;

(b) have ever been charged with, convicted for or compounded for any offence under securities laws, corporation laws or any other laws involving fraud or dishonesty in a court of law;

(c) have ever had any action taken against them for any breach of the listing requirements or rules issued by Bursa Securities, for the past five (5) years; and

(d) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past five (5) years.

9.8 Other transactions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party during the FYE 2020 up to the LPD.

There are no outstanding loans, including guarantees of any kind made by our Group to or for the benefit of related parties during the FYE 2020 up to the LPD.

9.9 Declaration by our advisers

9.9.1 MainStreet

MainStreet confirms that there is no existing or potential conflict of interest in relation to its capacity as the Approved Adviser and Placement Agent for our Proposed Listing.

9.9.2 PKF

PKF confirms that there is no existing or potential conflict of interest in relation to its capacity as the Auditors and Reporting Accountants for our Proposed Listing.

9.9.3 Azman Davidson & Co

Azman Davidson & Co confirms that there is no existing or potential conflict of interest in relation to its capacity as the Legal Adviser for our Proposed Listing.

9.9.4 INFOBUSINESS

INFOBUSINESS confirms that there is no existing or potential conflict of interest in relation to its capacity as the Independent Market Researcher for our Proposed Listing.

9.9.5 Company Secretary

The Company Secretary confirms that there is no existing or potential conflict of interest in relation to her capacity as the Company Secretary for our Proposed Listing.

9.9.6 Share Registrar

Shareworks Sdn Bhd confirms that there is no existing or potential conflict of interest in relation to its capacity as the Share Registrar for our Proposed Listing.

9.10 Consents

The written consents of the Approved Adviser, Placement Agent, Continuing Adviser, Company Secretary, Auditors and Reporting Accountants, Legal Advisers, Independent Market Researcher and Share Registrar to the inclusion in this Information Memorandum of their names in the form and context in which such names appear have been given before the issue of this Information Memorandum and have not subsequently been withdrawn.

9.11 Documents for inspection

Copies of this Information Memorandum are available free of charge for inspection during normal business hours on weekday (Saturday, Sundays and public holidays excepted) at Ray Go Solar's registered office at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia, for at least one (1) month after our Proposed Listing on the LEAP Market.

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APPENDIX I – AUDITED FINANCIAL STATEMENTS FOR FYE 2020

RAY GO SOLAR EPC SDN. BHD.

Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 OCTOBER 2020
(In Ringgit Malaysia)

RAY GO SOLAR EPC SDN BHD
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

Contents	**Pages**

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 October 2020.

Principal activity

The principal activity of the Company is carrying on the business of supplying solar systems and related products.

There has been no significant change in the nature of these activities during the financial year.

Results

	RM
Profit for the financial year	1,641,141

Significant event during the year

Details of significant event is disclosed in Note 25 to the financial statement.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any final dividend in respect of the current financial year.

Directors

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

Dato' Tan Boon Teck
Datin Wang Rui

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

Directors' interests in shares

The directors holding office at the end of the financial year and their beneficial interests in Ordinary Shares of the Company and its related corporations during the financial year ended 31 October 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

	Number of ordinary shares			
	At 1.11.2019	Bought	Sold	At 31.10.2020
Shareholdings in the Company registered in the name of directors:				
Dato' Tan Boon Teck	80,000	-	-	80,000
Datin Wang Rui	20,000	-	-	20,000

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 23 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' remuneration and fee

Directors' fee amounted to RM300,000 being paid during the financial year ended 31 October 2020 as disclosed in Note 5 to the financial statements.

None of the directors received remuneration from the Company during the financial year.

Indemnity and insurance for directors, officers and auditors

There was no indemnity given to or insurance effected for any director, officer or auditor of the Company.

Issue of shares and debentures

There were no changes in the share capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that provisions need not be made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts; or

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

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

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

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

(i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

Other statutory information (continued)

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

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 31 October 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The auditors' remuneration for the financial year ended 31 October 2020 amounted to RM25,000.

Signed in accordance with a resolution of the Board,

DATO' TAN BOON TECK	DATIN WANG RUI

Kuala Lumpur

01 MAR 2021

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 10 to 51 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial positions of the Company as at 31 October 2020 and of their financial performances and their cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Board,

DATO' TAN BOON TECK	DATIN WANG RUI

Kuala Lumpur

11 MAR 2021

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016 IN MALAYSIA

I, DATO' TAN BOON TECK, being the director primarily responsible for the financial management of RAY GO SOLAR EPC SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 10 to 51 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by the above-named at Kuala Lumpur in Wilayah Persekutuan on 11 MAR 2021)

DATO' TAN BOON TECK

Before me,

PESURUHJAYA SUMPAH
W788
SHI' ARATUL AKMAR BINTI SAHARI
01.05.2019-31.12.2021
MALAYSIA

COMMISSIONER FOR OATHS

LOT 81-1, 2ND FLOOR,
SRI BUNUS JALAN MASJID INDIA,
50100 KUALA LUMPUR

INDEPENDENDT AUDITORS' REPORT
TO THE MEMBERS OF RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RAY GO SOLAR EPC SDN. BHD., which comprise the statement of financial position as at 31 October 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 October 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

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Level 33 • Menara 1MK • Kompleks 1 Mont' Kiara • No. 1, Jalan Kiara • Mont' Kiara • 50480 Kuala Lumpur • Malaysia

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENDT AUDITORS' REPORT
TO THE MEMBERS OF RAY GO SOLAR EPC SDN BHD
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

PKF
Accountants & business advisers

(continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

INDEPENDENDT AUDITORS' REPORT
TO THE MEMBERS OF RAY GO SOLAR EPC SDN BHD
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

PKF
Accountants & business advisers

(continued)

Other Matters

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

PKF
AF 0911
CHARTERED ACCOUNTANTS

NGU SIOW PING
03033/11/2021 J
CHARTERED ACCOUNTANT

Kuala Lumpur

11 March 2021

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

	Note	2020 RM	2019 RM
Revenue	3	14,827,006	18,850,002
Cost of sales		(10,709,094)	(14,255,434)
Gross profit		4,117,912	4,594,568
Other income	4	132,228	20,369
Administrative expenses		(34,650)	(33,329)
Other operating expenses		(2,578,668)	(2,464,506)
Profit from operations		1,636,822	2,117,102
Finance costs	6	(15,698)	(20,111)
Profit before tax		1,621,124	2,096,991
Tax income/(expenses)	7	20,017	(18,778)
Profit, representing total comprehensive income for the financial year		1,641,141	2,078,213

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

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-current asset			
Property, plant and equipment	8	308,654	700,652
Right-of-use assets	9	663,787	-
		972,441	700,652
Current assets			
Inventories	10	552,501	-
Trade receivables	11	5,369,648	2,952,384
Non-trade receivables, deposits and prepayments	12	207,013	98,851
Contract assets	13	4,980,744	10,503,428
Tax recoverable		6,274	2,487
Fixed deposit with a licensed bank	14	950,000	219,706
Cash and bank balances		361,417	365,979
		12,427,597	14,142,835
TOTAL ASSETS		13,400,038	14,843,487
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	15	3,121,106	3,121,106
Retained earnings	16	3,467,000	1,825,859
Total equity		6,588,106	4,946,965
Non-current liabilities			
Borrowings	17	781,696	283,278
Lease liabilities	18	373,087	-
Deferred tax	19	15,390	39,720
		1,170,173	322,998
Current liabilities			
Trade payables	20	4,570,176	8,312,615
Non-trade payables and accruals	21	398,953	381,806
Contract liability	13	276,730	858,323
Borrowings	17	262,138	20,780
Lease liabilities	18	133,762	-
		5,641,759	9,573,524
Total liabilities		6,811,932	9,896,522
TOTAL EQUITY AND LIABILITIES		13,400,038	14,843,487

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

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

	Note	Share capital RM	Retained earnings RM	Total RM
At 1 November 2018		100,000	3,593,912	3,693,912
Issuance of shares		3,021,106	(1,646,266)	1,374,840
Profit, representing total comprehensive income for the financial year		-	2,078,213	2,078,213
Dividends paid	22	-	(2,200,000)	(2,200,000)
At 1 November 2019		3,121,106	1,825,859	4,946,965
Profit, representing total comprehensive income for the financial year		-	1,641,141	1,641,141
At 31 October 2020		3,121,106	3,467,000	6,588,106

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit before tax		1,621,124	2,096,991
Adjustments for:			
(Gain)/Loss on disposal of property, plant and equipment		(76,333)	8,750
Depreciation of:			
- property, plant and equipment		136,898	243,534
- right-of-use assets		114,374	-
Interest expense		15,698	20,111
Interest income		(18,094)	(6,503)
Operating profit before working capital changes		1,793,667	2,362,883
Increase in inventories		(552,501)	-
Increase in receivables		(2,525,426)	(1,726,865)
Decrease/(Increase) in contract assets		5,522,684	(7,925,388)
(Decrease)/Increase in contract liability		(581,593)	847,013
(Decrease)/Increase in payables		(3,725,292)	6,834,759
Cash (used in)/generated from operations		(68,461)	392,402
Income tax refunded		-	16,202
Income tax paid		(8,100)	(6,793)
Interest received		18,094	6,503
Net cash (used in)/from operating activities		(58,467)	408,314
Cash flows from investing activities			
Addition of property, plant and equipment	(i)	(187,572)	(201,444)
Addition of right-of-use assets	(ii)	(165,050)	-
Proceeds from disposal of property, plant and equipment		123,000	130,000
Net changes in fixed deposit pledged with licensed bank		(730,294)	(6,503)
Net cash used in investing activities		(959,916)	(77,947)
Cash flows from financing activities			
Dividends paid	22	-	(2,200,000)
Drawdown of term loan		1,000,000	-
Proceeds from issuance of shares		-	1,374,840
Interest paid for lease liabilities		(15,698)	(20,111)
Repayment of lease liabilities		(10,800)	-
Repayment of hire purchase		-	(235,089)
Net cash from/(used in) financing activities		973,502	(1,080,360)
Net decrease in cash and cash equivalents		(44,881)	(749,993)
Cash and cash equivalents at 1 November		362,464	1,112,457
Cash and cash equivalents at 31 October	(iii)	317,583	362,464

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

Notes:

(i) Addition of property, plant and equipment

	2020 RM	2019 RM
Purchase of property, plant and equipment during the financial year, at cost	412,572	201,444
Less: Property, plant and equipment financed under lease arrangement	(225,000)	-
Cash payments made to purchase property, plant and equipment	187,572	201,444

(ii) Addition of right-of-use assets

	2020 RM	2019 RM
Purchase of right-of-use assets	382,156	-
Less: Right-of-use assets financed under lease arrangement	(217,106)	-
Cash payment on purchase of right-of-use assets	165,050	-

(iii) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020 RM	2019 RM
Cash and bank balances	361,417	365,979
Bank overdraft (Note 17)	(43,834)	(3,515)
	317,583	362,464

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

Notes:

(iv) Reconciliation of liabilities arising from financing activities:

	31 October 2019/2018 (before restated) RM	Initial application of MFRS 16 RM	1 November 2019/2018 RM	Cash flows RM	Non-cash acquisition RM	31 October RM
2020						
Lease liabilities	-	300,543	300,543	(10,800)	217,106	506,849
Term loan	-	-	-	1,000,000	-	1,000,000
Hire purchase liability	300,543	(300,543)	-	-	-	-
2019						
Hire purchase liabilities	-	-	-	300,543	-	300,543

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

1. Basis of preparation

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

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

These financial statements are presented in the Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(a) Standards issued and effective

On 1 November 2019, the Company has adopted the following new and amended MFRS and IC Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2019:

Description

- Annual improvements to MFRS 2015 – 2017 cycle
  - Amendments to MFRS 3, Business Combinations
  - Amendments to MFRS 11, Joint Arrangements
  - Amendments to MFRS 112, Income Taxes
  - Amendments to MFRS 123, Borrowing Costs
- Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment or Settlement
- MFRS 16, Leases
- Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation
- Amendments to MFRS 128, Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- IC Interpretation 23, Uncertainty over Income Tax Treatments

Adoption of above amended MFRS did not have any material impact to the financial performances or positions of the Company except for changes in accounting policies as disclosed in Note 1(c) to the financial statements.

1. Basis of preparation (continued)

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to References to the Conceptual Framework in MFRS Standards	
- Amendments to MFRS 2 *Share-based Payment*	1 January 2020
- Amendments to MFRS 3 *Business Combinations*	1 January 2020
- Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2020
- Amendments to MFRS 14 *Regulatory Deferral Accounts*	1 January 2020
- Amendments to MFRS 101 *Presentation of Financial Statements*	1 January 2020
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
- Amendments to MFRS 134 *Interim Financial Reporting*	1 January 2020
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2020
- Amendments to MFRS 138 *Intangible Assets*	1 January 2020
- Amendments to IC Interpretation 12 *Service Concession Arrangements*	1 January 2020
- Amendments to IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2020
- Amendments to IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2020
- Amendments to IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2020
- Amendments to IC Interpretation 132 *Intangible Assets – Web Site Costs*	1 January 2020
- Amendments to MFRS 3 *Business Combinations: Definition of Business*	1 January 2020
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*	1 January 2020

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

The Company has not adopted the following standards and interpretations that have been issued but not yet effective: (continued)

Description	**Effective for annual periods beginning on or after**
• Amendments to MFRS 9 *Financial Instruments,* MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures: Interest Rate Benchmark Reform*	1 January 2020
• Amendment to MFRS 16 *Leases: Covid-19-Related Rent Concessions*	1 June 2020
• Amendments to MFRS 101 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2022
• Annual improvements to MFRSs 2018 – 2020 cycle	
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9 Financial Instruments	1 January 2022
- Amendments to MFRS 16 Leases	1 January 2022
- Amendments to MFRS 141 Agriculture	1 January 2022
• Amendments to MFRS 3 *Business Combinations: Reference to the Conceptual Framework*	1 January 2022
• Amendments to MFRS 116 *Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
• Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
• Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures: Sales and Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
• MFRS 17 *Insurance Contract*	1 January 2021

The initial application of the accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Company.

1. Basis of preparation (continued)

(c) Explanation on change in accounting policy

MFRS 16 Leases

In the current financial year, the Company had adopted MFRS 16 Leases ("MFRS 16") effective for the annual financial period beginning on or after 1 January 2019. The Company had elected not to restate comparatives for the financial year ended 31 October 2019 and recognise the cumulative effect of initial applying MFRS 16 as an adjustment to the opening balance of retained earnings.

The Company has also elected not to reassess whether a contract is, or contains, a lease at 1 January 2019 (date of initial application). Instead, the Company relied on its assessment made applying MFRS 117 *Leases* ("MFRS 117") and IC Interpretation 4 *Determining whether an Arrangement contains a Lease* for contracts entered into (or changed) before the date of initial application.

<u>*As a lessee*</u>

At the date of initial application, for leases previously classified as an operating lease applying MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at the date of initial application. On 1 November 2019, the weighted average incremental borrowing rate of the Company applied to the lease liabilities is at the rate of 4.73% to 5.91%.

The right-of-use assets are measured at either their carrying amount as if MFRS 16 has been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The following practical expedients have been applied to leases previously classified as operating leases applying MFRS 117:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessment on whether leases are onerous as an alternative to perform impairment review – there were no onerous contracts as at 1 November 2019;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 November 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

1. Basis of preparation (continued)

(c) Explanation on change in accounting policy (continued)

MFRS 16 Leases (continued)

For leases previously classified as finance leases applying MFRS 117, the carrying amount of the right-of-use assets and the lease liabilities as at 1 November 2019 are determined to be the same as the carrying amount of the lease assets and lease liabilities under MFRS 117.

Reconciliation between operating lease commitments disclosed applying MFRS 117 and lease liabilities.

	2020 RM
Operating lease commitments disclosed as at 31 October 2019	55,800
Discounted using the lessee's incremental borrowing rate as at 1 November 2019	53,161
Finance lease liabilities recognised as at 31 October 2019	300,543
Less: short-term leases not recognised as a liability	(32,400)
Adjustments as a result of a different treatment of extension and termination options	(20,761)
Lease liabilities recognised as at 1 November 2019	300,543

These are impact on the changes to the accounting policies applied to lease contracts entered into by the Company as compared to those applied in previous financial statements. The impact arising from the changes are disclosed as below.

	As reported at 31 October 2019 RM	**Initial application of MFRS 16 RM**	**Adjusted opening balance at 1 November 2019 RM**
Lease liabilities	-	(300,543)	(300,543)
Hire purchase liability	300,543	300,543	-

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the summary of significant accounting policies.

(e) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

1. Basis of preparation (continued)

(e) Significant accounting estimates and judgements (continued)

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Provision for Expected Credit Losses ("ECLs") of Trade Receivables

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

1. Basis of preparation (continued)

(e) Significant accounting estimates and judgements (continued)

(v) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(vi) Contract Revenue

The Company recognised contract revenue and contract costs as revenue and expenses respectively in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of contract cost incurred for work performed to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Company evaluates based on past experience and by relying on the work of specialists.

(vii) Leases

(a) Lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The extension options in leases for building have been included in the lease liability in consideration of the costs and business disruption required to replace the leased assets.

1. Basis of preparation (continued)

(e) Significant accounting estimates and judgements (continued)

(vii) Leases (continued)

(b) Incremental borrowing rate of leases

In determining the incremental borrowing rate, the Company use recent third-party financing received by the Company as a starting point and makes adjustments specific to the lease, for e.g. term and security.

2. Summary of significant accounting policies

(a) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Contract Revenue

The contract revenue represents income from supplying solar system and related products. The revenue is recognised over time based on the output method according to the milestone achieved. The customer pays the amount based on the invoice issued. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payment received exceed the services rendered, a contract liability is recognised as described in the financial statements. The normal credit term is within 20 days.

(ii) Interest income

Interest income is recognised on an accrual basis, based on effective yield on the investment.

2. Summary of significant accounting policies (continued)

(b) Employee benefits

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Company's contribution to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Company have no further liability in respect of the defined contribution plans.

(c) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sales.

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

(d) Tax expense

(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 at the reporting date.

Current taxes are recognised in the 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.

2. Summary of significant accounting policies (continued)

(d) Tax expense (continued)

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

2. Summary of significant accounting policies (continued)

(e) Impairment

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

2. Summary of significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company shall estimate the recoverable amount of the asset.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are 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.

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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Summary of significant accounting policies (continued)

(f) 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 Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognise 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.

Freehold land has an indefinite useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is provided for on a straight-line basis, at the following annual rates:

Office equipment	20%
Computer and software	20%
Furniture and fittings	20%
Motor vehicles	20%
Signboard	20%
Renovation	10%

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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.

(g) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes party to the contractual provision of the instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

2. Summary of significant accounting policies (continued)

(g) Financial assets (continued)

(ii) Subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassified debt investments when and only when its business model for managing those asset changes.

(a) Amortised cost

Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

(b) Fair value through other comprehensive income ("FVOCI") – debt investment

Debt investment, which is not designated as at fair value through profit or loss, is measured at FVOCI when the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments to principal and interest on the principal amount outstanding.

2. Summary of significant accounting policies (continued)

(g) Financial assets (continued)

(ii) Subsequent measurement (continued)

(b) Fair value through other comprehensive income ("FVOCI") – debt investment (continued)

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment expenses are presented as a separate line item in the statement of profit or loss.

(c) FVOCI – equity investment

Equity investment is measured at FVOCI when the Group and the Company made an irrevocable election to present changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(d) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

2. Summary of significant accounting policies (continued)

(g) Financial assets (continued)

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income.

Any cumulative gain or loss arise from fair value changes in equity investment that had been recognised in other comprehensive income is transferred within equity when the equity investment is derecognised whereas any cumulative gain or loss arise from fair value changes in debt investment that had been recognised in other comprehensive income is transferred to profit or loss when the debt investment is derecognised.

(h) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes party to the contractual provision of the instrument.

At initial recognition, the Company measures a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

(ii) Subsequent measurement

The categories of financial liabilities at initial recognition are as follows:

- *Amortised cost*

  All financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities where it is designated as FVTPL.

  Interest expense and foreign exchange gains and losses are recognised in profit or loss.

- *Fair value through profit or loss ("FVTPL")*

  Financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition are measured at FVTPL.

2. Summary of significant accounting policies (continued)

(h) Financial liabilities (continued)

(ii) Subsequent measurement (continued)

- *Fair value through profit or loss ("FVTPL") (continued)*

  Financial liabilities may be designated upon initial recognition at FVTPL only if the criteria in MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)* are satisfied. The Company has not designated any financial liability as at FVTPL.

  Financial liabilities categorised at FVTPL are subsequently carried at fair value with the gain or losses recognised in profit or loss.

(iii) 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.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liability assumed, is recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

(j) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised from equity in the period in which they are declared.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

2. Summary of significant accounting policies (continued)

(k) Leases

Current financial year

(i) Initial recognition and measurement

(a) As a lessee

The Company recognised right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:
- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Variable lease payments that do not depends on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Company had elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

(k) Leases (continued)

Current financial year

(ii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset.

Depreciation of right-of-use asset is provided for on a straight-line basis at the following annual rate:

Office premises	4.73%
Motor vehicles	20%

If a lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 2(g)(ii) to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Company's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

(k) Leases (continued)

Previous financial year

Finance lease

Leases which transfer substantially all the risks and rewards incidental to ownership were classified as financial leases.

(i) As a lessee

Upon initial recognition, the Company recognised finance leases as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Any initial direct costs were added to the amount recognised as an asset.

Each lease payment was allocated between the liability and finance cost. The finance charge was charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance lease was depreciated over the asset's useful life, or over the shorter of the lease term and its useful life if there is no reasonable certainty that the ownership will be obtained by the Company by the end of the lease term.

Operating lease

Leases which did not transfer substantially all the risks and rewards incidental to ownership were classified as operating leases.

(i) As a lessee

Operating lease payment was charged to profit or loss on a straight-line basis over the lease term.

(ii) As a lessor

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

The respective leased assets are included in the statement of financial position according to the nature of the asset. Initial direct costs incurred in obtaining operating lease are added to the carrying amount of the leased asset and recognised as expense over the lease term on the same basis as the lease income.

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

3. Revenue

	2020 RM	2019 RM
Revenue from contracts with customers:		
Contracts revenue	14,827,006	18,850,002

4. Other income

	2020 RM	2019 RM
Interest income from:		
- Bank balances	11,275	13,866
- Fixed deposit	6,819	6,503
Gain on disposal of property, plant and equipment	76,333	-
Others	37,800	-
	132,228	20,369

5. Employee benefits expense

	2020 RM	2019 RM
(i) Staff costs		
- Salaries, wages and bonus	971,405	872,124
- Defined contribution plan	132,515	117,699
- Social security contribution	11,328	8,805
- Other short-term employee benefits expense	177,800	124,221
	1,293,048	1,122,849
(ii) Directors' remuneration		
- Fees	300,000	300,000
Total employee benefits expense	1,593,048	1,422,849

6. Finance costs

	2020 RM	2019 RM
Interest expense on:		
Lease liabilities	15,698	-
Hire purchase	-	20,111
	15,698	20,111

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

7. Tax expense

	2020 RM	2019 RM
Current tax		
- Underprovision in prior year	4,313	4,306
Deferred tax (Notes 19)		
- current year	(3,347)	20,205
- overprovision of deferred tax in prior year	(20,983)	(5,733)
	(24,330)	14,472
	(20,017)	18,778

Reconciliation of tax expense

	2020 RM	2019 RM
Profit before tax	1,621,124	2,096,991
Tax at statutory tax rate of 24%	389,070	503,278
Non-deductible expenses	113,159	134,797
Non-taxable income	(505,576)	(617,870)
	(3,347)	20,205
Underprovision of tax in prior year	4,313	4,306
Overprovision of deferred tax in prior year	(20,983)	(5,733)
	(20,017)	18,778

The Company has been granted Green Criteria for Green Technology Tax Incentive which was approved under the Income Tax (Exemption) (No.11) 2006 (P.U. (A) 112/2006). Therefore, the income generated from the related activity is exempted from tax.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

8. Property, plant and equipment

	Office equipment RM	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Signboard RM	Renovation RM	Total RM
2020							
Cost							
At 31 October 2019	87,380	56,084	11,152	1,175,500	1,400	107,091	1,438,607
Initial application of MFRS 16	-	-	-	(504,010)	-	-	(504,010)
At 1 November 2019	87,380	56,084	11,152	671,490	1,400	107,091	934,597
Additions	27,427	6,899	20,541	35,000	8,000	89,705	187,572
Disposal	-	-	-	(385,000)	-	-	(385,000)
At 31 October	114,807	62,983	31,693	321,490	9,400	196,796	737,169
Accumulated depreciation							
At 31 October 2019	37,376	27,667	5,278	636,511	583	30,540	737,955
Initial application of MFRS 16	-	-	-	(108,005)	-	-	(108,005)
At 1 November 2019	37,376	27,667	5,278	528,506	583	30,540	629,950
Charge for the financial year	18,565	7,751	5,017	87,464	1,347	16,754	136,898
Disposal	-	-	-	(338,333)	-	-	(338,333)
At 31 October	55,941	35,418	10,295	277,637	1,930	47,294	428,515
Carrying amount							
At 31 October	58,866	27,565	21,398	43,853	7,470	149,502	308,654

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

8. Property, plant and equipment

	Office equipment RM	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Signboard RM	Renovation RM	Total RM
2019							
Cost							
At 1 November 2018	71,789	31,823	9,560	1,022,000	1,400	107,091	1,243,663
Additions	15,591	24,261	1,592	320,000	-	-	361,444
Disposal	-	-	-	(166,500)	-	-	(166,500)
At 31 October	87,380	56,084	11,152	1,175,500	1,400	107,091	1,438,607
Accumulated depreciation							
At 1 November 2018	21,769	21,450	3,215	455,603	303	19,831	522,171
Charge for the financial year	15,607	6,217	2,063	208,658	280	10,709	243,534
Disposal	-	-	-	(27,750)	-	-	(27,750)
At 31 October	37,376	27,667	5,278	636,511	583	30,540	737,955
Carrying amount							
At 31 October	50,004	28,417	5,874	538,989	817	76,551	700,652

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

9. Right-of-use assets

2020	Office RM	Motor vehicle RM	Total RM
Carrying amount			
At 31 October	-	-	-
Initial application of MFRS 16	-	396,005	396,005
At 1 November	-	396,005	396,005
Addition	157,156	225,000	382,156
Charge for the financial year	(9,822)	(104,552)	(114,374)
At 31 October	147,334	516,453	663,787

The Company leases offices. The contract term ranges from 1 to 7 years that comes together with an extension options of renewal of contract which ranges from 1 to 2 years.

The Company leases motor vehicles with the contract term of 5 years.

10. Inventories

	2020 RM	2019 RM
At cost:		
Finished goods	552,501	-
Recognised in profit or loss:		
Inventories recognised as cost of sales	9,003,918	-

11. Trade receivables

The Company's normal credit terms ranged from 30 to 90 days (2019: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

12. Non-trade receivables, deposits and prepayments

	2020 RM	2019 RM
Non-trade receivables	11,500	6,000
Deposits	44,325	42,725
Prepayments	151,188	50,126
	207,013	98,851

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

13. Contract assets/liability

	2020 RM	2019 RM
Cost incurred to date	24,227,837	22,121,571
Add: Attributable profits	7,973,726	10,428,185
	32,201,563	32,549,756
Less: Progress billings	(27,497,549)	(22,904,651)
	4,704,014	9,645,105
Represented by:		
Contract assets	4,980,744	10,503,428
Contract liability	(276,730)	(858,323)
	4,704,014	9,645,105

14. Fixed deposit with a licensed bank

The effective interest rates for deposits with licensed banks are at 3.10% (2019: 3.40%) per annum and had a maturity of 365 days (2019: 365 days).

Fixed deposit amounting to RM950,000 has been pledged to the bank for banking facilities as disclosed in Note 17 of the financial statements.

15. Share capital

	2020	2019	2020	2019
	Number of Ordinary Shares		RM	RM
Issued and fully paid:				
At 1 November 2019/2018	1,751,358	100,000	3,121,106	100,000
Issuance of shares	-	1,651,358	-	3,021,106
At 31 October	1,751,358	1,751,358	3,121,106	3,121,106

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

16. Retained earnings

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings can be distributed to shareholders as tax exempt dividends.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

17. Borrowings

	Note	2020 RM	2019 RM
Current			
Term loan	(a)	218,304	-
Hire purchase payables	(b)	-	17,265
Bank overdraft	(c)	43,834	3,515
		262,138	20,780
Non-current			
Term loan	(a)	781,696	-
Hire purchase payables	(b)	-	283,278
		1,043,834	304,058

(a) Term loan

The maturity structure of the term loans can be analysed as follows:

	2020 RM
Within one year	218,304
More than one year and less than five years	781,696
	1,000,000

The term loans of the Company bear interest at a rate of 3.5% per annum and are secured by the following:

(i) Guarantee by directors of the Company; and
(ii) Credit Guarantee Corporation Malaysia Bhd's ("CGC") guarantee under BizJamin Special Relief Facility.

(b) Hire purchase

	2019 RM
Minimum hire purchase payments:	
Repayable within one year	175,932
Repayable between one to five years	155,002
	330,934
Less: Future finance charges	(30,391)
Present value of hire purchase liabilities	300,543
Present value of hire purchase liabilities:	
Repayable within one year	17,265
Repayable between one to five years	283,278
	300,543

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

17. Borrowings (continued)

(c) Bank overdraft (secured)

Bank overdraft facilities bear interest at 3.40% (2019: 3.40%) per annum and are secured by way:

(i) 1st party fixed deposits of RM950,000. Interest on the fixed deposit is to be capitalized and pledged as additional security throughout the tenor of banking facility (Note 14); and
(ii) Joint and several guarantees by directors; and
(iii) Credit guarantee Corporation (M) Berhad (CGC) guarantee under Flexi Guarantee Scheme.

18. Lease liabilities

	2020 RM
Representing:	
Current liabilities	133,762
Non-current liabilities	373,087
	506,849
Recognised in profit or loss:	
Interest expense on lease liabilities	15,698
Expense relating to short-term leases	32,400

The total cash outflow for leases for the financial year ended 31 October 2020 is RM26,498.

19. Deferred tax liabilities

	2020 RM	2019 RM
At 1 November	39,720	25,248
Transferred to profit or loss (Note 7)	(24,330)	14,472
At 31 October	15,390	39,720

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

19. Deferred tax liabilities (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM
Deferred tax liabilities:	
At 1 November 2019	39,720
Recognised in profit or loss	(24,330)
At 31 October 2020	15,390
At 1 November 2018	25,248
Recognised in profit or loss	14,472
At 31 October 2019	39,720

20. Trade payables

The credit terms granted to the Company are ranged from 30 to 60 days (2019: 30 to 60 days).

21. Non-trade payables and accruals

	2020 RM	**2019 RM**
Non-trade payables	366,953	201,606
Accruals	32,000	180,200
	398,953	381,806

22. Dividends

2019	**Gross dividend per share RM**	**Amount of dividend net of tax RM**	**Date of payment**
In respect of financial year ended 31 October 2019:			
First Interim single-tier dividend	1.60	1,600,000	11 April 2019
Second Interim single-tier dividend	6.00	600,000	25 September 2019
		2,200,000	

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

23. Significant related party transactions

(a) Significant transactions between the Company and directors during the financial year were as follows:

	2020 RM	2019 RM
With director		
Dato' Tan Boon Teck		
- Rental of office	32,400	23,400

The above transactions have been entered at term mutually agreed between the parties.

(b) Key Management Personnel Compensation

	2020 RM	2019 RM
Total compensation	300,000	300,000

Key management personnel comprise executive directors of the Company who have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly.

24. Financial instruments

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and liabilities measured at amortised cost ("AC"):

	Carrying amount RM	AC RM
2020		
Financial assets		
Trade receivables	5,369,648	5,369,648
Non-trade receivables and deposits (excluding prepayments)	55,825	55,825
Fixed deposit with a licensed bank	950,000	950,000
Cash and bank balances	361,417	361,417
	6,736,890	6,736,890
Financial liabilities		
Trade payables	4,570,176	4,570,176
Non-trade payables and accruals	398,953	398,953
Lease liabilities	506,849	506,849
Borrowings	1,043,834	1,043,834
	6,519,812	6,519,812

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

24. Financial instruments

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and liabilities measured at amortised cost ("AC"):

	Carrying amount RM	AC RM
2019		
Financial assets		
Trade receivables	2,952,384	2,952,384
Non-trade receivables and deposits (excluding prepayments)	48,725	48,725
Fixed deposit with a licensed bank	219,706	219,706
Cash and bank balances	365,979	365,979
	3,586,794	3,586,794
Financial liabilities		
Trade payables	8,312,615	8,312,615
Non-trade payables and accruals	381,806	381,806
Borrowings	304,058	304,058
	8,998,479	8,998,479

Net gain and losses arising from financial instruments

	2020 RM	2019 RM
Net losses/(gains) arising from:		
Financial asset measured at amortised cost		
Interest income		
- Bank balances	11,275	13,866
- Fixed deposit	6,819	6,503
	18,094	20,369
Financial liabilities measured at amortised cost		
Interest expense	(15,698)	(20,111)

24. Financial instruments (continued)

Financial risks management objectives and policies

The Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, equity price risk, liquidity risk, and interest rate risk.

The Company's financial risks management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing their credit risk, equity price risk, liquidity risk, and interest rate risk.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

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

Credit risk concentration profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty as at the end of the reporting period.

Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company uses a provision matrix to measure ECLs of trade receivables.

Loss rates are based on actual credit loss experience over the past three (3) years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the financial year.

24. Financial instruments (continued)

Credit risk (continued)

Ageing analysis

The ageing analysis of the Company's trade receivables as at reporting date is as follows:

	Gross amount RM	Loss allowances RM	Carrying amount RM
2020			
Not past due	4,346,696	-	4,346,696
Past due:			
- more than 1 months	66,849	-	66,849
- more than 2 months	162,734	-	162,734
- more than 3 months	793,369	-	793,369
	5,369,648	-	5,369,648
2019			
Not past due	2,910,364	-	2,910,364
Past due:			
- more than 3 months	42,020	-	42,020
	2,952,384	-	2,952,384

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the periods in which they mature or are reprice.

24. Financial instruments (continued)

Interest rate risk

	Effective interest rate per annum %	Total RM
2020		
Financial asset		
Fixed deposits with a licensed bank	3.40	950,000
Financial liabilities		
Borrowings		
- Bank overdrafts	4.50 – 5.40	(43,834)
- Lease liabilities	4.73 – 5.91	(506,849)
- Term loan	3.50	(1,000,000)
		(600,683)
2019		
Financial asset		
Fixed deposits with a licensed bank	3.40	219,706
Financial liabilities		
Borrowings		
- Bank overdrafts	4.50 – 5.40	(3,515)
- Hire purchase payable	2.58 – 5.91	(300,543)
		(84,352)

Interest rate risk sensitivity analysis

The following table details the sensitivity to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant, on the Company's equity and profits:

	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 10 basis point	45	6
Decrease of 10 basis point	(45)	(6)

24. Financial instruments (continued)

Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

It is not expected that the cash flows included in the maturity analysis could significant earlier, or at significantly different amounts.

Maturity analysis

The table below show summaries the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2020	Carrying amount RM	Contractual cash flows RM	Within one year RM	Between one and five years RM
Trade payables	4,570,176	4,570,176	4,570,176	-
Non-trade payables and accruals	398,953	398,953	398,953	-
Borrowings:				
- Bank overdrafts	43,834	43,834	43,834	-
- Term loan	1,000,000	1,091,520	218,304	781,696
Lease liabilities	506,849	522,547	149,460	373,087
	6,519,812	6,627,030	5,380,727	1,154,783

2019	Carrying amount RM	Contractual cash flows RM	Within one year RM	Between one and five years RM
Trade payables	8,312,615	8,312,615	8,312,615	-
Non-trade payables and accruals	381,806	381,806	381,806	-
Borrowings:				
- Bank overdrafts	3,515	176,148	3,515	-
Hire purchase liabilities	300,543	300,543	17,265	283,278
	8,998,479	9,171,112	8,715,201	283,278

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2020

25. Significant event

The Directors of the Company are of the opinion that the outbreak of the COVID-19 affected the business performance and position of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on the (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Company cannot be reasonably estimated as this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Company's financial performance and financial position.

26. Capital management

The Company's capital are represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an on-going basis.

There is no external capital requirement imposed on the Company.

27. General information

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

The principal activities of the Company are on the business of supplying solar systems and related products.

There has been no significant change in the nature of these activities during the financial year.

The registered office of the Company is located at at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The principal place of business of the Company are at located 36-1, Jalan Jasmin 3, Bandar Botanic, 41200 Klang, Selangor.

The financial statements were approved and authorised for issue by the Board of Directors on 11 March 2021.

APPENDIX II – UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 9-MONTH FPE 31 JULY 2021

RAY GO SOLAR EPC SDN. BHD.

Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED
31 JULY 2021
(In Ringgit Malaysia)

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

Contents	**Pages**

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the accompanying condensed financial statements as set out on pages 2 to 10 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the balance sheet of the Company as at 31 July 2021 and of its financial performance and its cash flows for the nine-month financial period ended on that date.

Signed in accordance with a resolution of the Board,

DATO' TAN BOON TECK

DATIN WANG RUI

Kuala Lumpur

12 NOV 2021

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 31 JULY 2021

	9-month period ended 31.7.2021 RM	**9-month period ended 31.7.2020 RM**
Revenue	12,511,826	8,073,484
Cost of sales	(8,150,239)	(5,470,713)
Gross profit	4,361,587	2,602,771
Other income	129,552	39,782
Administrative expenses	(21,333)	(25,069)
Other operating expenses	(1,831,077)	(1,720,981)
Profit from operations	2,638,729	896,503
Finance costs	(56,613)	(10,417)
Profit before tax	2,582,116	886,086
Tax (expense)/income	(657,470)	26,049
Profit, representing total comprehensive income, for the financial period	1,924,646	912,135

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

CONDENSED BALANCE SHEET AS AT 31 JULY 2021

	31.7.2021 RM	31.7.2020 RM	31.10.2020 RM
ASSETS			
Non-current asset			
Property, plant and equipment	206,281	309,413	308,654
Right-of-use assets	615,234	343,737	663,787
	821,515	653,150	972,441
Current assets			
Inventories	840,240	-	552,501
Trade receivables	2,073,569	4,518,759	5,369,648
Non-trade receivables, deposits and prepayments	285,301	211,539	207,013
Contract assets	2,773,822	3,256,227	4,980,744
Tax recoverable	-	3,599	6,274
Fixed deposits with licensed banks	1,089,538	1,169,706	950,000
Cash and bank balances	865,725	1,285,614	361,417
	7,928,195	10,445,444	12,427,597
TOTAL ASSETS	8,749,710	11,098,594	13,400,038
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	3,121,106	3,121,106	3,121,106
Retained earnings	2,891,646	2,737,994	3,467,000
Total equity	6,012,752	5,859,100	6,588,106
Non-current liabilities			
Term loan	719,606	781,696	781,696
Lease liabilities	272,032	104,035	373,087
Deferred tax	15,012	10,208	15,390
	1,006,650	895,939	1,170,173
Current liabilities			
Trade payables	202,895	3,297,180	4,570,176
Non-trade payables and accruals	367,412	267,204	398,953
Contract liability	378,472	455,618	276,730
Tax payable	481,200	-	-
Term loan	189,491	218,304	262,138
Lease liabilities	110,838	105,249	133,762
	1,730,308	4,343,555	5,641,759
Total liabilities	2,736,958	5,239,494	6,811,932
TOTAL EQUITY AND LIABILITIES	8,749,710	11,098,594	13,400,038

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

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 31 JULY 2021

	Share capital RM	Retained earnings RM	Total equity RM
At 1 November 2020	3,121,106	3,467,000	6,588,106
Profit, representing total comprehensive income, for the financial year	-	1,924,646	1,924,646
Dividends paid	-	(2,500,000)	(2,500,000)
At 31 July 2021	3,121,106	2,891,646	6,012,752
At 1 November 2019	3,121,106	1,825,859	4,946,965
Profit, representing total comprehensive income, for the financial year	-	912,135	912,135
At 31 July 2020	3,121,106	2,737,994	5,859,100

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 31 JULY 2021

	9-month period ended 31.7.2021 RM	9-month period ended 31.7.2020 RM
Cash flows from operating activities		
Profit before tax	2,582,116	886,086
Adjustments for:		
Gain on disposal of right-of-use assets	(49,998)	-
Gain on disposal of property, plant and equipment	(36,000)	-
Depreciation of:		
- property, plant and equipment	64,445	52,741
- right-of-use assets	120,418	128,101
Interest expense	56,613	10,417
Interest income	(21,879)	(10,382)
Operating loss before working capital changes	2,715,715	1,066,963
(Increase)/Decrease in inventories	(287,739)	-
Decrease/(Increase) in receivables	3,217,791	(1,679,063)
Decrease in contract assets	2,206,922	7,247,201
Increase/(Decrease) in contract liability	101,742	(402,705)
Decrease in payables	(4,398,822)	(5,130,037)
Cash generated from operations	3,555,609	1,102,359
Interest received	21,879	10,382
Income tax refunded	1,637	-
Income tax paid	(172,011)	(4,576)
Net cash generated from operations	3,407,114	1,108,165
Cash flows from investing activities		
Acquisition of property, plant and equipment	(79,940)	(133,341)
Proceed from disposal of right-of-use asstes	96,000	-
Proceed from disposal of property, plant and equipment	36,000	-
Net changes in fixed deposit pledged with licensed bank	(139,538)	(950,000)
Net cash used in investing activities	(87,478)	(1,083,341)
Cash flows from financing activities		
Interest paid	(56,613)	(10,417)
Repayment of lease liabilities	(123,978)	(91,257)
(Repayment)/Drawdown on term loan	(90,903)	1,000,000
Dividend paid	(2,500,000)	-
Net cash used in financing activities	(2,771,494)	898,326
Net increase in cash and cash equivalents	548,142	923,150
Cash and cash equivalents at 1 November 2020/2019	317,583	362,464
Cash and cash equivalents at 31 July 2021/2020	865,725	1,285,614

Cash and cash equivalents comprise cash in hand and bank balances.

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

NOTES TO CONDENSED FINANCIAL REPORT AS AT 31 JULY 2021

1. Basis of preparation

The condensed financial statements for the half-yearly reporting period ended 31 July 2021 are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting*. The condensed financial statements also comply with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the financial year ended 31 October 2020.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except the adoption of new and amended standards as set out below.

(a) Standards issued and effective

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual period beginning on or after**
• Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases: Interest Rate Benchmark Reform – Phase 2*	1 January 2021
• Amendments to MFRS 16 *Leases: Covid-19-Related Concession beyond 30 June 2021*	1 April 2021

NOTES TO CONDENSED FINANCIAL REPORT AS AT 31 JULY 2021

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

Description	**Effective for annual period beginning on or after**
• Annual improvements to MFRSs 2019 - 2020 cycle	
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2022
- Amendments to MFRS 9 *Financial Instruments*	1 January 2022
- Amendments to MFRS 16 *Leases*	1 January 2022
- Amendments to MFRS 141 *Agriculture*	1 January 2022
• Amendments to MFRS 3 *Business Combinations: Reference to the Conceptual Framework*	1 January 2022
• Amendments to MFRS 116 *Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
• Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
• Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures: Sales and Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
• Amendments to MFRS 101 *Presentation of Financial Statements: Disclosure of Accounting Policies*	1 January 2023
• Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*	1 January 2023
• MFRS 17 *Insurance Contract* and Amendments to MFRS 17 *Insurance Contract*	1 January 2023
• Amendments to MFRS 101 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2023

The initial application of the accounting standards, amendments and interpretations are not expected to have any material impact to the financial statements of the Company.

NOTES TO CONDENSED FINANCIAL REPORT AS AT 31 JULY 2021

2. Seasonality and cyclicality of operations

The business operations of the Company are not materially affected by any seasonal or cyclical factors during the review.

3. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Company for the current period under review.

4. Changes in estimates

There were no changes in the estimates reported in the prior financial year that have a material effect in the review.

5. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the nine-month period ended 31 July 2021.

6. Dividend paid

The following dividend payments were made during the nine-month period ended 31 July 2021:

	RM
In respect of the financial year ended 31 October 2020	
- First Single Tier interim dividend of RM1.4275 per share, paid on 10 December 2020, 24 December 2020, 14 January 2021 and 31 January 2021	2,500,000
Total dividends paid as at 31 July 2021	2,500,000

7. Subsequent material events

There are no material events subsequent to the end of the period reported on, that has not been reflected in the financial statements for the said period, made up to the date of this interim financial report.

8. Changes in the composition

There were no changes in the composition during the period under review.

9. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual statement of financial position as at 31 October 2020.

NOTES TO CONDENSED FINANCIAL REPORT AS AT 31 JULY 2021

10. Non-current assets

There were no material acquisition or disposal of non-current assets during the current financial period except disposal of motor vehicle with carrying amount amounting to RM46,002 in February 2021.

11. Fair value information

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from the prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Company has a number of financial instruments which are not measured at fair value in the balance sheet. The fair values are not materially different to their carrying amounts, since the interest payable is either close to current market rates or the instruments are short-term in nature.

12. Segmental reporting

(i) Revenue by business activities and products

	9-month period ended 31.7.2021	**9-month period ended 30.7.2020**
Enginerring, procurement, construction and commissioning		
Residential	35,405	86,221
Commercial	4,856,084	2,495,493
Industrial	7,604,187	5,471,240
	12,495,676	8,052,954
Operations and maintenance		
Residential	7,700	14,330
Commercial	6,400	-
Industrial	2,050	6,200
	16,150	20,530
Total	12,511,826	8,073,484

NOTES TO CONDENSED FINANCIAL REPORT AS AT 31 JULY 2021

12. Segmental reporting (continued)

(ii) Revenue by geographical location

	9-month period ended 31.7.2021	9-month period ended 30.7.2020
Johor	4,874,863	5,019,761
Klang Valley	6,624,241	1,196,696
Sabah	552,949	653,773
Perak	184,538	1,161,454
Penang	275,235	41,800
	12,511,826	8,073,484

PKF
(AF 0911)

Accountants &
business advisers

REPORT ON THE REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

Introduction

We have reviewed the accompanying balance sheet of Ray Go Solar EPC Sdn Bhd as of 31 July 2021 and the related statements of income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Company as at 31 July 2021, and of its financial performance and its cash flows for the nine-month period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

PKF
AF 0911
CHARTERED ACCOUNTANTS

NGU SIOW PING
03033/11/2021 J
CHARTERED ACCOUNTANT

Kuala Lumpur

12 November 2021

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APPENDIX III – ECF INVESTORS

ECF Investors

No.	Name	No. of Shares held upon listing
1	A Plus Boss Sdn Bhd	77,200
2	Ang Koo Sing	154,350
3	Book Chin Wei	30,900
4	Chew Chen Yee	15,400
5	Chin Nyuk Moy	77,200
6	Chong Ching Kwang	38,550
7	Chong Hon Mun	38,550
8	Datin Wang Rui	771,700
9	Go Ren Quan	15,400
10	Goh Chor Seng	601,900
11	Heng You Teck	7,750
12	Inverpower Sdn Bhd	385,850
13	Justine Sim Wei Yang	15,400
14	Kok Kah Sing	15,400
15	Lam Dao Xiang	23,150
16	Lau Boon Leong	77,200
17	Lee Yi Theng	15,400
18	Leong Cheng Kit	7,750
19	Leong Cheng Mun	38,550
20	Leong Huiyi	7,750
21	Liew Kwai Lan	77,200
22	Lim Hock Yew	154,350
23	Lim Kian Chong	77,200
24	Lim Sun Kah	771,700
25	Lim Wee Han	38,550
26	Loke Chee Yen	7,750
27	Low Kian Chong	115,800
28	Low Kum Weng	38,550
29	Low Yen Lee	38,550
30	Mohd Faiz Bin Mohd Azhar	7,750
31	Ong Zhi Bin	77,200
32	ORC Risk Consulting Group Sdn Bhd	354,950
33	Phan Ching Hock	77,200
34	Phan Fei Min @ Phan Wai Man	15,400
35	Poh Chou Chuen	918,400
36	Poh Li Ming	7,750
37	Rosdin Bin Anang	7,750
38	Siah Kok Leong	7,750
39	Siaw Wei Tang	771,700
40	Tan Chong Wee	1,427,600
41	Tan Chuan Nyon	15,400
42	Tan Khai Sing	77,200
43	Tan Shing Yeou	38,550
44	Tan Wei Kok	23,150
45	Tee Chee Chong	964,600
46	Tee Shun Yong	23,150
47	Teoh Khai Liang	38,550
48	Teoh Teik Chai	77,200
49	Teoh Teik Kooi	38,550
50	Then Kong Yong	77,200
51	Thew Chee Siung	7,750
52	Wang Lin	216,050
53	Yap Hock Chuan	771,700
54	Yee Chen How	38,550
55	Yuen Mun Yung	7,750
	Total	**9,823,800**