

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Workshire Share Registration Sdn Bhd at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia (Tel: 03-6413 3271).

This Abridged Prospectus, together with the NPA and RSF are only despatched to Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Thursday, 7 March 2024. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Our Company, our Principal Adviser and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

This Abridged Prospectus has been registered by Bursa Securities. The registration of this Abridged Prospectus should not be taken to indicate that Bursa Securities recommends this Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. Bursa Securities has not, in any way, considered the merits of the Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for this Rights Issue with Warrants has been obtained from our shareholders at our EGM held on 28 April 2023 and 6 December 2023. Approval has also been obtained from Bursa Securities via its letter dated 17 March 2023 for the admission of the Warrants C to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants C and new Vsolar Shares to be issued pursuant to the exercise of the Warrants C ("New Securities"). The listing of and quotation for the Rights Shares and Warrants C will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have been duly credited with the Rights Shares and Warrants C allotted to them and notices of allotment have been despatched to them. However, the approval from Bursa Securities for the admission of the Warrants C to the Official List of Bursa Securities and the listing of and quotation for the New Securities on the ACE Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue with Warrants.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS ABRIDGED PROSPECTUS.



solar

VSOLAR GROUP BERHAD

Registration No. 200301029575 (631995-T)
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 644,632,276 NEW ORDINARY SHARES IN VSOLAR GROUP BERHAD ("VSOLAR" OR THE "COMPANY") ("VSOLAR SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 322,316,138 FREE DETACHABLE WARRANTS ("WARRANTS C") ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 2 WARRANTS C FOR EVERY 1 EXISTING VSOLAR SHARE HELD AS AT 5.00 P.M. ON THURSDAY, 7 MARCH 2024 ("RIGHTS ISSUE WITH WARRANTS")

Principal Adviser



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Thursday, 7 March 2024 at 5.00 p.m.
Last date and time for sale of Provisional Allotments	: Thursday, 14 March 2024 at 5.00 p.m.
Last date and time for transfer of Provisional Allotments	: Monday, 18 March 2024 at 4.30 p.m.
Last date and time for acceptance and payment	: Friday, 22 March 2024 at 5.00 p.m.
Last date and time for excess application and payment	: Friday, 22 March 2024 at 5.00 p.m.

This Abridged Prospectus is dated 7 March 2024

ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

OUR BOARD OF DIRECTORS HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

M&A SECURITIES SDN BHD, BEING THE PRINCIPAL ADVISER FOR THIS RIGHTS ISSUE WITH WARRANTS, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA, FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

Abridged Prospectus	: This Abridged Prospectus issued by Vsolar dated 7 March 2024 in relation to the Rights Issue with Warrants
ACE Market	: ACE Market of Bursa Securities
Act	: Companies Act 2016, as amended from time to time including any re-enactment thereof
AT Glove	: AT Glove Engineering Sdn Bhd (a wholly-owned subsidiary of AT Systematization Berhad) (Registration No. 202001014272 (1370592-K))
Board	: Board of Directors of Vsolar
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	: Compound Annual Growth Rate
CDS Account(s)	: Central depository system account(s), which is/are a securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the rules of Bursa Depository for the recording of depositors of securities and for dealings in such securities by the depositor
Closing Date	: Friday, 22 March 2024 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares and the Excess Rights Shares with Warrants C
CMSA	: Capital Markets and Services Act, 2007
Code	: Malaysian Code on Take-Overs and Mergers, 2016
Constitution	: Constitution of our Company
Consolidated Share	: New Vsolar Shares following the completion of the Share Consolidation
Deed Poll C	: Deed poll dated 21 February 2024 constituting the Warrants C and governing the rights of Warrant C holders

DEFINITIONS (Cont'd)

Directors	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, within the meaning of Section 2(1) of the Act and Section 2(1) of the CMSA
Diversification	:	Diversification of the business of Vsolar Group to include the Railway Business
Documents	:	Collectively, this Abridged Prospectus and the accompanying NPA and RSF
e-RSF	:	Electronic RSF
e-Subscription	:	Electronic subscription of the Rights Shares with Warrants C via our Share Registrar's Investor Portal at https://www.wscs.com.my/
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Shareholders of Vsolar whose names appear in the Record of Depositors of Vsolar on the Entitlement Date
Entitlement Date	:	At 5.00 p.m. on Thursday, 7 March 2024 being the time and date which the Entitled Shareholders must appear in the Record of Depositors of Vsolar in order to be entitled to participate in the Rights Issue with Warrants
EPCC	:	Engineering, procurement, construction and commission
EPS	:	Earnings per Share
ESOS	:	Employee share option scheme
ESOS Options	:	Options in relation to the ESOS which entitles its holder to subscribe for 1 new Vsolar Share
Excess Application	:	Application for additional Rights Shares with Warrants C in excess of the Provisional Allotments by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable)
Excess Rights Shares with Warrants C	:	Rights Shares with Warrants C which are not taken up or not validly taken up by the Entitled Shareholder(s) and/or their renounee(s) and/or transferee(s) (if applicable) prior to the Closing Date
E&E	:	Electrical and electronics

DEFINITIONS (Cont'd)

FPE	:	Financial period ended/ending 31 December, where relevant
FYE	:	Financial year ended/ending 30 June, where relevant
GDP	:	Gross domestic product
GP	:	Gross profit
ICT	:	Information and communications technology
ICT Trading	:	Trading of information, communication, technology products such as computer hardware and software solutions
IMF	:	International Monetary Fund
IMR or Protégé	:	Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H))
IMR Report	:	Independent market research report titled "Overview and Outlook of the Information Communication Technology (ICT) Industry in Malaysia, Overview and Outlook of the Solar Photovoltaic (PV) Industry in Malaysia, Overview and Outlook of the Rail Supporting Industry in Malaysia" prepared by Protégé dated 19 February 2024
KeTSA	:	Ministry of Energy and Natural Resources
LAT	:	Loss after tax
LBT	:	Loss before tax
LED	:	Light-emitting diode
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
LNG	:	Liquefied natural gas
LPD	:	14 February 2024, being the latest practicable date prior to the issuance of this Abridged Prospectus
LPS	:	Loss per Share

DEFINITIONS (Cont'd)

M&A Securities Principal Adviser	or	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
Market Day(s)	:	:	A day on which the stock market of Bursa Securities is open for trading of securities
Maximum Scenario	:	:	Assuming that all the Entitled Shareholders and/or their renounee(s) and/or transferee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
Minimum Scenario	:	:	Assuming that the Rights Issue with Warrants is undertaken on the Minimum Subscription Basis
Minimum Subscription Basis	:	:	Minimum subscription level of the Rights Issue with Warrants to raise minimum proceeds of RM7.50 million, which if based on an issue price of RM0.10 per Rights Share, shall entail the subscription of 75,000,000 Rights Shares together with 37,500,000 Warrants C by the Undertaking Shareholder
MTR of the Twelfth Plan	:	:	Mid-Term Review of the Twelfth Malaysia Plan
MW	:	:	Megawatt(s)
NA	:	:	Net assets
NEM	:	:	Net Energy Metering
NETR	:	:	National Energy Transition Roadmap
NIMP 2030	:	:	New Industrial Master Plan 2030
NPA	:	:	Notice of provisional allotment of Rights Shares with Warrants C pursuant to the Rights Issue with Warrants C
Official list	:	:	A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities
PAT	:	:	Profit after tax
PBT	:	:	Profit before tax
Private Placement January 2021	:	:	Private placement exercise previously undertaken by our Company which involved issuance of 245,193,000 Shares, representing 10% of the total number of issued Shares, which was completed on 11 January 2021

DEFINITIONS (Cont'd)

Private Placement June 2021	:	Private placement exercise previously undertaken by our Company which involved issuance of 846,215,000 Shares, representing 30% of the total number of issued Shares, which was completed on 17 June 2021
Private Placement November 2020	:	Private placement exercise previously undertaken by our Company which involved issuance of 210,163,000 Shares, representing 10% of the total number of issued Shares, which was completed on 18 November 2020
Proposals	:	Collectively, the Diversification, Share Consolidation and Rights Issue with Warrants
Provisional Allotments	:	Rights Shares with Warrants C provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants
PV	:	Photovoltaic
Railway Business	:	Supply, trading, installation, assembly and testing of spare parts for railway vehicles
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository
Rights Issue with Warrants	:	Renounceable rights issue of up to 644,632,276 Rights Shares together with up to 322,316,138 free Warrants C on the basis of 4 Rights Shares together with 2 Warrants C for every 1 Vsolar Share held by the Entitled Shareholders on the Entitlement Date
Rights Issue with Warrants 2020	:	Rights issue exercise involving the issuance of 1,232,492,289 new Shares and 821,661,526 new Warrants B, which was completed on 13 July 2020
Rights Share(s)	:	Up to 644,632,276 new Vsolar Share(s) to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights subscription form in relation to the Rights Issue with Warrants
Rules	:	Rules of the Malaysian Code on Take-overs and Mergers, 2016
SC	:	Securities Commission Malaysia
Share Consolidation	:	Consolidation of every 30 existing Vsolar Shares into 1 Consolidated Share which was completed on 24 May 2023

DEFINITIONS (Cont'd)

Share Registrar	:	Workshire Share Registration Sdn Bhd (Registration No. 202101030155 (1430455-D))
SICDA	:	Securities Industry (Central Depositories) Act, 1991
Supply Contract	:	Supply contract dated 11 January 2022 from RA Intergration Sdn Bhd
TEAP	:	Theoretical ex-all price
TNB	:	Tenaga Nasional Berhad
Undertaking Shareholder	:	Koo Kien Yoon, Executive Director of Vsolar
Undertaking	:	Irrevocable written undertaking by the Undertaking Shareholder to subscribe for at least RM7.50 million in value of Rights Shares
Variation	:	Variation to the terms of the Rights Issue with Warrants of Vsolar which were previously approved by shareholders on 28 April 2023, the Variation has been approved by shareholders of Vsolar on 6 December 2023
VESB	:	Vsolar Engineering Sdn Bhd (Registration No. 201501021290 (1146618-M)), a 99.6% owned subsidiary of Vsolar
Vsolar or Company	:	Vsolar Group Berhad (Registration No. 200301029575 (631995-T))
Vsolar Group or Group	:	Vsolar and its subsidiaries, collectively
Vsolar Share(s) or Share(s)	:	Ordinary share(s) in Vsolar
Warrant(s) B	:	Warrants 2020/2023 issued by our Company which expired on 7 July 2023
Warrant(s) C	:	Up to 322,316,138 new detachable warrant(s) to be issued pursuant to the Rights Issue with Warrants
Warrants C Exercise Price	:	RM0.10, being the price at which 1 Warrant C is exercisable into 1 new Vsolar Share, subject to adjustments in accordance with the provisions of the Deed Poll C
WL	:	WL Investment Ltd
5D-VWAMP	:	5-day volume weighted average market price

DEFINITIONS (Cont'd)

In this Abridged Prospectus, all references to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute, guideline, listing requirement or enactment shall be a reference to such statute, guideline, listing requirement or enactment for the time being in force or as amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

[The rest of this page is intentionally left blank]

TABLE OF CONTENTS

	Page
ADVISERS' DIRECTORY	xi
SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS	xiii
LETTER TO OUR SHAREHOLDERS CONTAINING:	
1. INTRODUCTION	1
2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS	4
2.1 Details of the Rights Issue with Warrants	4
2.2 Basis and justification of determining the issue price of the Rights Shares and exercise price of the Warrants C	5
2.3 Ranking of the Rights Shares and new Vsolar Shares to be issued arising from the exercise of Warrants C	5
2.4 Salient terms of the Warrants C	6
2.5 Undertaking	9
2.6 Other fund raising exercises in the past 5 years	12
3. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS	16
4. UTILISATION OF PROCEEDS	17
4.1 Proceeds raised from the Rights Issue with Warrants	17
4.2 Proceeds from the exercise of Warrants C	23
5. RISK FACTORS	24
5.1 Risks relating to our business	24
5.2 Risks relating to the Rights Issue with Warrants	25
6. INDUSTRY OVERVIEW AND PROSPECTS	27
6.1 Overview and outlook of the Malaysian economy	28
6.2 Outlook and prospects of the ICT industry in Malaysia	29
6.3 Overview and outlook of the construction industry	31
6.4 Overview and outlook of the Solar PV industry	32
6.5 Overview and outlook of the railway supporting industry	33
6.6 Prospects of our Group	35
7. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS	36
7.1 Share capital	36
7.2 Earnings and EPS	37
7.3 Convertible securities	38
7.4 NA and gearing	38
7.5 Substantial shareholders' shareholdings	40

TABLE OF CONTENTS (Cont'd)

8.	WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	42
8.1	Working capital and sources of liquidity	42
8.2	Borrowings	42
8.3	Material commitments	42
8.4	Contingent liabilities	42
8.5	Material transactions	42
9.	INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION	43
9.1	General	43
9.2	NPA	43
9.3	Last date and time of acceptance and payment	43
9.4	Methods of acceptance and application	43
9.5	Procedures for full acceptance and payment	44
9.6	Procedures for part acceptance	48
9.7	Procedures for sale or transfer of Provisional Allotments	48
9.8	Procedures for acceptance by renounee(s) and/or transferee(s)	49
9.9	Procedures for excess application	49
9.10	Form of issuance	51
9.11	Laws of foreign jurisdictions	52
10.	TERMS AND CONDITIONS	54
11.	FURTHER INFORMATION	54
APPENDICES		
I	INFORMATION ON OUR COMPANY	55
II	PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON	68

ADVISERS' DIRECTORY

- PRINCIPAL ADVISER** : **M&A Securities Sdn Bhd**
Level 3 & 7, No. 45 & 47, The Boulevard
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur

Telephone number: 03-2284 2911
- SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS** : **Messrs. Chong + Kheng Hoe**
A3-3-6 Block A3
Solaris Dutamas
1 Jalan Dutamas 1
50480 Kuala Lumpur

Telephone number: 03-6205 3928
- COMPANY SECRETARY** : **Wong Yuet Chyn**
(SSM Practicing Certificate No. 202008002451)
(MAICSA 7047163)

A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan

Telephone number: 03-6413 3271
- SHARE REGISTRAR** : **Workshire Share Registration Sdn Bhd**

A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan

Telephone number: 03-6413 3271
- REPORTING ACCOUNTANTS** : **CAS Malaysia PLT**

B-5-1, IOI Boulevard, Jalan Kenari 5
Bandar Puchong Jaya, 47170 Puchong,
Selangor Darul Ehsan

Telephone number: 03-8075 2300

Partner's name: Kong June Hon
License number: No. 03258/05/2024(J)
Malaysian Institute of Accountant's membership
number: 32684

ADVISERS' DIRECTORY (Cont'd)

INDEPENDENT MARKET RESEARCHER : Protégé Associates Sdn Bhd

Suite C-09-12, Plaza Mont' Kiara
2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Telephone number: 03-6201 9301

Person-in-charge: Seow Cheow Seng
(Master in Business Administration from Charles
Sturt University, Australia and Bachelor of Business
majoring in Marketing from RMIT University,
Australia)

STOCK EXCHANGE LISTING : ACE Market of Bursa Securities

[The rest of this page is intentionally left blank]

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Information	Summary														
Summary	<p><u>Rights Issue with Warrants</u></p> <p>Basis of the Rights Issue with Warrants : 4 Rights Shares together with 2 Warrants C for every 1 Vsolar Share</p> <p>Number of issued Shares as at LPD : 161,158,069 issued Shares</p> <p>Number of Right Shares and Warrants C : Up to 644,632,276 Rights Shares and 322,316,138 Warrants C</p> <p>Amount to be raised under the Rights Issue with Warrants : (i) RM7.50 million under the Minimum Scenario; and (ii) RM64.46 million under the Maximum Scenario</p> <p>Further details are set out in Section 2.1 of this Abridged Prospectus.</p> <p>The Rights Shares with Warrants C which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants C Applications. It is the intention of our Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the priority as set out in Section 9.9 of this Abridged Prospectus.</p>														
Issue price of the Rights Shares and Warrants C Exercise Price	<p><u>Issue price of the Rights Shares</u> Our Board has fixed the issue price of the Rights Shares at RM0.10 each.</p> <p><u>Warrants C Exercise Price</u> Our Board has fixed the exercise price at RM0.10 each.</p> <p>Further details are set out in Section 2.2 of this Abridged Prospectus.</p>														
Undertaking	<p>The Undertaking Shareholder has provided an irrevocable written undertaking to subscribe for Rights Shares of RM7.50 million (including his entitlement of Rights Shares and additional Rights Shares by way of excess Rights Shares application) to achieve the Minimum Subscription basis.</p> <table border="1"> <thead> <tr> <th rowspan="2"><u>Undertaking shareholder</u></th> <th colspan="2"><u>Existing shareholding as at LPD</u></th> <th colspan="2"><u>Total Rights Shares and Warrants C to be subscribed pursuant to the Undertaking</u></th> </tr> <tr> <th><u>No of Vsolar shares</u></th> <th><u>%</u></th> <th><u>No of Rights Shares</u></th> <th><u>No of Warrants C</u></th> </tr> </thead> <tbody> <tr> <td>Koo Kien Yoon</td> <td>16,666</td> <td>0.01</td> <td>75,000,000</td> <td>37,500,000</td> </tr> </tbody> </table> <p>As the Minimum Subscription Level will be fully satisfied via the Undertaking, our Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.</p> <p>Further details are set out in Section 2.5 of this Abridged Prospectus.</p>	<u>Undertaking shareholder</u>	<u>Existing shareholding as at LPD</u>		<u>Total Rights Shares and Warrants C to be subscribed pursuant to the Undertaking</u>		<u>No of Vsolar shares</u>	<u>%</u>	<u>No of Rights Shares</u>	<u>No of Warrants C</u>	Koo Kien Yoon	16,666	0.01	75,000,000	37,500,000
<u>Undertaking shareholder</u>	<u>Existing shareholding as at LPD</u>		<u>Total Rights Shares and Warrants C to be subscribed pursuant to the Undertaking</u>												
	<u>No of Vsolar shares</u>	<u>%</u>	<u>No of Rights Shares</u>	<u>No of Warrants C</u>											
Koo Kien Yoon	16,666	0.01	75,000,000	37,500,000											

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (Cont'd)

Information	Summary																				
Utilisation of proceeds	<p>The details of the utilisation of gross proceeds are as follows:</p> <table border="1"> <thead> <tr> <th>Details</th> <th>Minimum Scenario RM'000</th> <th>Maximum Scenario RM'000</th> <th>Expected timeframe for utilisation from listing of Rights Shares</th> </tr> </thead> <tbody> <tr> <td>Funding for solar PV leasing project</td> <td>7,500</td> <td>36,000</td> <td>Within 24 months</td> </tr> <tr> <td>Working capital for Railway Business</td> <td>-</td> <td>27,463</td> <td>Within 24 months</td> </tr> <tr> <td>Estimated expenses for the Proposals</td> <td>-</td> <td>1,000</td> <td>Within 1 month</td> </tr> <tr> <td>Total</td> <td>7,500</td> <td>64,463</td> <td></td> </tr> </tbody> </table> <p>Further details are set out in Section 4.1 of this Abridged Prospectus.</p>	Details	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected timeframe for utilisation from listing of Rights Shares	Funding for solar PV leasing project	7,500	36,000	Within 24 months	Working capital for Railway Business	-	27,463	Within 24 months	Estimated expenses for the Proposals	-	1,000	Within 1 month	Total	7,500	64,463	
Details	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected timeframe for utilisation from listing of Rights Shares																		
Funding for solar PV leasing project	7,500	36,000	Within 24 months																		
Working capital for Railway Business	-	27,463	Within 24 months																		
Estimated expenses for the Proposals	-	1,000	Within 1 month																		
Total	7,500	64,463																			
Risk factors	<p>You should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:</p> <ul style="list-style-type: none"> (a) our Group may not successfully turnaround its continuous loss-making position in the future; (b) our Group is dependent on key management and qualified personnel; (c) our Group faces risks of interruption to our operations such as disruption in electricity supply, failure in solar PV plant, and outbreaks of diseases; (d) our Group faces competition from existing and new competitors who may be capable of offering similar products and services; (e) our Group's business operations are reliant on maintaining and continued renewal of valid approvals, permits and licenses; (f) our Group's prospect may be affected, to a certain extent, by the developments in the economic, political and regulatory environment of Malaysia; (g) our Shares may not trade above the issue price due to capital market risks; (h) the Rights Issue with Warrants is exposed to risk of termination or delay in the event of a material adverse change of events or circumstances; (i) Entitled Shareholders will face potential dilution if they do not or are unable to subscribe for their entitlement from the Rights Issue with Warrants; and (j) forward-looking statements in this Abridged Prospectus are subject to uncertainties and contingencies. <p>Further details are set out in Section 5 of this Abridged Prospectus.</p>																				
Procedures for acceptance and payment	<p>You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares with Warrants C, if you choose to do so, using either of the following methods:</p> <table border="1"> <thead> <tr> <th>Method</th> <th>Category of Entitled Shareholders</th> </tr> </thead> <tbody> <tr> <td>RSF</td> <td>All Entitled Shareholders</td> </tr> <tr> <td>e-Subscription</td> <td>All Entitled Shareholders</td> </tr> </tbody> </table> <p>Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for each application method in Section 9.5.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and excess applications is on Friday at 22 March 2024 at 5.00 p.m., being the Closing Date.</p>	Method	Category of Entitled Shareholders	RSF	All Entitled Shareholders	e-Subscription	All Entitled Shareholders														
Method	Category of Entitled Shareholders																				
RSF	All Entitled Shareholders																				
e-Subscription	All Entitled Shareholders																				



Registered Office:

A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur

7 March 2024

Board of Directors:

Khairul Azwan Bin Harun (*Independent Chairman*)
Koo Kien Yoon (*Executive Director*)
Ng Chee Kin (*Independent Director*)
Chuah Hoon Hong (*Independent Director*)
Datuk Salmah Hayati Binti Ghazali (*Independent Director*)

To: The Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On 8 April 2022, M&A Securities had, on behalf of our Board, announced that our Company proposes to undertake the Proposals.

On 17 March 2023, M&A Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 17 March 2023 approved-in-principle the following:

- (a) Share Consolidation;
- (b) Admission of Warrants C to the Official List; and
- (c) Listing of and quotation for:
 - (i) Up to 197,962,511 Consolidated Shares (assuming all of the outstanding convertible securities are exercised into new Vsolar Shares prior to the implementation of the Share Consolidation);
 - (ii) Up to 27,382,050 consolidated Warrants B (assuming none of the 821,461,526 outstanding Warrants B are exercised prior to the implementation of the Share Consolidation);

- (iii) Up to 791,850,044 Rights Shares to be issued pursuant to the Rights Issue with Warrants;
- (iv) Up to 395,925,022 Warrants C to be issued pursuant to the Rights Issue with Warrants;
- (v) Up to 395,925,022 new Vsolar Shares to be issued arising from the exercise of the Warrants C;
- (vi) Up to 12,826,782 Additional Warrants B to be issued pursuant to the Adjustments; and
- (vii) Up to 12,826,782 new Vsolar Shares to be issued arising from exercise of Additional Warrants B.

Bursa Securities' approval-in-principle is subject to the following conditions:

Conditions	Status of compliance
(i) Vsolar and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be complied
(ii) Vsolar and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(iii) Vsolar to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed;	To be complied
(iv) Vsolar to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants C as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(v) Vsolar to provide quarterly updates via Bursa LINK (simultaneously with the submission of Quarterly Report and in the form of General Announcement for PLC) on the following:	To be complied
(a) The status of each of the event, project or purpose for which the total proceeds raised from the Rights Issue with Warrants are utilised for, including but not limited to, the percentages of completion of the projects/initiatives;	To be complied
(b) The status of each of the event, project or purpose for which the total proceeds raised from the Company's Private Placement November 2020, Private Placement January 2021 and Private Placement June 2021 are utilised for, including but not limited to, the percentages of completion of the projects/initiatives; and	To be complied

Conditions

Status of compliance

- | | |
|---|----------------|
| (c) Where relevant, details on where the balance of proceeds raised is being placed (pending utilisation). If it is parked with asset management company /fund manager, to disclose the name of the asset management company /fund manager. | To be complied |
|---|----------------|

On 28 April 2023, our shareholders had approved the Proposals at the EGM.

On 24 May 2023, M&A Securities had, on behalf of our Board, announced that the Share Consolidation has been completed following the listing and quotation of 161,158,039 Consolidated Shares on the ACE Market of Bursa Securities.

On 10 October 2023, M&A Securities, on behalf of our Board, announced that Bursa Securities has vide its letter dated 10 October 2023 resolved to approve the application for extension of time of 6 months until 16 March 2024 to complete the implementation of the Rights Issue with Warrants.

On 27 October 2023, M&A Securities had, on behalf of our Board, announced that our Board intends to fix the issue price for the Rights Shares at RM0.10 per Rights Share, and the exercise price of Warrants C at RM0.10 per Warrant C. The final issue price and exercise price deviates from the basis of fixing of the issue price of the Rights Shares and exercise price of the Warrants C set out in the circular to shareholders dated 6 April 2023. Our Company has obtained the approval of its shareholders at the EGM convened for the Variation on 6 December 2023.

On 20 February 2024, on our behalf, M&A Securities had announced the Entitlement Date and the other relevant dates pertaining to the Rights Issue with Warrants.

On 21 February 2024, on our behalf, M&A Securities had announced the execution of the Deed Poll C by our Company.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

[The rest of this page is intentionally left blank]

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

Following the completion of the Share Consolidation on 24 May 2023, expiry of the Warrants B on 7 July 2023, and cancellation of all the outstanding ESOS options on 30 April 2023 and 31 May 2023, our Company has an issued share capital of RM177,099,150, comprising 161,158,069 Vsolar shares as at the LPD.

The Rights Issue with Warrants entails the issuance of up to 644,632,276 Rights Shares together with up to 322,316,138 Warrants C at an issue price of RM0.10 per Rights Share on the basis of 4 Rights Shares together with 2 Warrants C for every 1 Vsolar Share held by Entitled Shareholders on the Entitlement Date. The actual number of Rights Shares and Warrants C to be issued will depend on the eventual subscription level for the Rights Issue with Warrants. For avoidance of doubt, as at the LPD, Vsolar does not have any treasury shares or convertible securities.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and a RSF which is to be used for the acceptance of the Provisional Allotments, and for the application of any Excess Rights Shares with Warrants C under excess application, should you wish to do so. You may also subscribe for such Provisional Allotments and Excess Rights Shares with Warrants C via e-Subscription in accordance with the instructions set out in Section 9.5.2 of this Abridged Prospectus.

Only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants C are attached to the Rights Shares without any cost, and shall only be issued to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who subscribe for the Rights Shares. The Warrants C are exercisable into new Vsolar Shares and each Warrant C will entitle the Warrant C holder to subscribe for 1 new Vsolar Share at the Warrants C Exercise Price. The Warrants C will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants C will be issued in registered form and constituted by the Deed Poll C. The salient terms of the Warrants C are set out in Section 2.4 of this Abridged Prospectus.

Any dealing in our securities will be subject to, amongst others, the provisions of the SICDA, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants C will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants of the Rights Shares with Warrants C.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. However, the Rights Shares and Warrants C cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants C attached thereto. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants C in proportion of their acceptance to the Rights Shares entitlements. The Rights Shares and Warrants C which are not taken up or invalidly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) and/or transferee(s).

2.2 Basis and justification of determining the issue price of the Rights Shares and exercise price of the Warrants C

(i) Rights Shares

Our Board has fixed the issue price of the Rights Shares at RM0.10 per Rights Share, which represents a discount of 6.10% to RM0.1065, being the TEAP of Vsolar Shares, based on the 5D-VWAMP of Vsolar Shares up to and including 26 October 2023, being the last trading day prior to the price-fixing date of 27 October 2023, of RM0.1452.

The issue price was fixed after taking into consideration the following:

- (a) Funding requirements of our Group as set out in Section 4.1 of this Abridged Prospectus;
- (b) The historical share price of Vsolar; and
- (c) The 5D-VWAMP of Vsolar Shares up to and including 26 October 2023 of RM0.1452.

The issue price was considered by our Board as reasonable in terms of the discount percentage, so as to encourage participation by Entitled Shareholders and/or their renounee(s) and/or transferee(s), so that the funding objectives as set out in Section 4 may be met.

(ii) Warrants C

Our Board has fixed the Warrants C Exercise Price at RM0.10 per Warrant C, which represents a discount of approximately 6.10% to RM0.1065, being the TEAP of Vsolar Shares, based on the 5D-VWAMP of Vsolar Shares up to and including 26 October 2023, being the last trading day prior to the price-fixing date of 27 October 2023, of RM0.1452.

The exercise price was fixed after taking into consideration the following:

- (a) The 5D-VWAMP of Vsolar Shares up to and including 26 October 2023 of RM0.1452; and
- (b) The theoretical ex-all price of Vsolar Shares of RM0.1065, calculated based on the 5D-VWAMP of Vsolar Shares up to and including 26 October 2023 of RM0.1452.

The Warrants C are attached to the Rights Shares without any cost and will be issued in proportion to the Rights Shares subscribed by the Entitled Shareholders.

2.3 Ranking of the Rights Shares and the new Vsolar Shares to be issued arising from the exercise of the Warrants C

The Rights Shares shall upon allotment and issuance, rank equally in all respects with the then existing Vsolar Shares except that the holders shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares.

The new Vsolar Shares to be issued arising from the exercise of the Warrants C shall, upon allotment and issuance, rank equally in all respects with the then existing Vsolar Shares except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the relevant date of allotment and issuance of the new Vsolar Shares arising from the exercise of the Warrants C.

2.4 Salient terms of the Warrants C

The salient terms of the Warrants C are as follows:

Terms	Details
Issuer	: Vsolar
Number of Warrants C	: Up to 322,316,138 Warrants C to subscribe for up to 322,316,138 new Vsolar Shares, to be issued at no consideration to the Entitled Shareholders pursuant to the Rights Issue with Warrants.
Detachability	: The Warrants C are immediately detachable upon allotment and issue of the Rights Shares. The Warrants C will be traded separately.
Exercise Price	: RM0.10 per Warrant C. The basis of determining the exercise price of the Warrants C is set out in Section 2.2(ii) above. The exercise price and the number of outstanding Warrants C shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll C during the exercise period.
Exercise Period	: The Warrants C may be exercised any time during the tenure of the Warrants C of 3 years including and commencing from the issue date of the Warrants C until 5.00 p.m. on the expiry date. Warrants C not exercised during the Exercise Period will thereafter become lapse and void.
Exercise Rights	: Each Warrant C entitles the registered holder to subscribe for 1 new Vsolar Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll C.
Deed Poll C	: The Warrants C will be constituted by a Deed Poll C.
Board Lot	: The Warrants C are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Vsolar Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.

Terms	Details
Modification	: Amendment to this Deed Poll C must be effected by a supplemental Deed Poll, and to be executed by the Company and expressed to be supplemental; and a special resolution passed by the Warrants C holders. However, Vsolar may, without the consent of the Warrant C holders effect any modification to the Warrants C or the Deed Poll C, which in its opinion is not materially prejudicial to the interest of the Warrants C holders; or to correct any typographical errors or relate to purely administrative matters or are required to comply with any provisions of prevailing laws or regulation of Malaysia.
Ranking of new Vsolar Shares to be issued pursuant to the exercise of Warrants C	: The new Vsolar Shares to be issued pursuant to the exercise of the Warrants C will, upon allotment and issuance, rank equally in all respects with the then existing Vsolar Shares in issue save and except that they shall not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the date of allotment of the new Vsolar Shares to be issued pursuant to the exercise of the Warrants C.
Rights in the Event of Winding-Up, Liquidation, Amalgamation or Reconstruction	: Where a resolution has been passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then: <ul style="list-style-type: none"> (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant C holders, or some persons designated by them for such purposes by a Special Resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrants C holders; and (ii) in any other case, every Warrants C holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that Warrants C to the extent specified in the exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.
Listing	: The Warrants C and new Vsolar Shares to be issued pursuant to the exercise of the Warrants C will be listed on the ACE Market.

Terms

Details

Adjustment in the Exercise Price and/or the number of Warrants C	: Subject to the provisions in the Deed Poll C, the Exercise Price and the number of Warrants C held by each Warrant C holder may be adjusted by the Board in consultation with an adviser and the certification of the external auditors of Vsolar, in the event of alteration to the share capital and/or issued shares of the Company.
Rights of Warrants C holders	: The Warrants C holders are not entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid. The Warrants C holders are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of securities in the Company until and unless such Warrants C holders exercise their Warrants C into new Vsolar Shares.
Further Issues	: Subject to the provision in the Deed Poll C, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription of rights upon such terms and conditions as the Company sees fit but the Warrants C holders will not have any participating rights in such issue unless the Warrants C holder becomes a shareholder by exercising his/her Exercise Rights or otherwise resolved by the Company in a general meeting.
Governing Law	: Laws of Malaysia

[The rest of this page is intentionally left blank]

2.5 Undertaking

Our Company intends to raise minimum gross proceeds of RM7.50 million from the Rights Issue with Warrants to meet the funding requirements of our Group as set out in Section 4.1 of this Abridged Prospectus.

In view of the above, our Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Basis. To achieve the Minimum Subscription Basis, our Company has procured the undertaking from the Undertaking Shareholder, namely Koo Kien Yoon to apply and subscribe for Rights Shares of RM7.50 million (including his entitlement of Rights Shares and additional Rights Shares by way of excess Rights Shares application) pursuant to the Rights Issue with Warrants.

The details of the Undertaking under the Minimum Scenario is as follows:

	Undertaking							
	Existing shareholdings as at the LPD		Entitlement under the Rights Issue with Warrants			Excess Rights Shares and Warrants C to be subscribed pursuant to the Undertaking		
	No. of Vsolar Shares	(1)%	No. of Rights Shares	(2)%	No. of Warrants C	No. of Rights Shares	(2)%	No. of Warrants C
Koo Kien Yoon	16,666	0.01	66,664	0.09	33,332	74,933,336	99.91	37,466,668

Notes:

- (1) Based on the issued share capital of 161,158,069 Shares as at the LPD.
- (2) Based on the total number of 75,000,000 Rights Shares to be issued under the Minimum Scenario.

[The rest of this page is intentionally left blank]

The Undertaking Shareholder has confirmed via the Undertaking that he has sufficient financial resources to fulfil the Undertaking. The said Undertaking has been verified by M&A Securities, being our Principal Adviser for the Rights Issue with Warrants.

The Rights Issue with Warrants is not expected to give rise to any mandatory take-over offer obligation pursuant to the Code and the Rules issued by the SC immediately after completion of the Rights Issue with Warrants.

The Undertaking Shareholder has confirmed that he will observe and comply at all times with the provision of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

Should the Undertaking Shareholder exercise his Warrants C, such that his shareholdings in our Company increases to more than 33%, or in the case where his shareholdings is between 33% and 50%, an increase by more than 2% in any 6 months period, would result in him being obliged under Part III of the Code to undertake a mandatory offer for all the remaining Vsolar Shares not already held by him. In such an event, the Undertaking Shareholder will seek the relevant exemptions under the Code should he not intend to undertake such mandatory offer.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by our Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, our Company does not hold any treasury shares.

As the Minimum Subscription Basis will be fully satisfied via the Undertaking, our Company will not procure any underwriting arrangement for the remaining open portion of up to 569,632,276 Rights Shares not subscribed for by other Entitled Shareholders, which represents 88.37% of the total number of 644,632,276 Rights Shares under the Maximum Scenario.

[The rest of this page is intentionally left blank]

The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:-

Particulars	As at the LPD		After the Rights Issue with Warrants	
	No of Shares	(¹)%	No of Shares	(²)%
Issued share capital	161,158,069	100.00	236,158,069	100.00
<i>Less:</i>				
Shareholdings of Directors and substantial shareholders of our Group, and their associates				
- Koo Kien Yoon	16,666	0.01	75,016,666	31.77
- AE Multi Industries Sdn Bhd	29,203,720	18.12	29,203,720	12.37
Shareholders holding less than 100 shares	85,128	0.05	85,128	0.03
Pro forma public shareholding spread	131,852,555	81.82	131,852,555	55.83

Notes:

- (1) Based on the issued share capital of 161,158,069 Shares as at the LPD.
- (2) Based on the enlarged total number of 236,158,069 Shares under the Minimum Scenario.

[The rest of this page is intentionally left blank]

2.6 Other fund raising exercises in the past 5 years

Our Company has completed the following fund raising exercise in the past 5 years prior to the date of this Abridged Prospectus:

(i) **Private Placement June 2021**

On 17 June 2021, our Group completed the Private Placement June 2021, raising proceeds of approximately RM14.71 million. The status of utilisation of the proceeds from the Private Placement June 2021 as at the LPD is as follows:

Details of utilisation	Expected time frame for utilisation of proceeds from 17 June 2021	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
Working capital for solar PV projects ⁽¹⁾	Within 36 months	13,642	-	⁽²⁾ 14,357
Estimated expenses for the Private Placement June 2021	Immediately	1,070	(355)	⁽²⁾ -
Total		14,712	(355)	14,357

Notes:

⁽¹⁾ The Private Placement June 2021 was carried out to fund the initial start-up costs of any future solar PV projects that our Group is able to secure. These include costs for feasibility assessments to be conducted on-site as well as procurement of materials and components for the installation of solar PV rooftop system. Depending on the number of solar PV projects secured, our Group may also hire additional staff for the management of the projects and incur miscellaneous expenses such as transportation cost on-site for the projects. Our Group intends to hire, amongst others, project managers, engineers and technicians for the supervision and installation works for the solar PV projects. The estimated breakdown of the costs, number of additional staffs to be hired and the expected date of the staffs joining is subject to the number of solar PV projects that our Group is able to secure as well as the outcome of negotiation with potential customers and the relevant specifications of each solar PV project.

Following the previous fund raising exercises, our Group continued to receive enquiries in relation to the installation of solar PV rooftop Systems and is currently in talks with 3 prospective clients for the solar PV projects, as set out in Section 4.1.1 of this Abridged Prospectus. Due to the increase in demand for rooftop solar PV solutions, in addition to the funds raised through the Private Placement November 2020, Private Placement January 2021 and Private Placement June 2021, our Group intends to raise additional funds through the Rights Issue with Warrants to immediately capitalise on the opportunities arising from the surge in interest for rooftop solar PV solutions.

⁽²⁾ The unutilised balance of RM0.72 million has been reallocated to working capital for solar PV projects.

(ii) Private Placement January 2021

On 11 January 2021, our Group completed the Private Placement January 2021, raising proceeds of approximately RM9.27 million. The status of utilisation of the proceeds from the Private Placement January 2021 is as follows:

Details of utilisation	Expected time frame for utilisation of proceeds from 11 January 2021	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
Working capital for solar PV projects ⁽¹⁾	Within 36 months	8,823	-	(2)9,130
Estimated expenses for the Private Placement January 2021	Immediately	445	(138)	(2)-
Total		9,268	(138)	9,130

Notes:

- (1) The Private Placement January 2021 was carried out to fund any future solar PV projects that our Group is able to secure. These include costs for feasibility assessments to be conducted on-site as well as procurement of materials and components for the installation of solar PV rooftop system. Depending on the number of solar PV projects secured, our Group may also hire additional staff for the management of the projects and incur miscellaneous expenses such as transportation cost on-site for the projects. Our Group intends to hire, amongst others, project managers, engineers and technicians for the supervision and installation works for the solar PV projects. The estimated breakdown of the costs, number of additional staffs to be hired and the expected date of the staffs joining is subject to the number of solar PV projects that our Group is able to secure as well as the outcome of negotiation with potential customers and the relevant specifications of each solar PV project.

Following the previous fund raising exercises, our Group continued to receive enquiries in relation to the installation of solar PV rooftop Systems and is currently in talks with 3 prospective clients for the solar PV projects, as set out in Section 4.1.1 of this Abridged Prospectus. Due to the increase in demand for rooftop solar PV solutions, in addition to the funds raised through the Private Placement November 2020, Private Placement January 2021 and Private Placement June 2021, our Group intends to raise additional funds through the Rights Issue with Warrants to immediately capitalise on the opportunities arising from the surge in interest for rooftop solar PV solutions.

- (2) The unutilised balance of RM0.31 million has been reallocated to working capital for solar PV projects.

(iii) Private Placement November 2020

On 18 November 2020, our Group completed the Private Placement November 2020, raising proceeds of approximately RM7.19 million. The status of utilisation of the proceeds from the Private Placement November 2020 is as follows:

Details of utilisation	Expected time frame for utilisation of proceeds from 18 November 2020	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
Working capital for solar PV projects ⁽¹⁾	Within 48 months	6,885	⁽²⁾ (6,650)	⁽³⁾ 410
Estimated expenses for the Private Placement November 2020	Immediately	303	(128)	(3)-
Total		7,188	(6,778)	410

Notes:

- ⁽¹⁾ The Private Placement November 2020 was carried out to fund any future solar PV projects that our Group is able to secure. These include costs for feasibility assessments to be conducted on-site as well as procurement of materials and components for the installation of solar PV rooftop System. Depending on the number of solar PV projects secured, our Group may also hire additional staff for the management of the projects and incur miscellaneous expenses such as transportation cost on-site for the projects. Our Group intends to hire, amongst others, project managers, engineers and technicians for the supervision and installation works for the solar PV projects. The estimated breakdown of the costs, number of additional staffs to be hired and the expected date of the staffs joining is subject to the number of solar PV projects that our Group is able to secure as well as the outcome of negotiation with potential customers and the relevant specifications of each solar PV project.

Following the previous fund raising exercises, our Group continued to receive enquiries in relation to the installation of solar PV rooftop Systems and is currently in talks with 3 prospective clients for the solar PV projects, as set out in Section 4.1.1 of this Abridged Prospectus. Due to the increase in demand for rooftop solar PV solutions, in addition to the funds raised through the Private Placement November 2020, Private Placement January 2021 and Private Placement June 2021, our Group intends to raise additional funds through the Rights Issue with Warrants to immediately capitalise on the opportunities arising from the surge in interest for rooftop solar PV solutions.

- ⁽²⁾ As at the LPD, our Group has utilised approximately RM6.65 million mainly for payment to subcontractor to design, engineer, construct, install and commission solar PV rooftop systems located in Kuala Lumpur, Selangor, Perak and Terengganu.

Further details relating to the above solar PV projects are as follows:

Locations	No. of projects	Status (Completed/Ongoing)	Amount utilised as at LPD (RM'000)
Kuala Lumpur	2	1 completed, 1 ongoing	1,207
Selangor	3	2 completed, 1 ongoing	1,440
Perak	1	Completed	2,461
Terengganu	1	Ongoing	1,542
Total	7		6,650

- (3) The unutilised balance of RM0.18 million has been reallocated to working capital for solar PV projects.

(iv) Rights Issue with Warrants 2020

On 13 July 2020, our Group completed a rights issue exercise involving the issuance of 1,232,492,289 new Shares and 821,661,526 new Warrants B, raising proceeds of approximately RM36.98 million. The status of utilisation of the proceeds from the Rights Issue with Warrants 2020 is as follows:

Details of utilisation	Expected time frame for utilisation of proceeds from 13 July 2020	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
Capital expenditure for development and construction of biomass/biogas plants ⁽¹⁾	48 months	36,125	-	36,125
Estimated expenses for the Rights Issue with Warrants 2020	Immediately	850	(850)	-
Total		36,975	(850)	36,125

Note:

- (1) The Rights Issue with Warrants 2020 was carried out to fund the development and construction of a biomass/biogas plant, including a reference facility in conjunction with a joint venture agreement dated 8 August 2017 entered into by our Company with KRU Energy Asia Pte Ltd, Rangkaian Iltizam Sdn Bhd and Kenneth Lee Wai Tong with the intention to capitalise on these parties' expertise to develop up to 10MW of biomass/biogas RE plant. The design, size and location of the plant has not been finalized yet. However, the joint venture parties plan to develop a biomass/biogas plant with a capacity of between 1MW to 2MW, which is expected to supply the electricity back to the national grid operated by TNB.

As at the LPD, the project has not commenced yet. To ensure the viability of the project, Rangkaian Iltizam Sdn Bhd will complete the development and commence operations of a reference facility, which is a pilot facility of a smaller scale to be used by our Company as a reference to develop the biomass/biogas project. The

development and construction of the biomass/biogas plant will not commence until the reference facility is able to demonstrate the viability of the project. As at the LPD, the development of the reference facility has not commenced yet and has been temporarily put on hold pending further technical (in addition to the preliminary feasibility studies conducted on 27 November 2017) and feasibility assessments relating to the technology chosen for the development of the reference facility to be undertaken by our Group. Our Company is currently pending the results of the above assessments, which are expected to be undertaken and completed within 6 to 9 months from the LPD. In the scenario where the assessments are not favourable, our Company will source for other alternative technologies for the development of the reference facility. Additionally, our Group is also in the midst of seeking for new technology to increase the plant's capacity. The commencement of the operations of the reference facility is also currently pending the approval of TNB and SEDA, in which applications are yet to be made as Rangkaian Iltizam Sdn Bhd has yet to complete the development of the reference facility. The approvals are expected to be obtained within 3 months after submissions of the applications are made upon completion of development of the reference facility.

Our Company has not identified a viable technology at this juncture, as the technology proposed based on the preliminary feasibility studies has yet to be shown to be viable. The identification of viable technology is expected to be within 6 to 9 months from the LPD. Subject to the identification of new technology, the project and development of the reference facility will be put on hold and not commence until such new technology has been identified. In this respect, the breakdown of utilisation for the project and development of the reference facility cannot be determined at this juncture.

3. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

After considering other methods of fundraising such as bank borrowings and private placement of shares, as well as the capital structure of Vsolar, our Board is of the opinion that the Rights Issue with Warrants is more appropriate method of raising funds, after taking into account the following:

- (a) The issuance of Rights Shares would enable our Group to secure funding of at least RM7.50 million under the Minimum Scenario and up to RM64.46 million under the Maximum Scenario without incurring interest costs compared to bank borrowings;
- (b) Compared to other equity offerings, the Rights Issue with Warrants will involve the issuance of new Vsolar Shares without diluting the Entitled Shareholders' shareholdings, provided that all Entitled Shareholders subscribe in full for their respective entitlements;
- (c) The Rights Issue with Warrants will increase the number of Vsolar Shares in circulation which may potentially enhance the liquidity and marketability of Vsolar Shares on the ACE Market of Bursa Securities;
- (d) The Warrants C attached to the Rights Shares is expected to enhance the attractiveness of the Rights Shares. It provides our shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof;
- (e) The Rights Issue with Warrants will strengthen our Company's financial position with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of our Company; and

- (f) The Warrants C will also provide our Company with additional capital when they are exercised. The exercise of the Warrants C will allow our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing

4. UTILISATION OF PROCEEDS

4.1 Proceeds raised from the Rights Issue with Warrants

Based on an issue price of RM0.10 per Rights Share, the Rights Issue with Warrants will raise gross proceeds of up to RM64.46 million.

The details of the intended utilisation of gross proceeds are as follows:

Details of utilisation	Utilisation timeframe (from listing of Rights Shares)	Minimum Scenario RM'000	Maximum Scenario RM'000
Funding for solar PV leasing projects	Within 24 months	7,500	36,000
Working capital for Railway Business	Within 24 months	-	27,463
Estimated expenses for the Proposals	Within 1 month	-	1,000
Total		7,500	64,463

4.1.1 Funding for solar PV projects

The Government has introduced the NEM Scheme in November 2016 with quota allocation of 500MW up to year 2020 to encourage Malaysia's adoption of renewable energy such as solar energy. One of the methods of generating solar energy is via the solar PV rooftop system. This consists of solar panels mounted on the roof of a residential or commercial building, which converts sunlight into electricity. These systems are small, designed to serve the needs of a single building, and provide a convenient, efficient, and cost-effective way for people and businesses to improve their environmental profile.

NEM programme allows consumer to generate solar PV electricity and to be consumed first by the building owner, and any excess thereafter will be exported to TNB at prevailing displaced cost and revenue derived to be received by the building owner.

In January 2019, the NEM programme was enhanced to NEM 2.0 programme, which commenced on January 2019 up to December 2020. The NEM 2.0 programme allows excess solar PV electricity to be exported to the power grid on a one-on-one offset basis by offsetting every 1.0 kilowatt-hour exported with 1.0 kWh consumed from the grid.

Due to overwhelming response from the solar PV industry and in an effort to boost the usage of solar energy, the Energy and Natural Resources Minister via a press statement by the KeTSA on 29 December 2020 introduced the new NEM 3.0 programme to provide more opportunities to electricity consumers to install solar PV rooftop Systems on their premises to save on their electricity bills. Under the NEM 3.0 programme, which commenced on February 2021 up to December 2023, any excess solar PV electricity will be exported back to TNB's grid and used to offset the subsequent bill payments, on an one-on-one basis up to a maximum of 12 months. The expansion of NEM also follows the recent announcement by the government in Budget

2024 to extend the NEM programme until 31 December 2024 to encourage the installation of solar panels on residential premises.

Our Company intends to allocate proceeds of up to RM36.0 million to fund our Group's future solar PV projects that our Group is able to secure. The proceeds from the Rights Issue with Warrants is earmarked for the cost of feasibility and system studies, initial design, procurement, construction and installation works as well as authority contributions, the breakdown is as follow:

Details of utilisation	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Preliminary cost (i.e. cost of feasibility, system studies and initial design)	-	4,000
Procurement of solar panels and other related materials/hardware such as inverters, mounting structure, wiring monitoring system, meter and clamps	6,500	20,000
Construction and installation works	-	10,000
Authority contributions	-	1,000
Contingency costs	1,000	1,000
Total	(1)7,500	36,000

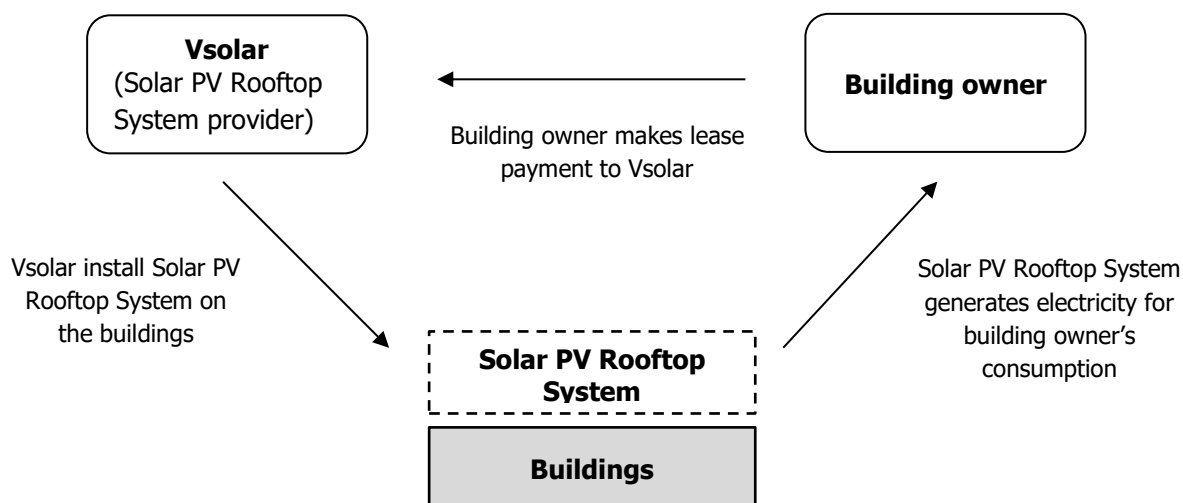
Note:

⁽¹⁾ This amount to be raised is solely for the Meru Project (as defined below).

Depending on the number of solar PV projects secured, our Group may also hire additional staff for the management of the projects and incur miscellaneous expenses such as transportation cost on-site for the projects. The estimated breakdown of the costs, number of additional staffs to be hired and the expected date of the staffs joining cannot be determined at this juncture as it is subject to the number of solar PV project that our Group is able to secure as well as the outcome of negotiation with prospective customers and the relevant specifications of each solar PV project.

Our Group will undertake such projects through leasing arrangement to the building owner for monthly lease repayments for an average tenure of 10 to 15 years. This is expected to provide our Group with a recurring source of revenue stream in the long run.

Under the leasing arrangement, after the installation of solar PV rooftop system, the solar PV rooftop system will be leased to the building owner at a specified rate for a specified tenure.



In addition, the leasing arrangement is expected to provide an attractive option for building owners as it facilitates a building owner's access to competitively-priced solar generated electricity (as the electricity rates charged by our Group are expected to be lower than the electricity rates charged by TNB), without the burden of significant upfront costs of PV systems. Our Group is engaged as the main contractor (also referred to as EPCC contractor) to install solar PV panels on the building owner's rooftop. By doing so, the building owners are able to capitalise on our Group's expertise while reducing the risk and complexity involved in commissioning and operating their own solar PV system. The ownership of the solar PV rooftop system will be transferred to the building owner upon expiry of the lease tenure at nil cost.

As at the LPD, our Company has secured a solar PV project in December 2021 with a contract sum of RM6.80 million to build, construct, manage and maintain the installation of solar PV rooftop system with an installed capacity of 2.15 MW for GP Autobat Sdn Bhd's manufacturing plant located at Meru, Klang, Selangor for a lease tenure of 10 years ("**Meru Project**").

The total cost for the Meru Project is estimated to be approximately RM7.50 million, comprising as follows:

Breakdown	RM'000
Purchase of solar panels and other related materials/hardware such as inverters, mounting structure, wiring monitoring system, meter and clamps ⁽¹⁾	6,500
Contingency costs ⁽²⁾	1,000
Total	7,500

Notes:

⁽¹⁾ These are based on our Group's estimation of the actual cost required, some of which are supported by preliminary quotations provided by suppliers. The final cost will be subject to the prevailing market price at the time of order and payment as well as any further negotiations with the suppliers from time to time. In the event the actual costs incurred are higher than this budgeted amount, the deficit will be funded via internally generated funds.

- (2) These include provision for fees to the relevant authorities and contingency sums set aside to cover unexpected or underestimation of costs.

The estimated cost of RM7.50 million, which is inclusive of RM1.00 million of contingency costs, for the Meru Project is projected to be higher than the contract sum of RM6.80 million, to take into account the increase of cost for construction and cable in the solar PV industry primarily due to rising demand, supply chain disruptions, and fluctuations in raw material prices. In order to generate profit from the Meru Project, our Company will need to negotiate for adjustments to the contract sum in order to reflect higher tariff price under the leasing arrangement. As at the LPD, our Company has yet to commence any negotiations to adjust the contract sum. The expected date to commence negotiations for adjustments to the contract sum is within 6 months from the LPD.

The Meru Project has commenced in December 2022 and is expected to complete within 18 months from the commencement date. Then, the solar PV rooftop system will begin operations after 3 months from the completion date. Our Group has earmarked RM7.50 million of the proceeds to be raised under the Minimum Scenario to finance the cost of the Meru Project. Apart from the Meru Project, as at the LPD, our Group is in the midst of procuring the following potential solar leasing contracts with owners of buildings at various locations and has earmarked RM28.50 million as follows:

Locations	No. of contracts	Estimated installed capacity	Target completion date of the project	Estimated utilisation of proceeds (RM'000)
<u>Local</u>				
Terengganu	1	1.0 MW	⁽¹⁾ March 2024	3,500
Johor Bahru	1	1.0 MW	⁽²⁾ June 2024	3,200
Kelantan	1	0.4 MW	⁽²⁾ June 2024	500
Selangor	1	0.4 MW	⁽²⁾ September 2024	500
<u>Foreign</u>				
Taiwan	1	50.0 MW	⁽³⁾ -	20,800
Total	5	51.8 MW		28,500

Notes:

- (1) The contract for the project located in Terengganu has been finalised and the date of commencement was on 1 September 2023.
- (2) These contracts are still in the midst of being negotiated and will be finalised by first half of 2024.
- (3) This project located in Miaoli County is undergoing on the Environmental Impact Assessment studies by local authorities to address the endangered wildlife animal issue. This project is currently waiting for the official confirmation from the local authorities in Taiwan expected in the 1st quarter of 2024.

The total cost of procuring and installing the solar panels as well as other related costs and expenses for the abovementioned contracts is estimated to be approximately RM71.0 million, which will be partially funded via the Rights Issue with Warrants (under the Maximum Scenario). The balance funding required for the solar PV projects will be funded via internally generated funds, bank borrowings, balance proceeds of approximately RM23.90 million raised from the Private Placement November 2020, Private Placement January 2021 and Private Placement June 2021. Such unutilised balance proceeds have not been earmarked specifically for any solar

PV projects and the detailed breakdown on the sources of funding cannot be determined at this juncture as it depends on the amount of working capital required at the relevant time and the total proceeds raised from the Rights Issue with Warrants.

Notwithstanding that, the final capacity of the solar PV rooftop system to be installed for the above projects will be dependent on the space and suitability of the sites to install the solar PV panels. The estimated timeframe for signing and commencement of the projects cannot be determined at this juncture as the contracts are still in the midst of being negotiated and finalised.

In view that the total cost for the 4 potential solar PV projects is estimated to be approximately RM71.0 million, the balance proceeds of approximately RM23.90 million raised from the the Private Placement November 2020, Private Placement January 2021 and Private Placement June 2021 are insufficient. In this regard, our Group plans to undertake the Rights Issue with Warrants to raise the requisite funds now to prepare our Company to potentially undertake up to a further 4 solar leasing contracts currently in the midst of being procured as set out in the table above. Such funds together with the unutilised proceeds from Private Placement November 2020, Private Placement January 2021 and Private Placement June 2021 are expected to strengthen Vsolar's financial position moving forward thus enabling it to approach bigger and more potential clients for solar leasing contracts in the future.

4.1.2 Working capital for Railway Business

The proceeds earmarked for working capital for the Railway Business is estimated to be utilised in the following manner:

Description	RM'000
Purchase of spare parts for the Supply Contract and future contracts that Vsolar is able to secure	⁽¹⁾ 20,000
Staff related expenses mainly comprise of staff salaries, benefits and other emoluments, sales commissions and training costs ⁽²⁾	7,463
Total	27,463

Notes:

(1) The preliminary breakdown is as follows:

Description	RM'000
Purchase of spare parts for	
- Supply Contract	10,000
- Future contracts	10,000
Total	20,000

(2) Our Group intends to hire additional employees progressively depending on the operational requirements of the Railway Business. Our Group is currently in the midst of identifying candidates for recruitment. As at the LPD, our Group is unable to ascertain the breakdown of number of staff for each role and intends to recruit the staff in stages as follows:

Year	Estimated number of staff
2024	4
2025	12
2026	14

As at the LPD, the cash and bank balances of our Group stood at approximately RM23.14 million. For avoidance of doubt, the working capital required for the Railway Business will be funded via internally generated funds under the Minimum Scenario. Our Company wishes to raise additional funds for the Railway Business via the Rights Issue with Warrants to cater for the Supply Contract and future contracts as it intends to commit resources to eventually grow and make the Railway Business as one of its major businesses moving forward by providing installation, assembly and testing of spare parts and other railway related parts/systems.

However, the exact breakdown of utilisation cannot be determined at this juncture as it would depend on the actual requirements of our Group at relevant time. As at the LPD, our Company is not in negotiations to secure any contracts pertaining to the Railway Business currently and will announce the detailed breakdown of each of the component of the working capital for the Railway Business at a later date. If our Company is unable to secure any future contracts for the Railway Business in the immediate future, our Company may consider to revise the utilisation of proceeds raised from the Rights Issue with Warrants earmarked for the Railway Business to funding for solar PV leasing projects, subject to our Group's operating requirements at that point in time. In such event, details of the proposed variation to the utilisation of proceeds shall be announced and, if required by the Listing Requirements, our Company shall seek shareholders' approval accordingly.

4.1.3 Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is illustrated below:

Description	RM'000
Professional fees ⁽¹⁾	800
Fees to authorities	100
Printing, meeting expenses and advertising	80
Miscellaneous charges	20
Total	1,000

Note:

⁽¹⁾ Comprises the professional fees of the Principal Adviser, Solicitors, Reporting Accountants, Independent Market Researcher, Share Registrar, and Company Secretary.

Under the Minimum Scenario, the expenses for the Proposals shall be funded via internally generated funds.

In the event the actual expenses are less than the allocated amount, the excess allocated amount shall be utilised as working capital for Vsolar including purchase of inventories for our Group's ICT Trading business (such as LED displays and IT hardware/software), administrative expenses (such as staff salaries, group overhead expenses (i.e. utilities and rental), Directors' remuneration, employer's statutory contributions) and other operating expenses (such as payment to subcontractor for the construction works for solar PV rooftop systems and maintenance fee for our Group's solar PV energy plant in Simpang Pulai, Perak). Conversely, if the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked for working capital for the Railway Business and/or internally

generated funds, of which the exact breakdown of utilisation cannot be determined at this juncture.

Any excess or shortfall of the actual proceeds raised will be adjusted towards or against the utilisation in the following sequence:

- (a) Firstly, funding of solar PV projects; and
- (b) Secondly, working capital requirement of the Railway Business.

Pending the utilisation of the proceeds from the Rights Issue with Warrants for the abovementioned purposes, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments with licensed financial institutions. Any interest and/or gain derived will be used for the purchase of inventories for our Group's ICT Trading business (such as LED displays and IT hardware/software), administrative expenses such as staff salaries and overhead expenses (i.e. legal, accounting, sales and marketing fees), employer's statutory contributions, office administrative expenses (i.e. office supplies, insurance and rent) and utilities expenses. The exact breakdown of utilisation cannot be determined at this juncture as it would depend on the actual requirements of our Group at relevant time.

4.2 Proceeds from the exercise of Warrants C

The exact quantum of proceeds that may be raised from our Company from the exercise of Warrants C would depend on the actual number of Warrants C exercised. The proceeds from the exercise of Warrants C will be received on an "as and when basis" over the tenure of Warrants C.

Based on an the exercise price of the Warrants C of RM0.10 each, the exercise of the Warrants C will raise up to RM32.2 million.

Any proceeds arising from the exercise of the Warrants C in the future shall be utilised for operating expenditure of our Group's ICT Trading Business including purchase of inventories (i.e. LED displays and IT hardware/software), administrative expenses (i.e. staff salaries, utilities and rental, Directors' remuneration, employer's statutory contributions) and other operating expenses (such as payment to subcontractor for the construction works for solar PV rooftop systems and maintenance fee for our Group's solar PV energy plant in Simpang Pulai, Perak).

In addition, our Group may utilise the proceeds for investment opportunities that are similar or complementary to our Group existing business, and/or in different businesses with growth potential via joint ventures, collaborative arrangements, business agreements, and/or mergers and acquisitions of businesses or investments. Our Group will make the necessary announcements in accordance to the Listing Requirements as and when the new business projects/investments have been identified and the relevant agreements have been finalised. In the event that shareholders' approval and/or other regulatory bodies' approvals are required, the necessary approvals will be sought in accordance to the Listing Requirements or such other regulatory bodies.

The timeframe for utilisation is within 24 months from the date of receipt of the proceeds. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined. Pending the utilisation of proceeds, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments with licensed financial institutions. Any interest and/or gain derived will be used for our Group's general working capital requirements for its day to day operations, mainly for the purchase of inventories for our Group's ICT Trading business (such as LED displays and IT hardware/software), our Group's administrative expenses such as staff salaries and overhead

expenses (i.e. utilities and rental), employer's statutory contributions, office administrative expenses and utilities expenses, in which the exact breakdown of utilisation cannot be determined at this juncture.

5. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:

5.1 Risks relating to our business

(a) Financial performance risks

Our Group has recorded consecutive LAT of RM4.14 million, RM34.64 million, RM26.35 million, RM14.87 million and RM2.45 million in the audited FYE 2020, 2021, 2022 and 2023 respectively. The consecutive losses were mainly attributable to the share-based payment under Vsolar's ESOS amounting to RM1.14 million, RM27.62 million and RM14.90 million for the FYE 2020, 2021 and 2022 respectively. The LAT for the FYE 2023 is mainly attributable to the fair value loss on other investment of RM9.24 million and impairment loss on property, plant and equipment of RM2.20 million. Further details of our Group's historical financial performance are set out in Appendix I, Section 7 of this Abridged Prospectus.

In view of our Group's continuous loss-making position, our Group has diversified its earning base to include the Railway Business in order to secure an additional source of income stream. Additionally, our Group is in the midst of discussions with 3 prospective customers to undertake the supply and installation of Solar PV systems in commercial buildings. Subject to the number of solar PV projects that our Group is able to secure, the leasing arrangements of these projects are expected to provide our Group with a recurring source of revenue stream through monthly lease payments from customers.

Notwithstanding our Group's efforts, prospects and future plans, there is no assurance that the strategies implemented are able to successfully turnaround the financial performance of our Group in the future.

(b) Dependence on key management and qualified personnel

Our performance is largely dependent on the skills and efforts of our Directors, and senior management. The loss of any of our Directors, key technical, sales and marketing and senior management personnel could adversely affect our Group's performance.

There is no assurance that our Group will be able to identify, attract and retain skilled personnel from time to time in the future or that any loss of key personnel can be easily and quickly replaced without major disruption to our Group's operations.

(c) Operational risks

Due to the nature of our Group's operations, interruptions in our Group's operating capabilities through disruption in electricity supply and failure or damage of solar PV plant or other disruptions to our business operations due to any outbreaks of diseases including pandemics may have an adverse effect on our Group's business and financial performance.

To avoid major breakdowns and disruptions to our operations, electricity supply and relevant equipment are constantly monitored and our operation machinery undergoes scheduled maintenance. While our Board has taken all reasonable steps to mitigate the operational risks as described above, there can be no assurance that the above measures taken will be adequate in the event of a disruption in electricity supply or and failure or damage of solar PV plant and that it will not have a material adverse effect on our business.

(d) Competition risk

Our Group's revenue and profitability are exposed to the risk of uncertainty arising from global and local economic conditions. Furthermore, we continue to face competition from existing and new competitors who may be capable of offering similar services and products. Nevertheless, our Group strives to maintain our competitive edge by ensuring the quality of our products through stringent quality assurance procedures. We also continuously place importance on improving our products by investing in market research and product development activities.

Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

(e) Licensing risk

In order to operate our solar PV business, we are required to hold valid approvals, permits and licences from various governmental authorities. We must comply with the restrictions and conditions imposed by the relevant authorities in order to keep such approvals, permits and licenses. Our approvals, permits and licenses may be suspended or cancelled if we fail to comply with the applicable requirements or any required conditions. Delay or refusal may also occur when renewing such approvals, permits and licenses upon their expiry.

Failure to keep or renew the requisite approvals, permits and licenses could result in suspension or restriction of our business operations, which will adversely affect our business and financial performance.

(f) Political, economic and regulatory considerations

Our Group's business prospects are subject, to a certain extent, the developments in the economic, political and regulatory environment of Malaysia. Adverse changes in political, economic and regulatory conditions include but are not limited to unfavourable changes in interest rates, government policies and regulations in relation to the solar energy industry, trade war and political uncertainties.

There can be no assurance that any adverse changes in the economic, political and regulatory environment in Malaysia will not have any material adverse effect on the business operation and financial performance of our Group.

5.2 Risks relating to the Rights Issue with Warrants

(a) Capital market risks for the Rights Shares and the Warrants C

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets as well as our financial performance. In view of this, there can be no assurance that our Shares will trade above the issue price of the Rights Shares or the TEAP of our Shares upon or subsequent to the listing of and quotation for the Rights Shares in the ACE Market of Bursa Securities.

The value of the Warrants C depends on various factors, primarily the market price of our Shares, exercise price for the Warrants C, remaining tenure of the Warrants C, volatility of our share price and the perceived risk-free rates applicable in the relevant market. In view of this, there can be no assurance that the Warrants C will be 'in-the-money' during the tenure of the Warrants C. There can also be no assurance that an active market for the Warrants C will develop upon or subsequent to the listing of the Warrants C on Bursa Securities or if developed, that such market can be sustained.

Furthermore, you are reminded that should the outstanding Warrants C expire at the end of its tenure, it will cease thereafter to be valid for any other purposes and hence, will no longer have any value.

(b) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of our Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

In this respect, pursuant to Section 243 of the CMSA, in the event the Rights Issue with Warrants is aborted, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within 14 days to the Entitled Shareholders. Monies not paid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC.

In the event the Rights Issue with Warrants is aborted/terminated, and the Rights Shares have been allotted to the Entitled Shareholders, a return of monies to all holders of Rights Shares could only be achieved by way of cancellation of the 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 Company's creditors (where applicable) and either the confirmation of the High Court of Malaya or a solvency statement by our Board. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

(c) Potential dilution of existing shareholders' shareholdings

Entitled Shareholders who do not or are unable to subscribe fully for their entitlement pursuant to the Rights Issue with Warrants will have their proportionate percentage of shareholdings and voting interest in our Company reduced. The percentage of the enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly. Consequently, their proportionate entitlement to any future distribution, rights and/or allotment that our Company may make after completion of the Rights Issue with Warrants will correspondingly be diluted.

(d) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions made by our Company and although believed to be reasonable, are subject to known and unknown risks,

uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, among others, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6. INDUSTRY OVERVIEW AND PROSPECTS

Our Group is principally involved in the provision of solar PV solutions, trading of ICT-related equipment, and supply, trading, installation, assembly and testing of spare parts for railway vehicles. As such, Protégé has prepared the IMR report covering the ICT, solar PV, and railway supporting industries in Malaysia.

The following industry overview and prospects are an extract from the IMR Report and relevant publicly available economic reports. The profile of the IMR is as follows:

Profile of Protégé

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

Profile of IMR Report signee, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé. He has 23 years of experience in market research, having started his career in Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering Automotive, Construction, Electronics, Healthcare, Energy, information technology, Oil and Gas, etc. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd, Malaysia Debt Ventures Berhad and Malaysia Technology Development Corporation Sdn Bhd.

[The rest of this page is intentionally left blank]

6.1 Overview and outlook of the Malaysian economy

As the world endures constant changes with varying paces of growth across the globe, the global economy is anticipated to exhibit moderate growth after experiencing a period of economic downturn. The growth pace is projected to persist across most regions in the upcoming years. Lingering uncertainties have prompted the IMF to project the global growth outlook to 3% in 2023 and 2024 (2022: 3.5%). Nevertheless, it remains constrained due to heightened downside risks, particularly tightening of monetary policies to ease inflationary pressures, hence, impeding a robust global economic recovery. Meanwhile, world trade growth is also expected to moderate to 2% in 2023 amid prolonged geopolitical tensions and to record 3.7% in 2024.

The evolving global landscape is poised to exert a significant influence on businesses of all sizes and affect the standard of living. In addition, escalating supply chain security concerns could prompt the imposition of trade and investment restrictions, potentially impacting the growth prospects of others. While the global challenges stemming from the crisis still persist, it offers countries the opportunity to foster growth and innovation through the formulation of effective strategies aimed at achieving more sustainable and robust growth.

Despite escalating uncertainties in the global landscape, Malaysia's economy remains resilient. The GDP growth in 2022 moderated to 3.5% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies. The GDP is forecast to expand by approximately 4% in 2023 and between 4% and 5% in 2024. The Government acknowledged the World Bank's forecast that Malaysia's growth will be 4.3% in 2024, which is slightly higher than its initial estimate. This is in line with Malaysia's 2024 growth projection, which will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new NETR, NIMP 2030, and the MTR of the Twelfth Plan.

Furthermore, Malaysia's domestic demand in 2023 continues to be buoyed by expansion in consumption and investment spending. This is also supported by favourable labour market condition and easing inflationary pressures as well as vibrant tourism activities. The surge of private investment is attributed to the multiyear execution of infrastructure ventures and sustained capital investments in the services and manufacturing sectors. The robust activity in private sector expenditure is expected to offset the effects of moderate public spending in 2023.

In 2024, private sector expenditure remains as the main contributor in driving economic activities owing to stronger domestic demand. In addition, Government initiatives to support household spending through cash transfers to targeted groups and the growing social commerce trend are expected to boost private consumption. Meanwhile, private investment is poised to accelerate further driven by improved business environment in consonance with positive response towards Government's strategies and measures in attracting high-tech and high-value investments via the NETR and NIMP 2030.

On the supply side, services and manufacturing sectors continue to be the primary engines of growth in 2023. The services sector performance is driven by tourism subsectors, resulted from higher tourist arrivals and improved consumer spending. However, the manufacturing sector is expected to register a modest growth amid sluggish external demand. Likewise, agriculture sector is projected to expand moderately contributed by the oil palm, other agriculture and livestock subsectors, while the mining sector is anticipated to decline due to lower external demand for LNG. On the other hand, the construction sector is expected to record better performance supported by the acceleration of ongoing infrastructure and utilities projects.

In 2024, the wholesale and retail trade subsector will remain as the key contributor to the services sector, underpinned by the expansion in retail segment through digital transactions. In addition, the domestic-oriented industries are backed by higher output in high growth high

value industries which will drive the manufacturing sector, in tandem with the implementation of initiatives under the NETR, NIMP 2030 and MTR of the Twelfth Plan as well as Chemical Industry Roadmap 2030. Agriculture sector remains steady partly attributed by expected increase in oil palm production and crude palm oil prices. The mining sector is forecast to recover mainly contributed by the new gas field projects such as Gansar, Jerun and Kasawari. Meanwhile, the construction sector continues to grow supported by growth in all subsectors, partly by the increasing demand in renewable and clean energy as well as decarbonisation, in line with the green economy agenda.

In 2023, exports have contracted in tandem with the global economic and trade slowdown, primarily influenced by China's slower-than-anticipated economic growth and moderate commodity prices. In contrast, the current account surplus is expected to expand, driven by a narrowing deficit in the services and primary income accounts. However, the outlook for 2024 indicates a gradual upswing, attributed to improved global trade and prospects in the commodity sector.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

6.2 Outlook and prospects of the ICT industry in Malaysia

ICT refers to products and services that enable information to be accessed, stored, processed, transformed, and disseminated, including the transmission of voice, image and/or data over a variety of transmission media. These products and services include equipment used for communicating, networking, transmitting and receiving of information (e.g., desktops and mobile phones, storage devices, and networking equipment and servers) and products set-up, software installation, networking services, security management solutions, telecommunication services and other related services.

According to the Information and Communication Technology Satellite Account 2022, the Malaysian ICT industry contributed RM243.65 billion (in terms of gross value added) or 13.6% to Malaysia's gross domestic product in 2022, which was an increase of 12.4% from RM216.80 billion (in terms of gross value added) in 2021. The ICT services industry dominated with a share of 41.9%, followed by ICT manufacturing at 38.4%, ICT trade at 14.0% and content and media at 5.7%. The main categories of ICT services are telecommunication services and computer programming, consultancy, information, and related activities. The ICT services industry registered a growth of 5.6% to RM102.14 billion in 2022 from the previous year, supported by telecommunication services. The information and communication, as well as finance and insurance sub-sectors are also poised to contribute to the growth of the ICT services industry as demand for digital solutions, especially in e-commerce and e-payment continues to accelerate. Meanwhile, ICT manufacturing industry registered a growth of 21.3% in 2022 to RM93.53 billion supported by electronic components and boards, communication equipment and consumer electronics.

The COVID-19 pandemic has accelerated the structural shifts towards digitalisation, spurring demand for telecommunications, cloud computing and medical device products. While the Malaysian Government had announced the transition of COVID-19 into an endemic in 2022, the digitalisation trend in the country is expected to continue. In the short term (2023-2024), the Malaysian ICT industry is expected to be influenced by the digitalisation of businesses as well as some corporations still adopting a remote working model for business activities. This will benefit manufacturing production, investments, and exports for economies that are part of the E&E global value chain, particularly the regional economies.

In the medium to long term (2025-2027), the ICT industry is anticipated to be fuelled by factors such as wide usage of ICT, replacement cycle of devices and continuous technology advancement, and continued Government support. Companies in E&E and ICT-related industries are expected to invest in capacity expansion to meet demand. The acceleration of nationwide 5G infrastructure rollout will further provide impetus to investment activities in the ICT industry. Furthermore, various measures announced in the revised Budget 2023 such as

accelerating the implementation of the Jalanan Digital Malaysia ("**JENDELA**") project, strengthening the role of the Digital Economy Centre ("**PEDI**"), the SME Digitisation Grant Scheme, and the implementation of key projects under the Malaysia Digital Economy Blueprint ("**MyDigital**") to spur development of digital economy will provide further support to the ICT industry in Malaysia. The tabling of Budget 2024 also included measures to boost the local ICT industry. With the rollout of the 5G network reaching 70.2% coverage in populated areas and targeted to reach approximately 80% by the end of 2023, the Malaysian Government had announced that it would allocate RM60 million to develop 5G Cybersecurity Testing Framework and Local Expertise in 5G Technology to enhance preparedness against cyber threats. Budget 2024 also allocated RM100 million for digitalisation grants for micro, small, and medium enterprises ("**MSMEs**"), as well as a RM900 million loan fund to encourage SMEs to increase productivity through automation and digitisation.

ICT has become an essential part in everyday lives where it is used for communication, social and networking, e-commerce, e-sports and entertainment as well as work and learning. The percentage of individuals using the Internet in Malaysia grew from 81.20% in 2018 to 97.4% in 2022. This growth is backed by increased online activities such as participating in social networks from 96.50% in 2018 to 99.1% in 2022, sending email from 74.80% in 2018 to 81.7% in 2022 and e-commerce activities such as purchasing goods/services via e-commerce from 24.80% in 2018 to 70.4% in 2022.

On the supply side, the ICT industry in Malaysia is expected to be boosted by the rapid development of 5G network connectivity and continued Government support. According to the revised Budget 2023, the Malaysian Government allocated RM725 million to develop infrastructure in 47 industrial areas and nearly 3,700 schools to accelerate the implementation of the JENDELA digital infrastructure project. The JENDELA plan is now focused on providing internet coverage in public institutions of higher learning, army camps, and expressways as it strives to achieve the target of 100% internet coverage in populated areas by 2025.

Through MyDigital, the Government also allocated an investment of RM15.00 billion to aid the implementation of 5G nationwide over a period of 10 years which is expected to create approximately 105,000 job opportunities.

The COVID-19 pandemic has caused technological and economic shifts, reshaping the way modern society works. The development of 5G becomes a unifying force to consolidate these different innovations as higher digital connectivity becomes critical in opening up opportunities for businesses and enterprises. With this development, the ICT industry is anticipated to continue generate positive growth in the medium and long term with the continuing emergence of BDA, artificial intelligence and robotics being the drivers of Industry 4.0. Going forward, the ICT industry in Malaysia is projected to expand by 8.5% to reach RM264.36 billion in 2023 and 8.5% to reach RM286.83 billion in 2024. The industry is forecast to grow by a CAGR of 8.7% from RM264.36 billion in 2023 to RM369.07 billion in 2027.

(Source: Protégé)

[The rest of this page is intentionally left blank]

6.3 Overview and outlook of the construction industry

The construction sector improved steadily by 6.8% in the first half of 2023 mainly driven by the civil engineering and special construction activities subsectors. The civil engineering subsector rebounded, supported by the acceleration of ongoing infrastructure and utilities projects, which include East Coast Rail Link (ECRL) and Large Scale Solar 4 projects. The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities.

The sector is forecast to expand by 5.9% in the second half of the year supported by growth in all subsectors. The residential buildings subsector is anticipated to remain encouraging on the back of Government's initiatives such as i-MILIKI and Housing Credit Guarantee Scheme in assisting first-time home buyers, spurring demand for home ownership. Similarly, the non-residential buildings subsector is envisaged to increase, particularly with the realisation of approved private investments. The continuous implementation of strategic infrastructure and utilities projects will further support the civil engineering subsector. The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. For the year 2023, performance of the sector is expected to remain steady and grow by 6.3%.

The construction sector is forecast to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan). Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth. The implementation of NIMP 2030 is expected to further strengthen the performance of non-residential buildings subsector as the Plan will provide a platform to attract more investments into the country.

In addition, the residential buildings subsector is projected to improve further in line with the Government's effort to increase more affordable houses as outlined under the MTR of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launching by the private sector.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

The value of work done in the construction sector continued to sustain its positive pace for the sixth quarters with year-on-year growth of 9.6% in the third quarter of 2023 (Q2 2023: 8.1%). The momentum was driven by a double-digit growth in the civil engineering sub-sector, which increased by 17.1% (Q2 2023: 10.4%); and a surge in the special trade activities by 16.2% (Q2 2023: 9.8%). The Residential buildings also contributed to the growth by recording 7.9% (Q2 2023: 6.9%). Meanwhile, the sub-sector of non-residential buildings decreased marginally by 0.7%, in contrast to the 5.7% growth in the previous quarter.

Out of RM33.4 billion recorded in the third quarter of 2023, a total of RM13.5 billion or 40.5% of the construction work done value was in civil engineering. The rise was mainly attributed to the construction of roads and railways activity with 22.1% or amounted to RM7.4 billion. Meanwhile, the value of work done for non-residential buildings and residential buildings was RM9.2 billion (27.5%) and RM7.3 billion (21.9%), respectively. The special trade activities contributed RM3.4 billion (10.0%), primarily in plumbing, heat and air-conditioning installation (RM1.1 billion); and electrical installation (RM0.9 billion) activities.

The private sector continued as the main impetus to the growth in this quarter, with an increase of 8.6% (Q2 2023: 17.3%) which came from special trade activities (26.5%) and civil engineering (10.2%). The value of work done by the private sector amounted to RM19.6 billion or 58.5% of the total construction work done value. On the other hand, the public sector, with a 41.5% share or RM13.9 billion, rebounded strongly, recording a double-digit growth of 10.9% compared to a decline of 4.8% in the previous quarter. This rebound was fueled by civil engineering (19.2%) and residential buildings (14.8%) activities, totalling RM10.6 billion and RM0.5 billion, respectively.

Nearly 60% of the work done value in the third quarter of 2023 was concentrated in Selangor, Wilayah Persekutuan (Kuala Lumpur, Putrajaya and Labuan), Sarawak and Johor. The construction value in Selangor amounted to RM8.1 billion or 24.2%, attributed to civil engineering (RM2.8 billion), followed by residential buildings and non-residential buildings with both at RM2.2 billion. Meanwhile, Wilayah Persekutuan ranked second with a value of RM4.3 billion or 12.8%, primarily in residential (RM1.7 billion) and non-residential (RM1.4 billion) activities. In addition, the work value in Sarawak was RM3.8 billion (11.4%) and Johor recorded RM3.5 billion (10.6%).

Summarising the performance of the construction work done for the first three quarters of 2023, registered a value of RM98.0 billion, reflecting a 9.0% increase compared to the corresponding period in 2022 (Q1 to Q3 2023: 6.6%). Notably, the positive growth was propelled by the significant contribution of civil engineering activities (14.9%).

(Source: Construction Statistics, 8 November 2023, Department of Statistics Malaysia)

6.4 Overview and outlook of the Solar PV industry

Malaysia is committed to achieving energy generation powered by renewable sources with a target of 31.0% of the total installed capacity from renewable resources by 2025 and 40% in 2035 under the Malaysia's Energy Transition Plan. The Malaysian Government had further targeted to achieve 70% of energy generation powered by renewable energy by 2050. To achieve this goal, some of the main Government initiatives include the implementation of the NEM programme, the Large-Scale Solar PV ("**LSS**") programme, the Supply Agreement with Renewable Energy ("**SARE**") and the Self-Consumption ("**SECLO**") programme.

According to the International Renewable Energy Agency, the cumulative solar PV installed capacity in Malaysia grew from 894 MW in 2019 to 1,933 MW in 2022. The growth was mainly driven by implementation of the LSS programme as well as the introduction of the NEM programmes (namely NEM 1.0 and NEM 2.0). The programme is succeeded by the NEM 3.0 which will be in effect from 2021 to 2023, which was announced to be extended to 2024 in the tabling of Budget 2024. A total of 666 projects worth RM2.50 billion in renewable energy had been approved by the Malaysian Investment Development Authority ("**MIDA**") in 2022. Of this number, 652 projects consist of solar energy projects with investment totally approximately RM1.10 billion. The solar PV installed capacity in 2022 represent an increase of 8.2% from 1,787 MW in the previous year.

Going forward, the outlook of the solar PV industry is expected to remain positive with the support from various Government-led tariff selling programmes. These tariff selling programmes, in particular the NEM, LSS and SARE programme is expected to provide the impetus to drive the growth of the industry. The Malaysian Government had announced in Budget 2024 that it would extend the current NEM programme to 31 December 2024 to incentivise rooftop solar installation at residential premises. In addition, Malaysia is committed to achieving energy generation powered by renewable sources with a target of 31.0% of the total installed capacity from renewable resources by 2025 and 40% in 2035 under the Malaysia's Energy Transition Plan. The Malaysian Government had further targeted to achieve 70% of energy generation powered by renewable energy by 2050. The solar PV installed capacity is estimated to grow by 15.5% to reach 2,233 MW in 2023 and is forecast to further

increase by 17.8% to 2,630 MW in 2024. Solar PV installed capacity in the country is expected to expand by a CAGR of 12.8% from 2,233 MW to 3,530 MW in 2027. In February 2020, an online marketplace called buySolar was launched to enable both residential customers and businesses to purchase solar panels with financing options. The platform was launched by OpenSys Technologies Sdn Bhd and is supported by Sustainable Energy Development Authority, Tenaga Nasional Berhad as well as CIMB Bank Berhad and CIMB Islamic Bank Berhad. This new cooperation between the public and private sector is aimed at supporting the Government's aspiration of achieving 31% renewable energy in the national power mix by 2025. The rising environmental awareness is expected to encourage more business owners in adopting renewable energy such as solar energy. Additionally, adoption of solar energy to reduce cost is also factor expected to bolster growth of the industry.

As announced in the 12th Malaysia Plan, the renewable resources industry will be encouraged venture into floating solar projects to meet the 31% renewable target of total installed capacity through the existing financing options including solar leasing programmes and power purchase agreement. A new mechanism for green energy will be explored to encourage consumers to buy energy directly from renewable energy generators to meet their environmental, social and governance commitment.

From the supply side, the Government's support to the local solar PV industry also comes in the form of increasing local production of products along the value chain such as silicon, wafers, cells, and solar modules is also a boon for the industry.

A Green Technology Financing Scheme ("GTFS") has also been set up under the National Green Technology Policy for the provision of financial support to all stakeholders within the green technology industry, including those in the solar PV industry. In the revised Budget 2023, the Government will continue to implement the GTFS with an increased fund size of RM3 billion until 2025, while the Green Investment Tax Allowance and Green Income Tax Exemption incentives will be studied and improved. The Malaysian Government had also announced and allocation of RM2 billion as a seed fund for the National Energy Transition Facility, which will enable a flow of financial resources towards energy transition projects that are marginally bankable or yielding below-market returns to encourage investment in renewable energy.

(Source: Protégé)

6.5 Overview and outlook of the railway supporting industry

The rail supporting industry focus on businesses that provide technology and support services to rail operations which cover design, manufacturing and assembly of rail-related products, infrastructures, and related systems as well as maintenance, repair, and overhaul to support the lifecycle of rail products and services. The Government launched the Malaysian Rail Supporting Industry Roadmap 2030 to chart the way forward for the development of railway system in Malaysia.

In terms of passenger traffic, the rail transportation ridership (includes the LRT Kelana Jaya Line, LRT Ampang Line, MRT Sungai Buloh-Kajang Line, KL Monorail, KLIA Express and KLIA Transit) in the Klang Valley increased from 191.0 million passengers in 2017 to 245.2 million passengers in 2019. Subsequently, the rail transportation ridership in the Klang Valley declined by 49.9% to 122.9 million passengers in 2020 due to the COVID-19 pandemic. Ridership in the Klang Valley further declined by 41.7% in 2021 to 71.6 million in 2021 as the population avoided the use of public transport during the pandemic. Ridership then rebounded in 2022, reaching 163.3 million in 2022 following the Malaysian Government's announcement that the country would enter the "transition to endemic phase" of COVID-19 management starting 1 April 2022. The rail supporting industry was valued at RM5.23 billion in 2022, which represents an increase of 5.0% from the previous year.

In the first 9 months of 2023, ridership reached 175.3 million, which was an increase of 53.4% as compared to 114.3 million in the previous corresponding period. The development of the rail supporting industry is directly affected by demand drivers in rail transportation. In the short term (2023-2024), the growth of rail supporting industry will be influenced by the return of ridership after the pandemic. In the medium to long term (2025-2027), the rail supporting industry is anticipated to be fuelled by factors such as climate change, urbanisation and increasing population that will stimulate rail passenger and freight traffic. This would lead to a need to expand existing rail infrastructure and networks which in turn create a demand for rail supporting services.

The Malaysian population is estimated at 33.0 million in 2022 and is projected to grow at a CAGR of 1.2% to reach 41.5 million in 2040. In addition, urbanisation rate in Malaysia rose from 70.9% to 75.1% during the period from 2010 to 2020. The Department of Statistics Malaysia has forecasted that this rate will reach 88.0% by 2050. The United Nations Department of Economic and Social Affairs had also forecasted that Malaysia will reach an urbanisation of between 85% to 90% in the next 30 years. The rising population and the urbanisation in Malaysia demand an effective means to transport a huge number of people especially during peak working hours.

Currently, supply and maintenance contracts are dominated by companies from China, Germany, Japan, and Canada. Local companies are still lacking in technical skills and funding to be involved in the rail supporting industry as it required high levels of investment and technological capabilities. In an effort to develop the rail supporting industry, the Malaysian Transport Ministry has established the National Railway Centre of Excellence in 2020, which serve to develop the capacity and capabilities of local rail industry players, as well as to increase the percentage of local content to at least 45% for some of the rail components by 2030.

Nevertheless, Malaysian rail supporting companies have also established presences in foreign companies. Examples of Malaysia's expertise in foreign countries are the construction of communication networks in Vietnam, the building of railway trackwork in Indonesia, and construction of energy systems in Southeast Asia. The top exports for railway products in 2022 include parts of railway locomotives or rolling-stock vehicles, which was valued at RM35.3 million. The top export destinations for Malaysia's railway products in 2022 are the United States of America ("**USA**"), followed by the Netherlands, Australia, the United Kingdom and Canada. Meanwhile, Malaysia's top imports for railway products in 2022 include parts of railway locomotives or rolling-stock valued at RM77.2 million, self-propelled railway or tramway coaches valued at RM404.9 million. The top imports countries that Malaysia imported railway products from in 2022 include China, Canada, the USA, the United Kingdom, France and Germany.

Going forward, the outlook of the rail supporting industry is expected to be positive with the support from the Government through the Malaysian Rail Supporting Industry Roadmap 2030 and the ongoing rail projects under the Economic Transformation Programmes as well as initiatives to be undertaken under the 12th Malaysian Plan. Among the initiatives to be implemented include the ongoing construction of Electrified Double Track Gemas-Johor Bahru, the ECRL, the LRT3, RTS Link, as well as integration of urban rails with other public transportation modes. With the rail projects in the pipeline, supply of rail supporting services are expected to increase accordingly. The rail supporting industry is estimated to expand by 6.0% to RM5.54 billion in 2023 and is projected to further expand by 3.5% to reach RM5.73 billion in 2024. The industry is forecast to grow by a CAGR of 4.6% from RM5.54 billion in 2023 to RM6.54 billion in 2027.

(Source: Protégé)

6.6 Prospects of our Group

Our Group's principal business comprise of provision of solar PV solutions, trading of ICT-related equipment, and supply, trading, installation, assembly and testing of spare parts for railway vehicles. Over the past recent years, our Group's has shifted focus from its ICT trading segment and more towards its solar energy segment, with more efforts taken to secure solar PV projects. Additionally, our Group has diversified its business to include the railway supporting segment in order to secure an alternative source of income to our Group's existing business.

In view of our Group's above strategy, the overall outlook for our Group is expected to be positive with the continued commitment of the Government towards its transition to renewable energy, as well as the Government's incentive to improve its public transportation services. Moving forward, our Group will continue to monitor its existing businesses whilst being on the lookout to secure more opportunities for its solar energy and railway supporting businesses.

Solar Energy Segment

As the global shift toward renewable energy gains momentum, the Malaysian government has introduced several incentives to encourage Malaysian companies to embrace solar energy, meeting the country's growing power demand while addressing environmental concerns. Key initiatives include the implementation of the NEM program, the LSS program, the Supply Agreement with Renewable Energy, and the Self-Consumption program.

In addition, the Government has established the GTFS under the National Green Technology Policy to promote the domestic production of Green Technology. In 2023, the Ministry of Finance reinstated GTFS, extending its period until December 31, 2025. In the Budget 2024, the Green Investment Tax Allowance and Green Income Tax Exemption have been extended to December 31, 2026.

Our Group's existing solar PV plant in located at Keramat Putra, Simpang Pulai, Kinta, Perak is anticipated to contribute positively to our Group's performance in the future, with thirteen (13) years up to year 2036 remaining in the concession. Additionally, our Group has secured the Meru project involving the construction, management and maintenance of a solar PV rooftop system in a manufacturing plant in Meru, Klang, Selangor, with a lease tenure of 10 years. Initiated in December 2022, the Meru Project is projected to conclude within 18 months from its commencement, followed by the commencement of the solar PV rooftop system's operation within three months. With proper and timely maintenance, these facilities are poised to contribute sustainable cash flows to our Group once the Meru Project is operational.

At this juncture, our Group is in the midst of negotiating for 3 projects in the supply and installation of Solar PV systems in commercial buildings. With these upcoming projects, it is expected to contribute to the growth of the Renewable Energy segment.

Considering the aforementioned developments, the outlook for the Solar PV industry remains optimistic and aligns with global initiatives focusing on renewable energy. Consistent with our Group's mission to provide cleaner and renewable energy by harnessing natural sunlight, our Group is committed to growth and strongly believes that the prospects of Green Energy remain positive.

ICT Trading Segment

The ICT trading segment of our Group, which involves value-added reselling and provisioning of computer products and related accessories, has been providing continuous revenue to our Group. Although there have been no cancellations of orders and no reports of disruptions in the supply chain, our Group expects future orders to be affected due to the highly competitive landscape, with numerous competitors competing for market share.

Railway Supporting Segment

During the FYE 2023, rail project was the main revenue contributor for our Group with the Supply Contract for the procurement and supply of spare parts to perform the intermediate overhaul of fifty sets Ampang 6-Car Light Rail Vehicle for the Ampang Line LRT.

To facilitate the advancement of the railway system in Malaysia, the Government has introduced the Malaysian Rail Supporting Industry Roadmap 2030. This roadmap outlines the strategic direction and plans for the development of the railway sector in the country.

Premised on the positive of outlook of the rail supporting industry as set out above and in Section 6.5 of this Abridged Prospectus, our Group remains optimistic of the railway business and will continue to actively pursue rail related projects and procure opportunities domestically to replenish its orderbook.

(Source: Management of Vsolar)

7. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

7.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the share capital of our Company are set out below.

	Minimum Scenario		Maximum Scenario	
	No. of Vsolar Shares	RM	No. of Vsolar Share	RM
Existing issued share capital as at LPD	161,158,069	177,099,150	161,158,069	177,099,150
Issuance of Rights Shares	75,000,000	⁽¹⁾⁽²⁾ 1,775,000	644,632,276	⁽¹⁾⁽²⁾ 29,297,717
Enlarged share capital after Rights Issue with Warrants	236,158,069	178,874,150	805,790,345	206,396,867
New Shares to be issued assuming full exercise of Warrants C	37,500,000	⁽³⁾ 8,475,000	322,316,138	⁽³⁾ 66,397,125
Enlarged share capital	273,658,069	187,349,150	1,128,106,483	272,793,992

Notes:

- (1) Based on the Issue Price of RM0.100 per Rights Share and after accounting for the creation of RM4,725,000 and RM34,165,511 warrant reserve at a fair value of RM0.126 and RM0.106 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) based on the Minimum Scenario and Maximum Scenario, respectively.
- (2) After deducting the estimated expenses of RM1.00 million for the Proposals
- (3) Based on the exercise price of RM0.100 per Warrant C and after accounting for the reversal of RM4,725,000 and RM34,165,511 warrant reserve based on the Minimum Scenario and Maximum Scenario, respectively.

7.2 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings/losses of our Company will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the use of the proceeds to be raised from the Rights Issue with Warrants.

The Rights Issue with Warrants is expected to contribute to the future earnings of Vsolar Group as the proceeds to be raised from the Rights Issue with Warrants will be utilised for the solar PV projects and Railway Business.

However, the EPS/LPS may be proportionately diluted as a result of the increase in the number of Vsolar Shares following the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants C.

For illustration purposes only, the pro forma effects on the consolidated earnings and earnings per Share assuming the Rights Issue with Warrants had been effected at the beginning of FYE 2023 and FPE 2023 are as follows:

	LAT (RM'000)	Minimum Scenario		Maximum Scenario	
		No of shares ('000)	LPS (RM)	No of shares ('000)	LPS (RM)
Audited LAT for the FYE 2023	(14,874)	161,158	(0.092)	161,158	(0.092)
After the Rights Issue with Warrants	(14,874)	236,158	(0.063)	805,790	(0.018)
Assuming full exercise of the Warrants C	(14,874)	273,658	(0.054)	1,128,106	(0.013)
	PAT (RM'000)	Minimum Scenario		Maximum Scenario	
		No of shares ('000)	EPS (RM)	No of shares ('000)	EPS (RM)
Unaudited PAT for the 6-month FPE 2023	184	161,158	0.001	161,158	0.001
After the Rights Issue with Warrants	184	236,158	0.001	805,790	negligible
Assuming full exercise of the Warrants C	184	273,658	0.001	1,128,106	negligible

7.3 Convertible securities

As at the LPD, our Company does not have any convertible securities.

7.4 NA and gearing

Based on the unaudited consolidated statement of financial position as at 31 December 2023, the pro forma effects of the Rights Issue with Warrants on the NA and gearing of our Group are set out below:

Minimum Scenario

		(I)	(II)
	Unaudited as at 31 December 2023	After the Rights Issue with Warrants	After (I) and assuming full exercise of all Warrants C
	RM'000	RM'000	RM'000
Share capital	177,099	⁽¹⁾⁽²⁾ 178,874	⁽³⁾ 187,349
Warrant reserve	-	⁽²⁾ 4,725	⁽³⁾ -
Accumulated losses	(85,453)	(85,453)	(85,453)
Shareholders' funds/NA	91,646	98,146	101,896
Non-controlling interest	(2)	(2)	(2)
Total equity	91,644	98,144	101,894
No. of Vsolar Shares ('000)	161,158	⁽¹⁾ 236,158	⁽³⁾ 273,658
NA per Vsolar Share (RM) ⁽⁴⁾	0.57	0.42	0.37
Interest bearing borrowings (RM'000)	1,458	1,458	1,458
Gearing	negligible	negligible	negligible

Notes:

- (1) Based on the issuance of 75,000,000 Rights Shares at the Issue Price of RM0.100 per Rights Share and after deducting the estimated expenses of RM1.00 million for the Proposals.
- (2) After accounting for the creation of RM4,725,000 warrant reserve based on the issuance of 37,500,000 Warrants C at a fair value of RM0.126 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (3) Based on the exercise of 37,500,000 Warrants C at the Exercise Price of RM0.100 per Warrant C and after accounting for the reversal of RM4,725,000 warrant reserve.
- (4) Computed by taking the total NA of our Group divided by the number of Shares in issuance.

[The rest of this page is intentionally left blank]

Maximum Scenario

		(I)	(II)
	Unaudited as at 31 December 2023	After the Rights Issue with Warrants	After (I) and assuming full exercise of all Warrants C
	RM'000	RM'000	RM'000
Share capital	177,099	⁽¹⁾⁽²⁾ 206,397	⁽³⁾ 272,794
Warrant reserve	-	⁽²⁾ 34,165	⁽³⁾ -
Accumulated losses	(85,453)	(85,453)	(85,453)
Shareholders' funds/NA	91,646	155,109	187,341
Non-controlling interest	(2)	(2)	(2)
Total equity	91,644	155,107	187,339
No. of Vsolar Shares ('000)	161,158	⁽¹⁾ 805,790	⁽³⁾ 1,128,106
NA per Vsolar Share (RM) ⁽⁴⁾	0.57	0.19	0.17
Interest bearing borrowings (RM'000)	1,458	1,458	1,458
Gearing	negligible	negligible	negligible

Notes:

- (1) Based on the issuance of 644,632,276 Rights Shares at the Issue Price of RM0.100 per Rights Share and after deducting the estimated expenses of RM1.00 million for the Proposals.
- (2) After accounting for the creation of RM34,165,511 warrant reserve based on the issuance of 322,316,138 Warrants C at a fair value of RM0.106 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (3) Based on the exercise of 322,316,138 Warrants C at the Exercise Price of RM0.100 per Warrant C and after accounting for the reversal of RM34,165,511 warrant reserve.
- (4) Computed by taking the total NA of our Group divided by the number of Shares in issuance.

[The rest of this page is intentionally left blank]

7.5 Substantial shareholders' shareholdings

The pro forma effects of the Rights Issue with Warrants on the shareholdings of the substantial shareholders of Vsolar as at the LPD are set out below:

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
AE Multi Industries Sdn Bhd	29,203,720	18.12	-	-	29,203,720	12.37	-	-
AE Multi Holdings Berhad	-	-	(4)29,203,720	18.12	-	-	(4)29,203,720	12.37
Koo Kien Yoon	16,666	0.01	-	-	75,016,666	31.77	-	-
	(II)							
	After (I) and assuming full exercise of Warrants C							
	Direct		Indirect					
	No. of Shares	(3)%	No. of Shares	(3)%				
AE Multi Industries Sdn Bhd	29,203,720	10.67	-	-				
AE Multi Holdings Berhad	-	-	(4)29,203,720	10.67				
Koo Kien Yoon	112,516,666	41.12	-	-				

Notes:

- (1) Based on the issued share capital of 161,158,069 Shares.
- (2) Based on the issued share capital of 236,158,069 Shares after the Rights Issue with Warrants.
- (3) Based on the issued share capital of 273,658,069 Shares assuming full exercise of the Warrants C.
- (4) Deemed interested by virtue of the shares held by AE Multi Industries Sdn Bhd pursuant to Section 8 of the Act.

Maximum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
AE Multi Industries Sdn Bhd	29,203,720	18.12	-	-	146,018,600	18.12	-	-
AE Multi Holdings Berhad	-	-	(4)29,203,720	18.12	-	-	(4)146,018,600	18.12

	(II) After (I) and assuming full exercise of Warrants C			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
AE Multi Industries Sdn Bhd	202,426,040	18.12	-	-
AE Multi Holdings Berhad	-	-	(4)204,426,040	18.12

Notes:

- (1) Based on the issued share capital of 161,158,069 Shares.
- (2) Based on the issued share capital of 805,790,345 Shares after the Rights Issue with Warrants.
- (3) Based on the issued share capital of 1,128,106,483 Shares assuming full exercise of the Warrants C.
- (4) Deemed interested by virtue of the shares held by AE Multi Industries Sdn Bhd pursuant to Section 8 of the Act.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital and sources of liquidity

Our Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions as well as our Group's existing cash and bank balances.

As at the LPD, we hold cash and bank balances of RM23.14 million. Apart from cash and bank balances, our Group does not have access to any other material unused sources of liquidity as at the LPD.

Our Board confirms that, after taking into consideration the funds generated from our Group's operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

8.2 Borrowings

As at LPD, our Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out below:

Borrowings	Outstanding amount as at LPD RM'000
Short term borrowings (Secured)	
Bank overdraft	14

Our Group has not incurred any foreign borrowings/financing. There has not been any default on payments or either interest and/or principal sums on any borrowings throughout the past 1 financial year and subsequent financial period up to the LPD.

8.3 Material commitments

As at LPD, our Board confirms that there are no material capital commitment, incurred or known to be incurred by Vsolar Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group.

8.4 Contingent liabilities

As at LPD, our Board confirms that there are no contingent liabilities, incurred or known to be incurred by Vsolar Group, which upon becoming enforceable, may have a material impact on the financial position or business of our Group.

8.5 Material transactions

Our Board confirms that save for the Rights Issue with Warrants, there are no other transactions which may have a material effect on our operations, financial position and results since the latest unaudited consolidated financial statements of our Group for FPE 2023.

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION

This Abridged Prospectus and the RSF contain full instructions for the acceptance of and payment for the Provisional Allotments as well as the Excess Rights Shares with Warrants C Applications and the procedures to be followed if you and/or your renouncee(s) and/or transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement. You and/or your renouncee(s) and/or transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

9.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF which is to be used for the acceptance of the Provisional Allotments, and for the application of any Excess Rights Shares with Warrants C under excess application, should you wish to do so.

This Abridged Prospectus and RSF are also available at the registered office of our Company, our Share Registrar's office or on Bursa Securities' website at <https://www.bursamalaysia.com>.

9.2 NPA

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the rules of Bursa Depository. Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

9.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants C is on Friday, 22 March 2024 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

We shall make an announcement on Bursa Securities in relation to the outcome of the Rights Issue with Warrants after the Closing Date.

9.4 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares with Warrants C, if you choose to do so, using either of the following methods:

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

9.5 Procedures for full acceptance and payment

9.5.1 By way of RSF

Acceptance and payment for the Provisional Allotments allotted to you as an Entitled Shareholder or your renounee(s) and/or transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, EXCESS RIGHTS SHARES WITH WARRANTS C AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you and/or your renounee(s) and/or transferee(s) (if applicable) wish to accept all or part of the Provisional Allotments, please complete Part I(a) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER OR DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Workshire Share Registration Sdn Bhd
A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan

Telephone number: 03-6413 3271

so as to arrive not later than 5.00 p.m. on Friday, 22 March 2024, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

If you and/ or your renounee(s) and/ or transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/ or your renounee(s) and/ or transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our registered office or the website of Bursa Securities at <https://www.bursamalaysia.com>.

1 RSF can only be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. If successful, Rights Shares with Warrants C subscribed by you or your renounee(s) transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. However, you and/ or your renounee(s) and/ or transferee(s) (if applicable) should take note that a trading board lot for the Rights Issue comprises of 100 Rights Shares and 100 Warrants C respectively. Successful applicants of the Rights Shares will be given free attached Warrants C on the basis of 2 Warrants C for every 4 Rights Share successfully subscribed for. Fractional entitlements arising from the Rights Issue with Warrants will be disregarded and dealt with by our Board as they may deem fit and expedient and in the best interest of our Company.

If acceptance and payment for the Provisional Allotments to you and/or your renounee(s) and/or transferee(s) (if applicable) is not received by our Share Registrar on Friday, 22 March 2024 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renounee(s) and/or transferee(s) (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renounee(s) and/or transferee(s) (if applicable) and it will be cancelled.

Such Rights Shares with Warrants C not taken up by you will be allotted to the applicants applying for Excess Rights Shares with Warrants C. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "VSOLAR RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS, CONTACT NUMBER AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.

ALL RIGHTS SHARES AND WARRANTS C TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND WARRANTS C INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

9.5.2 By way of e-Subscription

The e-Subscription is available to you upon your login to our Share Registrar's Investor Portal at <https://www.wscs.com.my/>. You are advised to read the instructions as well as the terms and conditions of the e-Subscription .

The e-Subscription is available to all Entitled Shareholders.

Entitled Shareholders who wish to subscribe for the Rights Shares with Warrants C and apply for the Excess Rights Shares with Warrants C by way of e-Subscription, shall take note of the following:

- (a) the e-Subscription will be closed at **5.00 p.m. on Friday, 22 March 2024**. All valid e-Subscription received by our Share Registrar is irrevocable and cannot be subsequently withdrawn;
- (b) the e-Subscription must be made in accordance with the procedures and terms and conditions of the e-Subscription, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via our Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of our Board.
- (c) your application for the Rights Shares with Warrants C and Excess Rights Shares with Warrants C must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:

Name of Bank : Maybank Islamic Berhad
Name of Account : VSOLAR RIGHTS ISSUE ACCOUNT
Bank Account No : 562843574898

You are required to pay an additional fee of **RM15.00** being the stamp duty and handling fee for each application via e-Subscription.

- (d) All Entitled Shareholders who wish to opt for e-Subscription are required to follow the procedures and read the terms and conditions as stated below:-

[The rest of this page is intentionally left blank]

Procedures

No	Procedures	Action
1.	Register as a user with the Investor Portal	<ul style="list-style-type: none"> - Access the website at https://www.wscs.com.my/. Click Investor Portal. You may refer to the user manual for assistance. - Read and agree to the terms and conditions and confirm the declaration. - Upon submission of your registration, your account will be activated within one working day. - If you have already registered an account with Investor Portal, you are not required to register again.
2.	Sign in to Investor Portal	<ul style="list-style-type: none"> - Login with your user ID and password for e-Subscription before the Closing Date.
3.	Complete the e-Subscription	<ul style="list-style-type: none"> - Select the corporate exercise "VSOLAR GROUP BERHAD – RIGHTS ISSUE WITH WARRANTS". - Key in/check your full name, CDS account number, contact number, the number of units for acceptance of your Rights Shares with Warrants C and Excess Rights Shares with Warrants C (if you choose to apply for additional Rights Shares with Warrants C). - Proceed to make payment via online banking and indicate your name and last 9 digits of the CDS account number. - Upload the proof of payment(s) and ensure all the information provided is accurate before submitting the e-RSF. - Print your e-RSF for your reference and record.

If you encounter any problems during the registration or submission, please email our Share Registrar at support@wscs.com.my for assistance.

Terms and Conditions of e-Subscription

By submitting your acceptance of the Rights Shares with Warrants C and application of the Excess Rights Shares with Warrants C (if applicable) by way of e-Subscription:

(i) You acknowledge that your submission by way of e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of our Company or our Share Registrar and irrevocably agree that if:

- (1) our Company or our Share Registrar does not receive your submission of the e-RSF; or
- (2) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted;

your submission of the e-RSF will be deemed as failed and not to have been made. Our Company and our Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your e-Subscription due to the above reasons and you further agree that you may not make any claims whatsoever against our Company or our Share Registrar for any loss,

compensation or damage in relation to the unsuccessful or failure of your e-Subscription.

- (ii) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of e-Subscription may be rejected at the absolute discretion of our Board without assigning any reason.
- (iii) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.
- (iv) You agree that all the Rights Shares and Warrants C to be issued pursuant to the Rights Issue with Warrants will be allotted by way of crediting the Rights Shares and Warrants C into your CDS account. No physical share or warrant certificates will be issued.
- (v) You agree that our Company and our Share Registrar reserve the right to reject your application which does not conform to these terms and conditions.
- (vi) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date.
- (vii) Where your application is not accepted or accepted only in part, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest by banker's cheque within 15 Market Days from the Closing Date and will be despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk.

9.6 Procedures for part acceptance

If you do not wish to accept the Provisional Allotments to you in full, you are entitled to accept part of your entitlements that can be subscribed/applied for. The minimum number of Rights Shares that may be subscribed for or accepted is 1 Rights Share. However, the Warrants C will be issued in the proportion of 2 Warrants C for every 4 Rights Shares subscribed.

You may refer to the procedures set out in Section 9.5 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotments that have not been accepted will be made available to applicants for excess applications.

9.7 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, you and/or your renounee(s) and/or transferee(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants C to 1 or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Accounts.

To sell/transfer of all or part of your entitlement to the Rights Shares with Warrants C, you and/or your renounee(s) and/or transferee(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa

Depository. Please refer to Sections 9.5 of this Abridged Prospectus for the procedures of acceptance and payment by way of RSF.

In selling/transferring all or part of your Provisional Allotments, you and/or your renounee(s) and/or transferee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renounee(s) and/or transferee(s) (if applicable) must ensure that there is sufficient Provisional Allotments standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the Provisional Allotments may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website at <https://www.bursamalaysia.com>.

9.8 Procedures for acceptance by renounee(s) and/or transferee(s)

Renounee(s) and/or transferee(s) who wish to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website at <https://www.bursamalaysia.com> and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 9.5 of this Abridged Prospectus also applies to renounee(s) and/or transferee(s) who wish to accept the Provisional Allotments.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

9.9 Procedures for excess application

9.9.1 By way of RSF

As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) may apply for excess Rights Shares with Warrants C in addition to the Provisional Allotments by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **combined remittance** for the full amount payable in respect of the Excess Rights Shares with Warrants C applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on Friday, 22 March 2024, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the Excess Rights Shares with Warrants C applied for should be made in the same manner set out in Section 9.5 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**" and made payable to "**VSOLAR RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with the name, address and CDS Account Number of the applicant in block letters to be received by our Share Registrar.

Our Board will allot the Excess Rights Shares with Warrants C applied for under Part I(b) of the RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of our Board to allot the Excess Rights Shares with Warrants C in the following priority:

- (a) Firstly, to minimise the incidence of odd lots;

- (b) Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as per their CDS accounts as at the Entitlement Date;
- (c) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants C application; and
- (d) Fourthly, for allocation to renouncee(s); and/or transferee(s) who have applied for Excess Rights Shares with Warrants C, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares with Warrants C application.

The Excess Rights Shares and Warrants C will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants C. Thereafter, the Excess Rights Shares and Warrants C will be allocated in the order of (ii) to (iv), and any balance thereafter will be allocated in the same sequence of allocation, i.e. items (ii) to (iv) until all Excess Rights Shares with Warrants C are allotted. Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants C applied for under Part 1 (b) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the priority set out in (i) to (iv) are achieved. Our Board also reserves the right not to accept or to accept any application for Excess Rights Shares with Warrants C, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.

9.9.2 By way of e-Subscription

You and/ or your renounee(s) and/ or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants C in excess of your entitlement via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants C by following the same steps as set out in Section 9.5.2 of this Abridged Prospectus.

The e-Subscription for Excess Rights Shares with Warrants C will be made on, subject to, the same terms and conditions appearing in Section 9.5.2 of this Abridged Prospectus.

Any Rights Shares with Warrants C which are not taken up or not validly taken up by you and/or your renounee(s) and/ or transferee(s) (if applicable) shall be made available for Excess Rights Shares with Warrants C. It is the intention of our Board to allot the Excess Rights Shares with Warrants C, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 9.9.1 above.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT FROM WHICH YOUR E-SUBSCRIPTION WAS MADE. IF THE CREDITING OF THE REFUND INTO YOUR BANK ACCOUNT WAS NOT SUCCESSFUL, THE REFUND WILL THEN BE MADE VIA CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.

9.10 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants C are prescribed securities and as such, the SICDA and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Warrants C will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

A notice of allotment will be despatched to you and/ or your renounee(s) and/ or transferee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

Where the Rights Shares and the Warrants C are provisionally allotted to the Entitled Shareholders in respect of their existing Vsolar Shares standing to the credit in their CDS Account as at the Entitlement Date, the acceptance by the Entitled Shareholders of the Provisional Rights Shares shall mean that they consent to receive such Provisional Rights Shares as prescribed or deposited securities which will be credited directly into their CDS Account.

Any person who intends to subscribe for the Rights Shares with Warrants C as a renounee by purchasing the Provisional Allotments from an Entitled Shareholder will have his Rights Shares with Warrants C credited directly as prescribed securities into his CDS Account.

The Excess Rights Shares with Warrants C, if allotted to the successful applicant who applies for Excess Rights Shares with Warrants C, will be credited directly as prescribed securities into his CDS Account.

9.11 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

- (a) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;
- (b) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (c) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (d) they are aware that the Rights Shares with Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (e) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants C; and
- (f) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants C, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants C.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants C from any such application by foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants C as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

[The rest of this page is intentionally left blank]

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants C pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll C, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are advised to refer to the ensuing appendices for further information.

Yours faithfully,
for and on behalf of the Board of Directors,
VSOLAR GROUP BERHAD



KOO KIEN YOON
Executive Director

INFORMATION ON OUR COMPANY**1. BOARD OF DIRECTORS**

The details of our Board are set out below:

Name (<i>Designation</i>)	Age	Address	Nationality
Khairul Azwan Bin Harun <i>(Independent Chairman)</i>	47	No. 43, Jalan Puncak Kiara Utama Kiara View 50480 Kuala Lumpur W.P. Kuala Lumpur	Malaysian
Koo Kien Yoon <i>(Executive Director)</i>	47	20, Tiara Residence Kg Kayu Ara Damansara Jalan Kekwa, Damansara 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian
Ng Chee Kin <i>(Independent Director)</i>	54	No. 26, Jalan Hujan Abu 4 O.U.G 58200 Kuala Lumpur W.P. Kuala Lumpur	Malaysian
Chuah Hoon Hong <i>(Independent Director)</i>	37	2-1, Lagenda Mas Villa Lot 156, Jalan Matang 3 Taman Sri Kuching 51200 Kuala Lumpur W.P. Kuala Lumpur	Malaysian
Datuk Salmah Hayati Binti Ghazali <i>(Independent Director)</i>	67	12, Jalan Ubin U8/19D Sek U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian

[The rest of this page is intentionally left blank]

INFORMATION ON OUR COMPANY (Cont'd)**2. SHARE CAPITAL**

As at LPD, our issued share capital is RM177,099,150 comprising 161,158,069 Vsolar Shares.

3. HISTORICAL SHARE PRICE PERFORMANCE

The monthly highest and lowest market prices of Vsolar Shares as traded on Bursa Securities for the past 12 months are as follows:

	<u>High</u>	<u>Low</u>
	<u>RM</u>	<u>RM</u>
2023		
January	0.300	0.150
February	0.300	0.150
March	0.300	0.150
April	0.300	0.150
May	0.300	0.145
June	0.355	0.165
July	0.245	0.185
August	0.315	0.235
September	0.285	0.145
October	0.165	0.130
November	0.150	0.130
December	0.250	0.130

2024

January	0.225	0.150
---------	-------	-------

The last transacted market price of Vsolar Shares immediately prior to the announcement of the Proposals on 7 April 2022	0.300
--	-------

Last transacted market price on LPD	0.200
-------------------------------------	-------

The last transacted market price of Vsolar Shares on the market day prior to ex-rights date on 6 March 2024	0.108
---	-------

Note:

The historical share price performance for the past 12 months has been adjusted for taking into consideration the share consolidation of 30 Vsolar Shares into 1 Consolidated Share, which was completed on 24 May 2023.

(Source: M&A Securities)

INFORMATION ON OUR COMPANY (Cont'd)

4. OPTION TO SUBSCRIBE FOR SHARES

As at the date of this Abridged Prospectus, save for the Provisional Allotments as well as Excess Rights Shares with Warrants C, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.

5. MATERIAL CONTRACTS

Save as disclosed as below, our Board confirms that neither Vsolar nor its subsidiaries have entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past 2 years preceding the date of this Abridged Prospectus:

- (a) On 20 July 2021, VESB has appointed WL to act as the local consultant and facilitator in Taiwan to undertake the necessary scope of works regarding VESB's participation in a bidding exercise for 52.7MW Greenfield PV Power Plant Project ("**the Project**") in Taiwan. The scope of works include:
- (i) To assist VESB in facilitating a bank guarantee in Taiwan for the purpose of securing the land site for the Project;
 - (ii) To execute all the necessary ground work especially when dealing with the local government authorities and councils for the Project and to help translate all of the Project's documents from Taiwanese to English language whenever applicable; and
 - (iii) To carry out due diligence on the commercial viability and legitimacy of the Project.

Vsolar and WL then signed a Trust Deed dated 31 May 2022 for the purpose of the deposits paid by Vsolar to WL in the amount of USD2,173,300.00 to be satisfied in cash for the purpose of placement of bank guarantee to secure the land rights for the Project.

The Project was then terminated as a result of reports of endangered species on the land and the bank guarantee was fully refunded to VESB on 5 May 2023; and

- (b) Deed Poll C

6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither Vsolar nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against Vsolar and its subsidiaries or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of Vsolar and its subsidiaries.

INFORMATION ON OUR COMPANY (Cont'd)**7. KEY FINANCIAL INFORMATION****7.1 Historical financial performance**

	Audited				Unaudited	
	FYE	FYE	FYE	FYE	6-month	6-month
	2020	2021	2022	2023	FPE	FPE
	RM'000	RM'000	RM'000	RM'000	2022	2023
Revenue	2,782	7,727	10,279	8,946	4,737	4,951
Cost of sales	(1,849)	(6,621)	(10,008)	(7,907)	(4,377)	(4,575)
Gross profit	933	1,106	271	1,039	360	376
Other operating income	75	415	2,099	1,815	460	2,022
Administrative expenses	(5,108)	(35,979)	(28,575)	(17,471)	(10,818)	(2,034)
Finance costs	(43)	(60)	(70)	(65)	(31)	(29)
(LBT)/PBT	(4,143)	(34,518)	(26,275)	(14,682)	(10,029)	335
Tax credit/(expenses)	3	(125)	(73)	(192)	-	(151)
(LAT)/PAT	(4,140)	(34,643)	(26,348)	(14,874)	(10,029)	184
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(3,895)	(34,643)	(26,345)	(14,868)	(10,027)	180
Non-controlling interest	(245)	*	(3)	(6)	(2)	4
Total comprehensive (expense)/income for the financial year/period	(4,140)	(34,643)	(26,348)	(14,874)	(10,029)	184

Financial commentary for the 6-month FPE 2023 compared to 6-month FPE 2022

Our Group's revenue increased by RM0.21 million or 4.43% from RM4.74 million in the 6-month FPE 2022 to RM4.95 million in the 6-month FPE 2023. The increase in revenue was primarily contributed by the 5 newly secured solar PV projects in commercial buildings.

Our Group has recorded a higher GP of RM0.38 million in the 6-month FPE 2023 compared to RM0.36 million in the 6-month FPE 2022, representing an increase of approximately RM0.02 million or approximately 5.56%. The GP margin for the 6-month FPE 2023 of 7.59% is consistent with that of the 6-month FPE 2022 of 7.60%. The higher GP from the solar PV projects are due to the higher revenue from the 5 newly secured solar PV projects comparatively to our Group's trading business in FPE 2022.

INFORMATION ON OUR COMPANY (Cont'd)

Our Group has achieved PAT of RM0.18 million in the 6-month FPE 2023 as compared to LAT of RM10.03 million in the 6-month FPE 2022. This is mainly attributable to reversal of impairment loss on trade receivables of RM1.02 million and fair value gain on other investment (comprising of quoted shares on Bursa Securities) of RM0.53 million in the 6-month FPE 2023 compared to fair value loss on other investment of RM9.17 million in the 6-month FPE 2022.

Financial commentary for the FYE 2023 compared to FYE 2022

Our Group's revenue decreased by RM1.33 million or 12.94% from RM10.28 million in FYE 2022 to RM8.95 million in FYE 2023. The decrease in revenue was primarily impacted by lower demand of IT products in our trading segment, as our Group has yet to conceive any exclusive products to compete with the competitive market.

Our Group has recorded a higher GP of RM1.04 million in FYE 2023 compared to RM0.27 million in the previous financial year, representing an increase of approximately RM0.77 million or approximately 285.19%. The GP margin for FYE 2023 of 11.61% is higher than that of FYE 2022 of 2.64%, which was mainly due to higher margin from the railway business and solar energy segment.

Our Group's LAT has decreased by RM11.48 million or 43.57% from RM26.35 million in FYE 2022 to RM14.87 million in FYE 2023. The higher loss after tax in the previous financial year is mainly attributable to share based payment under our Group's ESOS amounting to RM14.90 million.

Financial commentary for the FYE 2022 compared to FYE 2021

Our Group's revenue increased by RM2.55 million or 32.99% from RM7.73 million in FYE 2021 to RM10.28 million in FYE 2022 mainly due to the commencement of the supply of spare parts of 50 sets of Ampang 6-Car Light Rail Vehicle for the Ampang Line LRT in June 2022.

Despite recording a higher revenue, our Group recorded a lower GP of RM0.27 million in FYE 2022 compared to RM1.11 million in the previous financial year, representing a decrease of approximately 75.68%. The GP margin for FYE 2022 of 2.64% is lower than that of FYE 2021 of 14.31%, mainly impacted by the higher cost incurred in repair and maintenance of solar farm as well as lower margin from the trading business segment.

Our Group's LAT has decreased by RM8.29 million or 23.93% from RM34.64 million in FYE 2021 to RM26.35 million in FYE 2022. The higher loss after tax in the previous financial year end is mainly attributable to share based payment under our Group's ESOS amounting to RM27.62 million (FYE 2022: RM14.90 million) and impairment of property, plant and equipment of RM3.50 million (FYE 2022: nil).

Financial commentary for the FYE 2021 compared to FYE 2020

Our Group's revenue increased by RM4.95 million or 178.06% from RM2.78 million in FYE 2020 to RM7.73 million in FYE 2021. This is mainly due to the higher revenue contribution from commencement and completion of mechanical and electrical work for Komark International (M) Sdn Bhd's site in Taman Cheras Jaya; and trading in IT products due to higher demand from our Group's distributor customers and consumers demand recovery post pandemic.

In line with the higher revenue, our Group recorded a higher GP of RM1.11 million in FYE 2021 compared to RM0.93 million in the previous financial year, representing an increase of approximately RM0.18 million or 19.35%. However, the GP margin for FYE 2021 of 14.31% is lower than that of FYE 2020 of 33.54%, mainly attributable to the lower margin from the ICT Trading segment.

INFORMATION ON OUR COMPANY (Cont'd)

Our Group's LAT increased by RM30.50 million or 736.71% from RM4.14 million in FYE 2020 to RM34.64 million in FYE 2021. This is mainly due to share based payment amounting to approximately RM27.62 million (FYE 2020: RM1.14 million) arising from the ESOS Options granted under our Group's ESOS; and impairment of losses on property, plant and equipment of approximately RM3.50 million incurred during FYE 2021 (FYE2020: nil) as indication of impairment are identified on our Group's solar PV plant. The impairment loss was recognized based on our Group's assessment of the recoverable amount of the solar PV plant, whereby the recoverable amount was lower than the carrying amount due to decrease in efficiency in generating income from the solar PV plant and increase in cost due to inflation.

[The rest of this page is intentionally left blank]

INFORMATION ON OUR COMPANY (Cont'd)**7.2 Historical financial position**

	Audited				Unaudited
	As at 30 June 2020	As at 30 June 2021	As at 30 June 2022	As at 30 June 2023	As at 31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	10,570	49,612	60,115	51,651	56,367
Current assets	5,824	55,333	51,052	48,897	37,500
Total assets	16,394	104,945	111,167	100,548	93,867
Share capital	50,759	147,029	177,099	177,099	177,099
Reserves	-	28,094	28,270	24,644	-
Retained earnings	(37,083)	(72,653)	(98,998)	(110,277)	(85,453)
Total equity attributable to owners of the company	13,676	102,470	106,371	91,466	91,646
Non-controlling interest	(962)	(35)	(38)	(7)	(2)
Total equity	12,714	102,435	106,333	91,459	91,644
Non-current liabilities	750	1,732	1,473	1,260	1,167
Current liabilities	2,930	778	3,361	7,829	1,056
Total liabilities	3,680	2,510	4,834	9,089	2,223
Total equity and liabilities	16,394	104,945	111,167	100,548	93,867

[The rest of this page is intentionally left blank]

INFORMATION ON OUR COMPANY (Cont'd)**7.3 Historical cash flows**

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	6-month FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Net cash from/(used in)</u>					
Operating activities	(2,636)	(6,496)	(17,902)	5,809	(353)
Investing activities	(16)	(42,121)	(18,877)	(2,048)	(4,680)
Financing activities	2,265	96,791	15,100	(336)	(194)
Net increase/(decrease) in cash and cash equivalents	(387)	48,174	(21,679)	3,425	(5,227)
Cash and cash equivalents at beginning of the year	598	211	48,385	26,706	30,131
Cash and cash equivalents at end of the year	211	48,385	26,706	30,131	24,904

8. Impact and value creation of the Proposals to our Company and our shareholders

Our Group's venture into the Railway Business through the Diversification will provide an alternative source of income to our Group's current core businesses. This is expected to contribute positively to our Group's financial performance.

The Share Consolidation is undertaken to improve our Company's capital structure as well as to facilitate the Rights Issue with Warrants. Our Company shall benefit from the easier management of a smaller number of Shares after the Share Consolidation. The higher share price resulting from the Share Consolidation also enables our Company to have more flexibility in fixing the issue price of the Rights Shares.

The Rights Issue with Warrants will enable our Group to raise additional funding without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving our Group's cash flow.

Pursuant to the Rights Issue with Warrants, the EPS/LPS of our Group shall be correspondingly diluted as a result of the increase in the number of Shares arising from the issuance of Rights Shares. Further to that, any future exercise of the Warrants C would result in dilution to the EPS/LPS of our Group at the relevant point in time. Further details on the effects of the Proposals on the NA and gearing as well as the earnings and EPS of our Group are set out in Section 7.2 of this Abridged Prospectus.

As set out in Section 4 of this Abridged Prospectus, the proceeds to be raised from the Rights Issue with Warrants are intended to be utilised mainly to fund the solar PV projects and the Railway Business.

INFORMATION ON OUR COMPANY (Cont'd)

The exercise of Warrants C in the future will allow our Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should our Company increase its borrowings in the future, the exercise of Warrants C will increase shareholders' funds and lower our Company's gearing.

Premised on the future prospects of the Solar PV industry and railway supporting industry in Malaysia as set out in Sections 6.4 and 6.5 of this Abridged Prospectus, the solar PV projects and the Railway Business are expected to contribute positively to the future earnings of our Group.

Despite the expected dilution on the EPS of our Group following the Rights Issue with Warrants, the Rights Issue with Warrants is expected to generate the benefits as disclosed in Section 4 of this Abridged Prospectus. This will aid our Company in its effort to continuously improve its financial performance and to enhance value for our shareholders moving forward.

9. Adequacy of the Rights Issue with Warrants in addressing our Company's financial concerns

Our management is of the view that the primary financial concern of our Group is our Group's continuous loss-making position. Taking cognizance of our Group's continuous loss-making position, our Board had decided to expand and diversify our Group's earnings base to include the Railway Business and thus, providing additional source of income stream to our Group.

Barring any unforeseen circumstances, given the outlook of the railway supporting industry as highlighted in Section 6.5 of this Abridged Prospectus, our Board is confident that it will enable our Group to successfully carry out the Railway Business, which in turn will contribute positively to the earnings of our Group moving forward.

The proceeds to be raised pursuant to the Rights Issue with Warrants is expected to provide sufficient funding for the solar PV projects that our Group is able to secure and working capital for the new Railway Business.

Our Board believes that, barring any unforeseen circumstances, the diversification of our Group's earnings base to include the Railway Business is expected to be earnings accretive to our Group. Premised on the foregoing and the proposed utilisation of proceeds from the Rights Issue with Warrants to improve our Group's financial position, our Board is of the view that the Proposals will adequately address the financial concerns of our Group.

10. Steps undertaken or to be undertaken to improve the financial condition of our Group

In view of our Group's continuous loss-making position, our Group has undertaken the following to improve the financial condition of our Group:

- (i) on 23 October 2020, our Group signed a memorandum of understanding with AT Glove to build, construct, manage and maintain the installation of a rooftop solar PV system at AT Glove's glove manufacturing plant located in Perak. The manufacturing plant is currently still utilizing genset as its source of electricity and AT Glove is currently awaiting for TNB to provide sufficient electricity to the Chemor area in order to commence the leasing arrangement. The leasing arrangement for this project will be formalised through a corporate power purchase agreement expected to be signed by second quarter of 2024;

INFORMATION ON OUR COMPANY (Cont'd)

- (ii) on 13 July 2020, our Company has completed the Rights Issue with Warrants 2020 which raised total proceeds of RM36.98 million to mainly fund its joint venture to develop up to 10 MW of biomass/biogas RE plant. The details and status of which are set out in Section 2.6 of this Abridged Prospectus;
- (iii) on 18 November 2020, our Company has completed the Private Placement November 2020 which raised total proceeds of RM7.2 million to mainly fund any future solar PV projects that our Group is able to secure, as set out in Section 2.6 of this Abridged Prospectus;
- (iv) on 11 January 2021, our Company has completed the Private Placement January 2021 which raised total proceeds of RM9.3 million to mainly fund any future solar PV projects that our Group is able to secure, as set out in Section 2.6 of this Abridged Prospectus; and
- (v) on 17 June 2021, our Company has completed the Private Placement June 2021 which raised total proceeds of RM14.7 million to mainly fund any future solar PV projects that our Group is able to secure, as set out in Section 2.6 of this Abridged Prospectus.

[The rest of this page is intentionally left blank]

INFORMATION ON OUR COMPANY (Cont'd)**11. DIRECTORS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue with Warrants on our Directors' shareholdings of Vsolar as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Khairul Azwan Bin Harun	-	-	-	-	-	-	-	-
Koo Kien Yoon	16,666	0.01	-	-	75,016,666	31.77	-	-
Ng Chee Kin	-	-	-	-	-	-	-	-
Chuah Hoon Hong	-	-	-	-	-	-	-	-
Datuk Salmah Hayati Binti Ghazali	-	-	-	-	-	-	-	-

	(II) After (I) and assuming full exercise of Warrants C			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Khairul Azwan Bin Harun	-	-	-	-
Koo Kien Yoon	112,516,666	41.12	-	-
Ng Chee Kin	-	-	-	-
Chuah Hoon Hong	-	-	-	-
Datuk Salmah Hayati Binti Ghazali	-	-	-	-

Notes:

- (1) Based on the issued share capital of 161,158,069 Shares.
- (2) Based on the issued share capital of 236,158,069 Shares after the Rights Issue with Warrants.
- (3) Based on the issued share capital of 273,658,069 Shares assuming full exercise of the Warrants C.

INFORMATION ON OUR COMPANY (Cont'd)**Maximum Scenario**

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Khairul Azwan Bin Harun	-	-	-	-	-	-	-	-
Koo Kien Yoon	16,666	0.01	-	-	83,330	0.01	-	-
Ng Chee Kin	-	-	-	-	-	-	-	-
Chuah Hoon Hong	-	-	-	-	-	-	-	-
Datuk Salmah Hayati Binti Ghazali	-	-	-	-	-	-	-	-

	(II) After (I) and assuming full exercise of Warrants C			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Khairul Azwan Bin Harun	-	-	-	-
Koo Kien Yoon	116,662	0.01	-	-
Ng Chee Kin	-	-	-	-
Chuah Hoon Hong	-	-	-	-
Datuk Salmah Hayati Binti Ghazali	-	-	-	-

Notes:

- (1) Based on the issued share capital of 161,158,069 Shares.
- (2) Based on the issued share capital of 805,790,345 Shares after the Rights Issue with Warrants.
- (3) Based on the issued share capital of 1,128,106,483 Shares assuming full exercise of the Warrants C.

INFORMATION ON OUR COMPANY (Cont'd)

12. WRITTEN CONSENTS

The written consents of our Principal Adviser, Company Secretary, Share Registrar, Reporting Accountants, IMR and Solicitors for the Rights Issue with Warrants for the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (i) Constitution of our Company;
- (ii) The IMR Report;
- (iii) Letters of consent as referred to in Section 12 of this Appendix;
- (iv) Letter of Undertaking as referred to in Section 2.5 of this Abridged Prospectus;
- (v) Pro forma consolidated statement of financial position of Vsolar Group as at 31 December 2023 together with the Reporting Accountants' letter thereon, as set out in Appendix II of this Abridged Prospectus; and
- (vi) Material contracts as referred to in Section 5 of this Appendix.

14. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, which the omission of which would make any statement herein false or misleading.

M&A Securities, being our Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



CAS MALAYSIA PLT
CHARTERED ACCOUNTANTS
 201606003206 (LLP0009918-LCA) & AF 1476

Head Office :
 B-5-1, IOI Boulevard, Jalan Kenari 5,
 Bandar Puchong Jaya, 47170 Puchong,
 Selangor Darul Ehsan.
 Tel : 603 - 8075 2300/80/81
 Fax : 603 - 8600 5463

Website : www.cas.net.my

Date: 29 FEB 2024

The Board of Directors
Vsolar Group Berhad
 Lot 13.3, 13th Floor, Menara Lien Hoe,
 No. 8, Persiaran Tropicana,
 Tropicana Golf & Country Resort,
 47410 Petaling Jaya, Selangor Darul Ehsan.

Dear Sirs,

**' VSOLAR GROUP BERHAD ("VSOLAR" OR THE "COMPANY")
 REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
 FINANCIAL POSITION AS AT 31 DECEMBER 2023**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Vsolar and its subsidiaries ("the Group") as at 31 December 2023 for which the Directors are solely responsible. The Pro Forma Consolidated Statements of Financial Position consist of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2023 together with the accompanying notes thereon (which we have stamped for the purpose of identification), as set out in the accompanying statements. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position of the Group has been compiled by the directors of Vsolar to illustrate the impact of the following proposals on the Group's financial position as at 31 December 2023, as if the following proposals had taken place 31 December 2023: -

- (a) Renounceable Rights Issue of up to 644,632,276 new ordinary shares in Vsolar Group Berhad ("Vsolar" or the "Company") ("Vsolar Shares" or "Shares") ("Rights Shares") at an issue price of RM0.10 per Right Share together with up to 322,316,138 free detachable warrants ("Warrants C") on the basis of 4 Rights Shares together with 2 Warrants C for every 1 existing Vsolar Share held as at 5.00 p.m. on Thursday, 7 March 2024 ("Right Issue with Warrants")

(Collectively referred to as the "Proposals")

As part of this process, information about the Group's financial position has been extracted by the directors of Vsolar from the unaudited consolidated financial statements of the Group for the financial period ended 31 December 2023.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)

**Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The directors of Vsolar are responsible for compiling the Pro Forma Consolidated Statements of Financial Position based on the Applicable Criteria.

Our Independence and Quality Control

We are independent of the Group in accordance with the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

The firm applies *International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and statutory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the directors of Vsolar based on the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements, ("ISAE") 3420 – *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material aspects, the Pro Forma Consolidated Statements of Financial Position on the basis of Applicable Criteria as described in the notes thereto.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)

**Reporting Accountants' Responsibilities (continued)**

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Circular to Shareholders of Vsolar is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Vsolar in the compilation of the Pro Forma Consolidated Statements of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Proposals, and to obtain sufficient appropriate evidence about whether: -

- (a) The related pro forma adjustments give appropriate effects to those criteria; and
- (b) The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



Opinion

In our opinion,

- (i) The Pro Forma Consolidated Statements of Financial Position of the Group have been properly compiled on the basis as set out in the accompanying notes to the Pro Forma Consolidated Statements of Financial Position based on the unaudited consolidated financial Statements of the Group for the financial period ended 31 December 2023 (which have been prepared by the directors of Vsolar in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its unaudited consolidated financial statements for the financial period ended 31 December 2023; and
- (ii) Each material adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purpose of preparing the Pro Forma Consolidated Statements of Financial Position.

This letter has been prepared for inclusion in the Abridged Prospectus to Shareholders of Vsolar in connection with the Proposal and is not to be used, circulated, quoted or otherwise referenced to any document or used for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

CAS MALAYSIA PLT
[201606003206 (LLP0009918-LCA) & (AF1476)]
Chartered Accountants

KONG JUNE HON
[No. 03158/05/2024(J)]
Chartered Accountant

Date: 29 FEB 2024

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

The Pro Forma Consolidated Statements of Financial Positions of Vsolar Group Berhad ("Vsolar" or "the Company") and its subsidiaries ("the Group") as at 31 December 2023 as set out below for which the directors of Vsolar are solely responsible, have been prepared for illustrative purposes only to show the effects on the unaudited consolidated statement of financial position of the Group as at 31 December 2023 had the proposals as described in Note 2 been effected on that date, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

Minimum Scenario

	Note	Unaudited as at 31.12.2023 RM	Pro Forma I After the Rights Issue with Warrants RM	Pro Forma II After (I) and assuming full exercise of all Warrants C RM
ASSETS				
Non-current assets				
Property, plant and equipment		3,684,054	3,684,054	3,684,054
Right-of-use assets		1,338,218	1,338,218	1,338,218
Other investments		51,345,135	51,345,135	51,345,135
Total non-current assets		56,367,407	56,367,407	56,367,407
Current assets				
Trade receivables		3,195,931	3,195,931	3,195,931
Other receivables	6	9,066,952	8,417,225	8,417,225
Tax recoverable		20,546	20,546	20,546
Fixed deposits placed with a licensed bank		299,899	299,899	299,899
Cash and bank balances	5	24,916,507	32,066,234	35,816,234
Total current assets		37,499,835	43,999,835	47,749,835
TOTAL ASSETS		93,867,242	100,367,242	104,117,242



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

Minimum Scenario (continued)

	Note	Unaudited as at 31.12.2023 RM	Pro Forma I After the Rights Issue with Warrants RM	Pro Forma II After (I) and assuming full exercise of all Warrants C RM
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company:				
Share capital	4	177,099,150	178,874,150	187,349,150
Warrant reserve	4	-	4,725,000	-
Accumulated losses	4	(85,452,652)	(85,452,652)	(85,452,652)
Shareholders' equity		<u>91,646,498</u>	<u>98,146,498</u>	<u>101,896,498</u>
Non-controlling interests		(2,464)	(2,464)	(2,464)
Total equity		<u>91,644,034</u>	<u>98,144,034</u>	<u>101,894,034</u>
Non-current liability				
Lease liabilities		<u>1,167,167</u>	<u>1,167,167</u>	<u>1,167,167</u>
Total non-current liability		<u>1,167,167</u>	<u>1,167,167</u>	<u>1,167,167</u>
Current liabilities				
Other payables		613,031	613,031	613,031
Bank overdraft		14,349	14,349	14,349
Lease liabilities		276,309	276,309	276,309
Provision for taxation		152,352	152,352	152,352
Total current liabilities		<u>1,056,041</u>	<u>1,056,041</u>	<u>1,056,041</u>
Total liabilities		<u>2,223,208</u>	<u>2,223,208</u>	<u>2,223,208</u>
TOTAL EQUITY AND LIABILITIES		<u>93,867,242</u>	<u>100,367,242</u>	<u>104,117,242</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

Minimum Scenario (continued)

	Unaudited as at 31.12.2023 RM	Pro Forma I After the Rights Issue with Warrants RM	Pro Forma II After (I) and assuming full exercise of all Warrants C RM
Number of Shares (unit)	161,158,069	236,158,069	273,658,069
Net assets per share (RM)	0.57	0.42	0.37
Total borrowings	1,457,825	1,457,825	1,457,825
Gearing (times)	negligible	negligible	negligible
Profit after taxation attributable to the owner of the Company	180,358	180,358	180,358
Weighted average number of shares in issue	161,158,069	236,158,069	273,658,069
Basic EPS (sen)	0.11	0.08	0.07
Adjusted weighted average number of Share in issue and issuable	161,158,069	236,158,069	273,658,069
Diluted EPS (sen)	0.11	0.08	0.07



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

Maximum Scenario

	Note	Unaudited as at 31.12.2023 RM	Pro Forma I After the Rights Issue with Warrants RM	Pro Forma II After (I) and assuming full exercise of all Warrants C RM
ASSETS				
Non-current assets				
Property, plant and equipment		3,684,054	3,684,054	3,684,054
Right-of-use assets		1,338,218	1,338,218	1,338,218
Other investments		51,345,135	51,345,135	51,345,135
Total non-current assets		56,367,407	56,367,407	56,367,407
Current assets				
Trade receivables		3,195,931	3,195,931	3,195,931
Other receivables	6	9,066,952	8,417,225	8,417,225
Tax recoverable		20,546	20,546	20,546
Fixed deposits placed with a licensed bank		299,899	299,899	299,899
Cash and bank balances	5	24,916,507	89,029,462	121,261,076
Total current assets		37,499,835	100,963,063	133,194,677
TOTAL ASSETS		93,867,242	157,330,470	189,562,084



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

Maximum Scenario (continued)

	Note	Unaudited as at 31.12.2023 RM	Pro Forma I After the Rights Issue with Warrants RM	Pro Forma II After (I) and assuming full exercise of all Warrants C RM
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company:				
Share capital	4	177,099,150	206,396,867	272,793,992
Warrant reserve	4	-	34,165,511	-
Accumulated losses	4	(85,452,652)	(85,452,652)	(85,452,652)
Shareholders' equity		<u>91,646,498</u>	<u>155,109,726</u>	<u>187,341,340</u>
Non-controlling interests		(2,464)	(2,464)	(2,464)
Total equity		<u>91,644,034</u>	<u>155,107,262</u>	<u>187,338,876</u>
Non-current liability				
Lease liabilities		<u>1,167,167</u>	<u>1,167,167</u>	<u>1,167,167</u>
Total non-current liability		<u>1,167,167</u>	<u>1,167,167</u>	<u>1,167,167</u>
Current liabilities				
Other payables		613,031	613,031	613,031
Bank overdraft		14,349	14,349	14,349
Lease liabilities		276,309	276,309	276,309
Provision for taxation		152,352	152,352	152,352
Total current liabilities		<u>1,056,041</u>	<u>1,056,041</u>	<u>1,056,041</u>
Total liabilities		<u>2,223,208</u>	<u>2,223,208</u>	<u>2,223,208</u>
TOTAL EQUITY AND LIABILITIES		<u>93,867,242</u>	<u>157,330,470</u>	<u>189,562,084</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

Maximum Scenario (continued)

	Unaudited as at 31.12.2023 RM	Pro Forma I After the Rights Issue with Warrants RM	Pro Forma II After (I) and assuming full exercise of all Warrants C RM
Number of Shares (unit)	161,158,069	805,790,345	1,128,106,483
Net assets per share (RM)	0.57	0.19	0.17
Total borrowings	1,457,825	1,457,825	1,457,825
Gearing (times)	negligible	negligible	negligible
Profit after taxation attributable to the owners of the Company	180,358	180,358	180,358
Weighted average number of shares in issue	161,158,069	805,790,345	1,128,106,483
Basic EPS (sen)	0.11	0.02	0.02
Adjusted weighted average number of Shares in issue and issuable	161,158,069	805,790,345	1,128,106,483
Diluted EPS (sen)	0.11	0.02	0.02



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Positions of the Group for which the directors of Vsolar are solely responsible, have been prepared for illustrative purposes only, to show the effects on the unaudited consolidated statement of financial position of the Group as at 31 December 2023 had the proposals as described in Note 2 been effected on that date, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

The Pro Forma Consolidated Statements of Financial Position of the Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its unaudited consolidated financial statements for the financial period ended 31 December 2023, which have been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia, and the adoption of the following new accounting policies:-

1.1 Fair value of Warrants C

For the preparation of the Pro Forma Consolidated Statements of Financial Position and for illustrative purposes only, the directors of Vsolar have allocated a fair value of RM0.1260 and RM0.1060 per Warrant based on the Minimum Scenario and Maximum Scenario, respectively to the free Warrants C based on the fair value of the Warrant extracted from Bloomberg as at 14 February 2024, being the latest practicable date ("LPD") prior to the announcement. The value of the Warrants C is based on the relative fair values of the ordinary shares by reference to the following information extracted from Bloomberg:-

Valuation model	:	Trinomial
5-days weighted average market price ("WAMP") up to the LPD	:	RM0.1435
Fixed exercise price	:	RM0.10 per Warrants C
Tenure of Warrants	:	5 years
Share price volatility	:	513.295%
Dividend	:	No dividend
Risk free interest rate	:	3.550%

As the above variables are subject to change upon the implementation of the Rights Issue with Warrants C as described in Note 2(a), the actual quantum of the components of the warrants fair value will only be determined upon issuance of the Warrants C. As such, the actual quantum may differ from the amount computed above.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

2. THE PROPOSALS

The Board of Directors of Vsolar intends to undertake the following proposals:-

- (a) Renounceable Rights Issue of up to 644,632,276 new ordinary shares in Vsolar Group Berhad ("Vsolar" or the "Company") ("Vsolar Shares" or "Shares") ("Rights Shares") at an issue price of RM0.10 per Right Share together with up to 322,316,138 free detachable warrants ("Warrants C") on the basis of 4 Rights Shares together with 2 Warrants C for every 1 existing Vsolar Share held as at 5.00 p.m. on Thursday, 7 March 2024 ("Right Issue with Warrants")

(Collectively hereinafter referred to as the "Proposals")

Utilisation of Proceeds from the Proposed Rights Issue with Warrants C

The proceeds from the Proposed Rights Issue with Warrants C will be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
(i) Funding for solar photovoltaic leasing projects	7,500	36,000
(ii) Working capital for Railway Business	-	27,463
(iii) Estimated expenses for the Proposals	-	1,000
Total	<u>7,500</u>	<u>64,463</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.1 Minimum Scenario

The minimum scenario has been prepared based on the following assumptions:-

- (i) Will be undertaken on the Minimum Subscription Basis, whereby the Company has procured the undertaking from Koo Kien Yoon, Executive Director of Vsolar, that he will apply and subscribe for Rights Shares of RM7.50 million (including his entitlement of Rights Shares and additional Rights Shares by way of excess Rights Shares application) pursuant to the Rights Issue with Warrants; and
- (ii) The 37,500,000 Warrants C issued pursuant to the Rights Issue with Warrants C are assumed to be fully exercised at a fixed exercise price of RM0.10 per Warrant.

3.1.1 Pro Forma I

Pro Forma I incorporates the Rights Issue with Warrants C as described in Note 2(a) and Note 3.1(i).

With the issuance of 37,500,000 Warrants C pursuant to the Rights Issue with Warrants C, Vsolar will recognise the fair values of the Warrants C of approximately of RM4.73 million based on the basis as described in Note 1.1.

The proceeds arising from the Rights Issue with Warrants C earmarked for capital expenditure of the solar photovoltaic leasing project of RM7.50 million will be included in the Cash and Cash Equivalents Account.

The estimated expenses in relation to the Proposals of RM1.00 million will be debited to the share capital account. As at 31 December 2023, out of RM1.00 million estimated expenses for the Proposals, RM649,727 has been recognised as prepayment.

The Rights Issue with Warrants C will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023:-

	Increase/(Decrease)	
	Effects on	Effects on
	Total Assets	Total Equity
	RM	RM
Other receivables	(649,727)	-
Cash and cash equivalents	7,149,727	-
Share capital	-	1,775,000
Warrants reserve	-	4,725,000
	<u>6,500,000</u>	<u>6,500,000</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.1 Minimum Scenario (continued)

3.1.2 Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming full exercise of 37,500,000 Warrants C at a fixed exercise price of RM0.10 per Warrant as described in Note 3.1(ii).

The full exercise of 37,500,000 Warrants C will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023:-

	Increase/(Decrease)	
	Effects on Total Assets RM	Effects on Total Equity RM
Cash and cash equivalents	3,750,000	-
Share capital	-	8,475,000
Warrants reserve	-	(4,725,000)
	3,750,000	3,750,000



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.2 Maximum Scenario

The maximum scenario as been prepared on the following assumptions:-

- (i) All the entitled shareholders will fully subscribe for their respective entitlement of 644,632,276 Right Share together with 322,316,138 Warrants C under the Right Issue with Warrants C at a fixed issue price of RM0.10 per Right Shares as described in Note 2(a); and
- (ii) The 322,316,138 Warrants C issued pursuant to the Rights Issue with Warrants C are assumed to be fully exercised at a fixed exercise price of RM0.10 per Warrant.

3.2.1 Pro Forma I

Pro Forma I incorporates the Rights Issue with Warrants C as described in Note 2(a) and Note 3.2(i).

With the issuance of 322,316,138 Warrants C pursuant to the Rights Issue with Warrants, Vsolar will recognise the fair values of the Warrants of approximately of RM34.17 million based on the basis as described in Note 1.1.

The proceeds arising from the Rights Issue with Warrants C earmarked for capital expenditure of the Proposal of RM64.46 million will be included in the Cash and Cash Equivalents Account.

The estimated expenses in relation to the Proposals of RM1.00 million will be debited to the share capital account. As at 31 December 2023, out of RM1.00 million estimated expenses for the Proposals, RM649,727 has been recognised as prepayment.

The Rights Issue with Warrants C will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023:-

	Increase/(Decrease)	
	Effects on	Effects on
	Total Assets	Total Equity
	RM	RM
Other receivables	(649,727)	-
Cash and cash equivalents	64,112,955	-
Share capital	-	29,297,717
Warrants reserve	-	34,165,511
	<u>63,463,228</u>	<u>63,463,228</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.2 Maximum Scenario (continued)

3.2.2 Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming the full exercise of 322,316,138 Warrants C at a fixed exercise price of RM0.10 per Warrant as described in Note 3.2(ii).

The full exercise of 322,316,138 Warrants C will have the following impact on the Pro Forma Consolidated Statements of Financial Position of Vsolar as at 31 December 2023:-

	Increase/(Decrease)	
	Effects on Total Assets RM	Effects on Total Equity RM
Cash and cash equivalents	32,231,614	-
Share capital	-	66,397,125
Warrants reserve	-	(34,165,511)
	<u>32,231,614</u>	<u>32,231,614</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

4. MOVEMENTS IN SHARE CAPITAL AND RESERVES

4.1 Minimum Scenario

	Share Capital RM	Warrants Reserve RM	Accumulated Losses RM
Consolidated Statement of financial position as at 31 December 2023	177,099,150	-	(85,452,652)
Arising from the Rights Issue with Warrants C	2,775,000	4,725,000	-
Defrayment of estimated expenses in relation to the Proposals	(1,000,000)	-	-
As per Pro Forma I	178,874,150	4,725,000	(85,452,652)
Arising from the assumed full exercise of Warrants C	8,475,000	(4,725,000)	-
As per Pro Forma II	<u>187,349,150</u>	<u>-</u>	<u>(85,452,652)</u>

4.2 Maximun Scenario

	Share Capital RM	Warrants Reserve RM	Accumulated Losses RM
Consolidated Statement of financial position as at 31 December 2023	177,099,150	-	(85,452,652)
Arising from the Rights Issue with Warrants C	30,297,717	34,165,511	-
Defrayment of estimated expenses in relation to the Proposals	(1,000,000)	-	-
As per Pro Forma I	206,396,867	34,165,511	(85,452,652)
Arising from the assumed full exercise of Warrants C	66,397,125	(34,165,511)	-
As per Pro Forma II	<u>272,793,992</u>	<u>-</u>	<u>(85,452,652)</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

5. MOVEMENTS IN CASH AND CASH EQUIVALENTS

5.1 Minimum Scenario

	RM
Consolidated statement of financial position as at 31 December 2023	24,916,507
Arising from the Rights Issue with Warrants C	7,500,000
Defrayment of estimated expenses in relation to the Proposals #	<u>(350,273)</u>
As per Pro Forma I*	32,066,234
Arising from the assumed full exercise of Warrants C	<u>3,750,000</u>
As per Pro Forma II *	<u><u>35,816,234</u></u>

* Included in the cash and cash equivalents are amounts of RM7.50 million arising from the Rights Issue with Warrants earmarked for the purpose of funding for solar photovoltaic leasing projects.

As at 31 December 2023, out of RM1.00 million estimated expenses for the Proposals, RM649,727 has been recognised as prepayment.

5.2 Maximum Scenario

	RM
Consolidated statement of financial position as at 31 December 2023	24,916,507
Arising from the Rights Issue with Warrants C	64,463,228
Defrayment of estimated expenses in relation to the Proposals #	<u>(350,273)</u>
As per Pro Forma I*	89,029,462
Arising from the assumed full exercise of Warrants C	<u>32,231,614</u>
As per Pro Forma II *	<u><u>121,261,076</u></u>

* Included in the cash and cash equivalents are amounts of RM64.46 million arising from the Rights Issue with Warrants earmarked for the purpose of funding for solar photovoltaic leasing projects and railway business working capital.

As at 31 December 2023, out of RM1.00 million estimated expenses for the Proposals, RM649,727 has been recognised as prepayment.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

6. MOVEMENTS IN OTHER RECEIVABLES

6.1 Minimum Scenario

	RM
Consolidated statement of financial position as at 31 December 2023	9,066,952
Defrayment of estimated expenses in relation to the Proposals	<u>(649,727)</u>
As per Pro Forma I and II	<u>8,417,225</u>

6.2 Maximun Scenario

	RM
Consolidated statement of financial position as at 31 December 2023	9,066,952
Defrayment of estimated expenses in relation to the Proposals	<u>(649,727)</u>
As per Pro Forma I and II	<u>8,417,225</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)

VSOLAR GROUP BERHAD AND ITS SUBSIDIARIES

APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statement of Financial Position as at 31 December 2023 and the accompanying notes were approved and adopted by the Board of Directors of Vsolar Group Berhad in accordance with a resolution dated **29 FEB 2024**

Signed on behalf of the Board of Directors


NG CHEE KIN
Director


KOO KIEN YOON
Director

