

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

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

Website

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

Availability and Location of Paper/Printed Prospectus

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

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

Jurisdictional Disclaimer

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

Close of Application

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

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

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

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

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

SOLARVEST

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

SELANGOR (HQ)

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

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E invest@solarvest.my

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

SOLARVEST

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

PROSPECTUS



PROSPECTUS

SOLARVEST

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

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



M&A SECURITIES SDN BHD
(15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia
Securities Berhad)

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

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

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

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

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

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

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

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

**This Prospectus Is Dated
30 September 2019**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ELECTRONIC PROSPECTUS

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

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

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

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

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

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

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

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

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

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

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INDICATIVE TIMETABLE

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

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

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

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

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

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

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

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

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

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

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

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FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

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

GENERAL:

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

DEFINITIONS (Cont'd)

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

DEFINITIONS (Cont'd)

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

DEFINITIONS (Cont'd)

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

DEFINITIONS (Cont'd)

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

"UK" : United Kingdom

CURRENCIES:

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

"SGD" : Singapore Dollar

"USD" : United States Dollar

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TECHNICAL GLOSSARY

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

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

TECHNICAL GLOSSARY (Cont'd)

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

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

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

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

"IPP" : Independent power producer

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

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

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

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

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

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

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

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

"NEM" : Net energy metering

TECHNICAL GLOSSARY (Cont'd)

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

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY.....	1
2.	PROSPECTUS SUMMARY.....	5
2.1	PRINCIPAL DETAILS RELATING TO OUR IPO	5
2.2	GROUP STRUCTURE AND BUSINESS MODEL	5
2.3	COMPETITIVE STRENGTHS	7
2.4	BUSINESS STRATEGIES.....	7
2.5	RISK FACTORS	8
2.6	DIRECTORS AND KEY SENIOR MANAGEMENT	9
2.7	PROMOTERS AND SUBSTANTIAL SHAREHOLDERS.....	10
2.8	UTILISATION OF PROCEEDS	11
2.9	FINANCIAL AND OPERATIONAL HIGHLIGHTS.....	11
2.10	DIVIDEND POLICY	14
3.	APPROVALS AND CONDITIONS.....	15
3.1	APPROVALS AND CONDITIONS.....	15
3.2	MORATORIUM ON OUR SHARES.....	17
4.	DETAILS OF OUR IPO.....	19
4.1	OPENING AND CLOSING OF APPLICATION PERIOD	19
4.2	INDICATIVE TIMETABLE	19
4.3	DETAILS OF OUR IPO	19
4.4	SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS	22
4.5	OBJECTIVES OF OUR IPO.....	22
4.6	BASIS OF ARRIVING AT OUR IPO PRICE	23
4.7	TOTAL MARKET CAPITALISATION UPON LISTING	23
4.8	DILUTION	24
4.9	UTILISATION OF PROCEEDS	25
4.10	BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION.....	29
4.11	SALIENT TERMS OF THE UNDERWRITING AGREEMENT.....	30
4.12	TRADING AND SETTLEMENT IN SECONDARY MARKET.....	33
5.	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT	35
5.1	PROMOTERS AND SUBSTANTIAL SHAREHOLDERS.....	35
5.2	DIRECTORS.....	41
5.3	KEY SENIOR MANAGEMENT.....	58
5.4	BOARD PRACTICE	68
5.5	RELATIONSHIPS AND/OR ASSOCIATIONS.....	73
5.6	EXISTING OR PROPOSED SERVICE CONTRACTS	73
5.7	DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT	73
6.	INFORMATION ON OUR GROUP	75
6.1	INFORMATION ON SOLARVEST	75
6.2	SHARE CAPITAL.....	75
6.3	INTERNAL RESTRUCTURING	75
6.4	SUBSIDIARIES AND ASSOCIATED COMPANIES.....	79
6.5	PUBLIC TAKE-OVERS	80
6.6	MATERIAL CONTRACTS.....	80
6.7	MAJOR APPROVALS AND LICENCES	81
6.8	TRADEMARKS.....	84
6.9	PROPERTIES OF OUR GROUP	85
6.10	EMPLOYEES.....	90

TABLE OF CONTENTS (Cont'd)

7.	BUSINESS OVERVIEW	91
7.1	OUR HISTORY	91
7.2	DESCRIPTION OF OUR BUSINESS.....	94
7.3	BUSINESS PROCESSES	105
7.4	KEY ACHIEVEMENTS AND MILESTONES	110
7.5	PRINCIPAL MARKETS	111
7.6	SALES AND MARKETING	111
7.7	TECHNOLOGY USED OR TO BE USED.....	112
7.8	INTERRUPTIONS IN BUSINESS	115
7.9	SEASONALITY.....	115
7.10	TOP 5 CLIENTS.....	115
7.11	TYPES, SOURCES AND AVAILABILTY OF MATERIALS	116
7.12	TOP 5 SUPPLIERS	117
7.13	QUALITY CONTROL PROCEDURES/MANAGEMENT	118
7.14	COMPETTITIVE STRENGTHS	120
7.15	BUSINESS STRATEGIES AND PROSPECTS	122
7.16	RESEARCH AND DEVELOPMENT.....	125
8.	IMR REPORT	126
9.	RISK FACTORS.....	141
9.1	RISKS RELATING TO OUR BUSINESS AND OPERATIONS.....	141
9.2	RISKS RELATING TO OUR INDUSTRY	144
9.3	RISKS RELATING TO INVESTMENT IN OUR SHARES	145
9.4	OTHER RISKS	147
10.	RELATED PARTY TRANSACTIONS.....	148
10.1	RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS	148
11.	CONFLICT OF INTEREST	160
11.1	INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND OUR SUPPLIERS	160
11.2	DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS.....	162
12.	FINANCIAL INFORMATION.....	163
12.1	HISTORICAL FINANCIAL INFORMATION	163
12.2	MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION	170
12.3	LIQUIDITY AND CAPITAL RESOURCES	207
12.4	BORROWINGS	209
12.5	TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES	212
12.6	MATERIAL CAPITAL COMMITMENTS	212
12.7	MATERIAL LITIGATION AND CONTINGENT LIABILITIES	212
12.8	KEY FINANCIAL RATIOS.....	213
12.9	IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES.....	219
12.10	IMPACT OF INFLATION	220
12.11	IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS	220
12.12	ORDER BOOK	221
12.13	DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE	222
12.14	TREND INFORMATION	222
12.15	DIVIDEND POLICY	223
12.16	CAPITALISATION AND INDEBTEDNESS.....	224
13.	ACCOUNTANTS' REPORT.....	225

TABLE OF CONTENTS (Cont'd)

14.	REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION.....	359
15.	STATUTORY AND OTHER INFORMATION	373
15.1	SHARE CAPITAL.....	373
15.2	CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES	373
15.3	CONSTITUTION	382
15.4	GENERAL INFORMATION.....	388
15.5	CONSENTS	389
15.6	DOCUMENTS FOR INSPECTION	389
15.7	RESPONSIBILITY STATEMENTS	390
16.	SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE	391
16.1	OPENING AND CLOSING OF APPLICATION PERIOD	391
16.2	METHODS OF APPLICATIONS	391
16.3	ELIGIBILITY	392
16.4	APPLICATION BY WAY OF APPLICATION FORM	393
16.5	APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION	394
16.6	APPLICATION BY WAY OF INTERNET SHARE APPLICATION	394
16.7	AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE	394
16.8	UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS	395
16.9	SUCCESSFUL APPLICANTS.....	396
16.10	ENQUIRIES.....	396

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

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

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1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARIES

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

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

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

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

1. CORPORATE DIRECTORY (Cont'd)

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

Telephone: 03-7982 2010
- HEAD OFFICE** : D-36-06, 3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor

Telephone: 03-7625 3211
- EMAIL ADDRESS AND WEBSITE** : Email address: invest@solarvest.my
Website: http://solarvest.my
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO** : Ecovis Malaysia PLT (LLP0003185-LCA) & (AF 001825)
No. 9-3, Jalan 109F, Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur

Telephone: 03-7981 1799

Partner's name: Chua Kah Chun
Approved number: 02696/09/2019 (J)
(Chartered Accountant, Fellow of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants)
- SOLICITORS FOR OUR IPO** : Teh & Lee
A-3-3 & A-3-4, Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

Telephone: 03-2283 2800
- ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone: 03-2783 9299
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : M&A Securities Sdn Bhd
Level 11, No. 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone: 03-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

**INDEPENDENT MARKET
RESEARCHER**

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

Telephone: 03-6201 9301

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

LISTING SOUGHT

: ACE Market

SHARIAH STATUS

: Approved by the Shariah Advisory Council of the SC

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2. PROSPECTUS SUMMARY

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

2.1 PRINCIPAL DETAILS RELATING TO OUR IPO

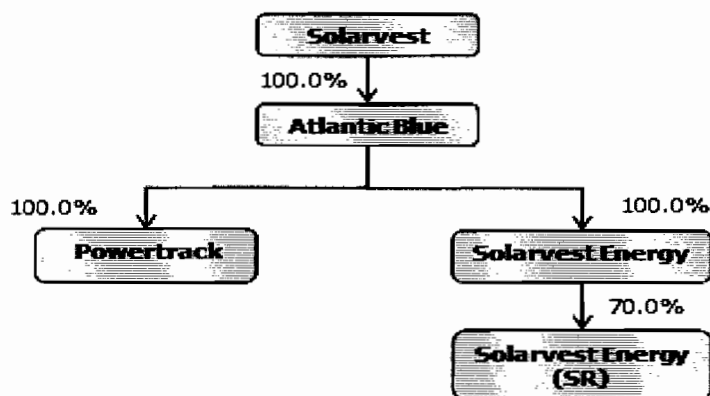
The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

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

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

2.2 GROUP STRUCTURE AND BUSINESS MODEL

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

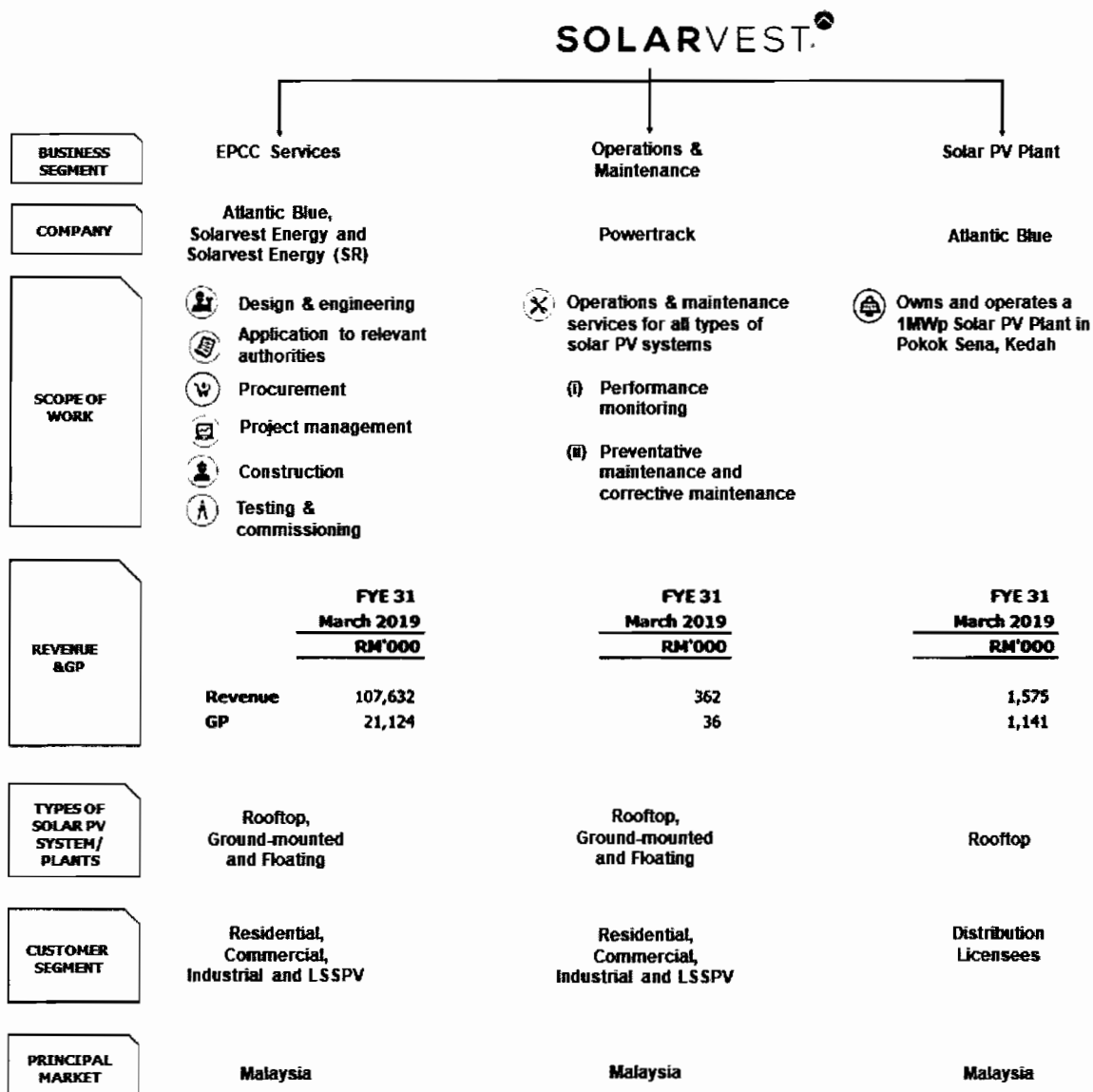


Further details of our Group structure including shareholding structure after the IPO can be found in Section 6.3.3.

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

2. PROSPECTUS SUMMARY (Cont'd)

Our business operations are segmented into 3 segments as follows:



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

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2. PROSPECTUS SUMMARY (Cont'd)

2.3 COMPETITIVE STRENGTHS

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

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

For further details, please refer to Section 7.14.

2.4 BUSINESS STRATEGIES

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

- (i) Geographical diversification

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

- (ii) Investment in solar PV plant

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

2. PROSPECTUS SUMMARY (Cont'd)

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

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

For further details, please refer to Section 7.15.

2.5 RISK FACTORS

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

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

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

2. PROSPECTUS SUMMARY (Cont'd)

2.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

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

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

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

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

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

Notes:

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

2. PROSPECTUS SUMMARY (*Cont'd*)

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

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

2.8 UTILISATION OF PROCEEDS

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

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

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

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

2.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

2.9.1 Combined statements of profit or loss and other comprehensive income

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

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

2. PROSPECTUS SUMMARY (Cont'd)

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

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

Notes:

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

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

2.9.2 Pro forma consolidated statements of financial position

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

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

2. PROSPECTUS SUMMARY (Cont'd)

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

Notes:

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

2.9.3 Operational highlights

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

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

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

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

2. PROSPECTUS SUMMARY (Cont'd)

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

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

2.10 DIVIDEND POLICY

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

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

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3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

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

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

3. APPROVALS AND CONDITIONS (Cont'd)

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

3.1.2 SC approval

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

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

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

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

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

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

3. APPROVALS AND CONDITIONS (Cont'd)

Note:

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

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

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

3.1.3 MITI approval

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

3.1.4 Waiver

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

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

3.2 MORATORIUM ON OUR SHARES

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

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

3. APPROVALS AND CONDITIONS (Cont'd)

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

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

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

Note:

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

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

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

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

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

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

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

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

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

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

4.2 INDICATIVE TIMETABLE

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

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

4.3 DETAILS OF OUR IPO

4.3.1 Listing Scheme

(i) Public Issue

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

(a) Malaysian Public

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

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

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

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

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

(c) Private placement to selected investors

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

(d) Private placement to Bumiputera shareholders approved by MITI

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

4. DETAILS OF OUR IPO (Cont'd)

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

(ii) Listing

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

4.3.2 Pink Form Allocations

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

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

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

Allocation to eligible Directors

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

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

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

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

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

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

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

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

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

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

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

4.3.3 Underwriting arrangement

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

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

4. DETAILS OF OUR IPO (Cont'd)

4.3.4 Minimum and over-subscription

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

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

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

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

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

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

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

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

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

4.5 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

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

4. DETAILS OF OUR IPO (Cont'd)

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

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

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

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

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

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

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

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

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

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

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

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

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

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

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

Note:

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

Save for the:

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

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

4. DETAILS OF OUR IPO (Cont'd)

4.9 UTILISATION OF PROCEEDS

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

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

4.9.1 Business expansion

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

(i) Southern region of Peninsular Malaysia

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

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

(ii) Overseas expansion

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

4. DETAILS OF OUR IPO (Cont'd)

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

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

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

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

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

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

4.9.2 Capital expenditure

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

We have allocated RM4.0 million for the following:

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

4. DETAILS OF OUR IPO (Cont'd)

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

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

4. DETAILS OF OUR IPO (Cont'd)

4.9.3 Working capital

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

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

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

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

4.9.4 Repayment of bank borrowings

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

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

4. DETAILS OF OUR IPO (Cont'd)

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

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

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

4.9.5 Estimated listing expenses

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

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

Notes:

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

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

4.10 BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION

Underwriting commission

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

4. DETAILS OF OUR IPO (Cont'd)

Placement fees

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

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

Brokerage fees

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

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

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

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

Conditions Precedent

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

4. DETAILS OF OUR IPO (Cont'd)

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

Termination

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

4. DETAILS OF OUR IPO (Cont'd)

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

4. DETAILS OF OUR IPO (Cont'd)

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

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

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

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

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

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

4. DETAILS OF OUR IPO (Cont'd)

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

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

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

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

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

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

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

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

Notes:

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

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

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

5.1.2 Profiles of Promoters and substantial shareholders

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

(a) AB Holdings

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

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

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

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

(b) Chin Hin

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

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

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

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

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

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

Notes:

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

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

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

Notes:

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

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

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

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

(d) PP Chin Hin Realty

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

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

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

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

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

(e) Datuk Seri Chiau Beng Teik

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

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

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

(f) Datin Seri Wong Mee Leng

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

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

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

5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings

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

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

Notes:

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

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

(6) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act

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

5.1.4 Persons exercising control over the corporation

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

5.2 DIRECTORS**5.2.1 Directors' shareholdings**

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

Name	Designation/ Nationality	Before IPO ⁽¹⁾			After IPO ^{(2) (3)}				
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Che Halin Bin Mohd Hashim	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	100,000	(6)	-	-
Lim Chin Siu	Managing Director / Malaysian	-	-	(4)160,487,655	55.0	-	-	(4)160,487,655	41.1
Tan Chyi Boon	Executive Director/ Malaysian	-	-	(4)160,487,655	55.0	-	-	(4)160,487,655	41.1
Chiau Haw Choon	Non-Independent Non-Executive Director/ Malaysian	-	-	(5)131,308,000	45.0	-	-	(5)131,308,000	33.6
Chang Kong Foo	Independent Non-Executive Director/ Malaysian	-	-	-	-	100,000	(6)	-	-
Fong Shin Ni	Independent Non-Executive Director/ Malaysian	-	-	-	-	100,000	(6)	-	-

Notes:

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

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

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

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

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.2.3 Principal business performed outside our Group**

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

(a) Dato' Che Halin Bin Mohd Hashim

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

(b) Lim Chin Siu

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

Past involvement in private business

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

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

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

Notes:

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

(c) Tan Chyi Boon

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

Note:

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

5.2.4 Directors' remuneration and benefits

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

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

Note:

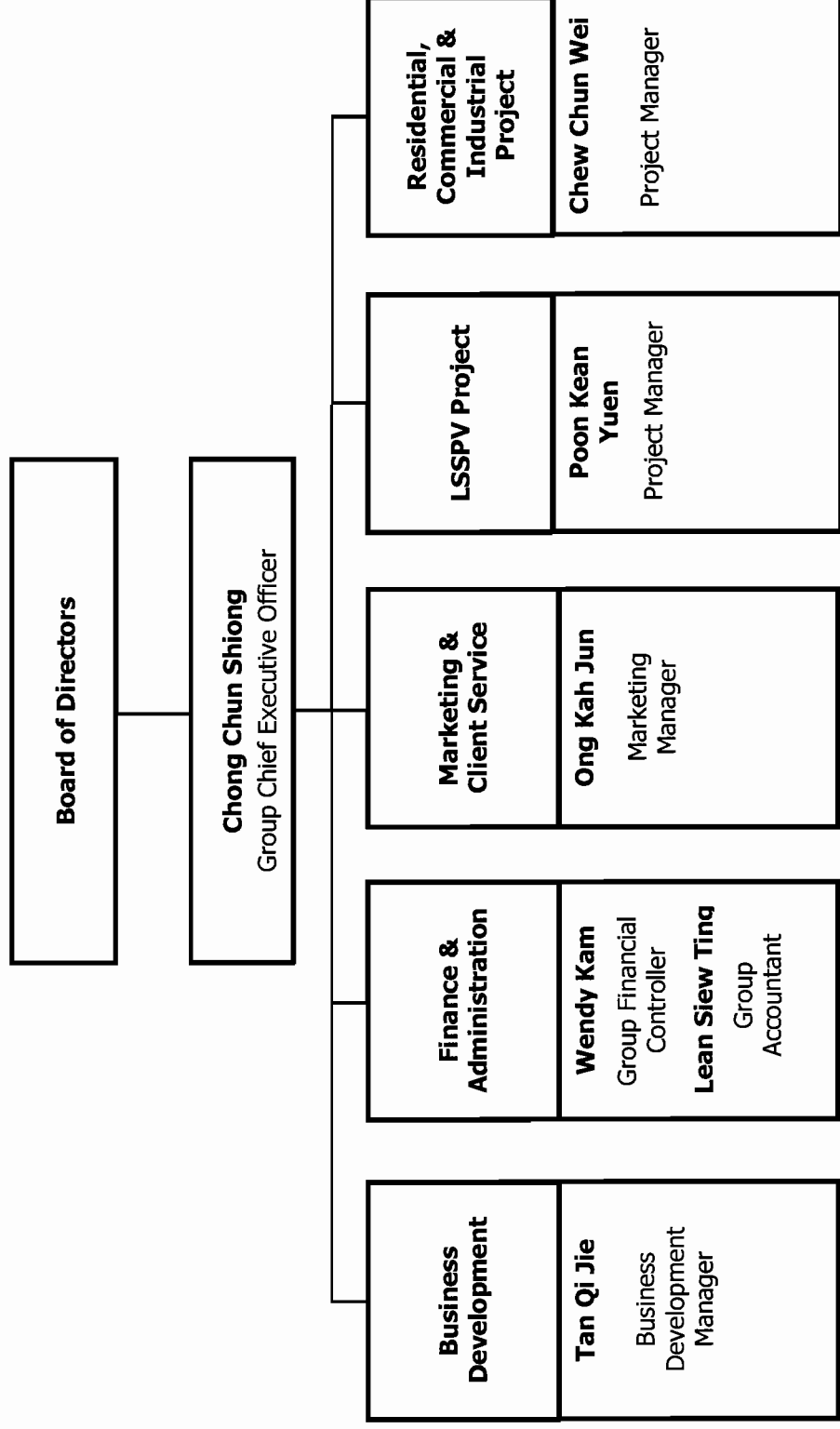
- (1) The bonuses for FYE 31 March 2020 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board

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

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

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management reporting structure



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

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

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

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

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

Notes:

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

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

5.3.3 Profiles of key senior management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

She also acts our Company Secretary.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Chong Chun Shiong

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

(b) Lean Siew Ting

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

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

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

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

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

5.3.5 Key senior management remuneration and benefits

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

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

Note:

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

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

5.4 BOARD PRACTICE

5.4.1 Board

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

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

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

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

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

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

Note:

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

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

5.4.2 Audit Committee

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

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

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

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

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

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

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

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

5.4.3 Remuneration Committee

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

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

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

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

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

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

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

5.4.4 Nominating Committee

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

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

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

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

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

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

5.4.5 Risk Management Committee

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

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

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

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

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

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

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

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

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

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

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

5.6 EXISTING OR PROPOSED SERVICE CONTRACTS

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

5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

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

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

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

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON SOLARVEST

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

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

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

6.2 SHARE CAPITAL

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

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

Notes:

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

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

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

6.3 INTERNAL RESTRUCTURING

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

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.1 Capitalisation of Advances

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

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

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

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

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

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

6.3.2 Acquisition

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

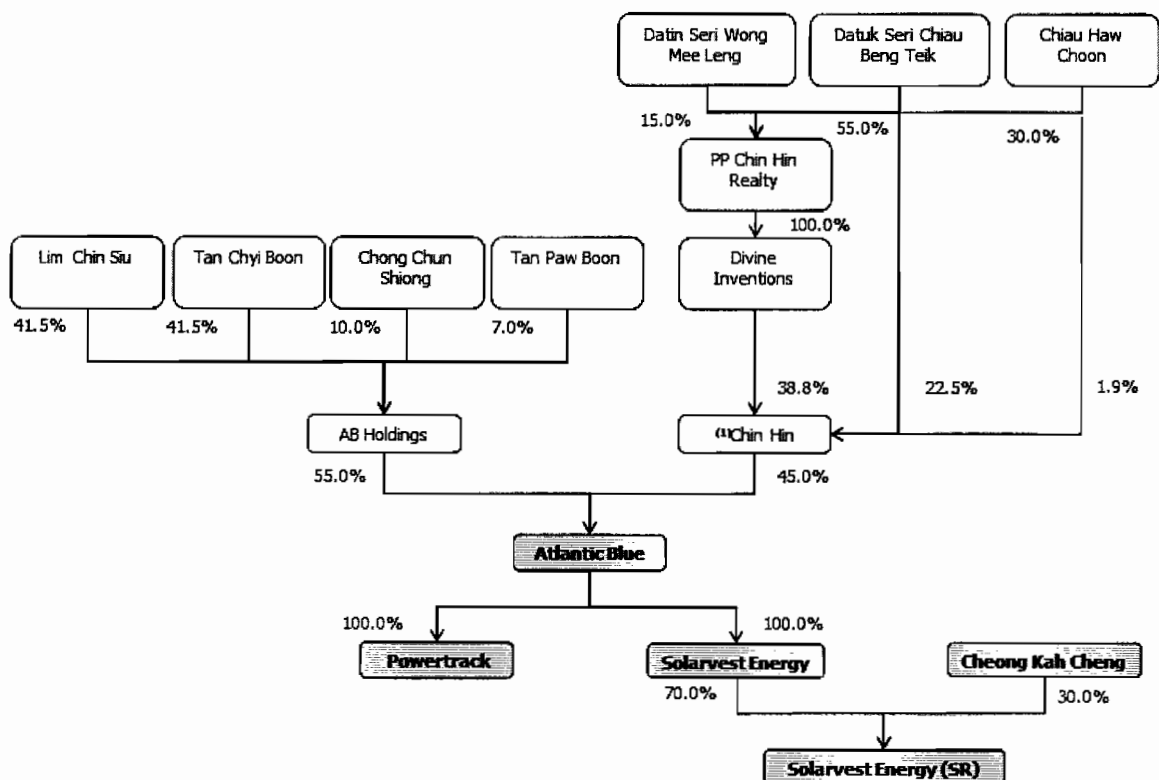
The new Shares issued under the Acquisition rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6.3.3 Group structure

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

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

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

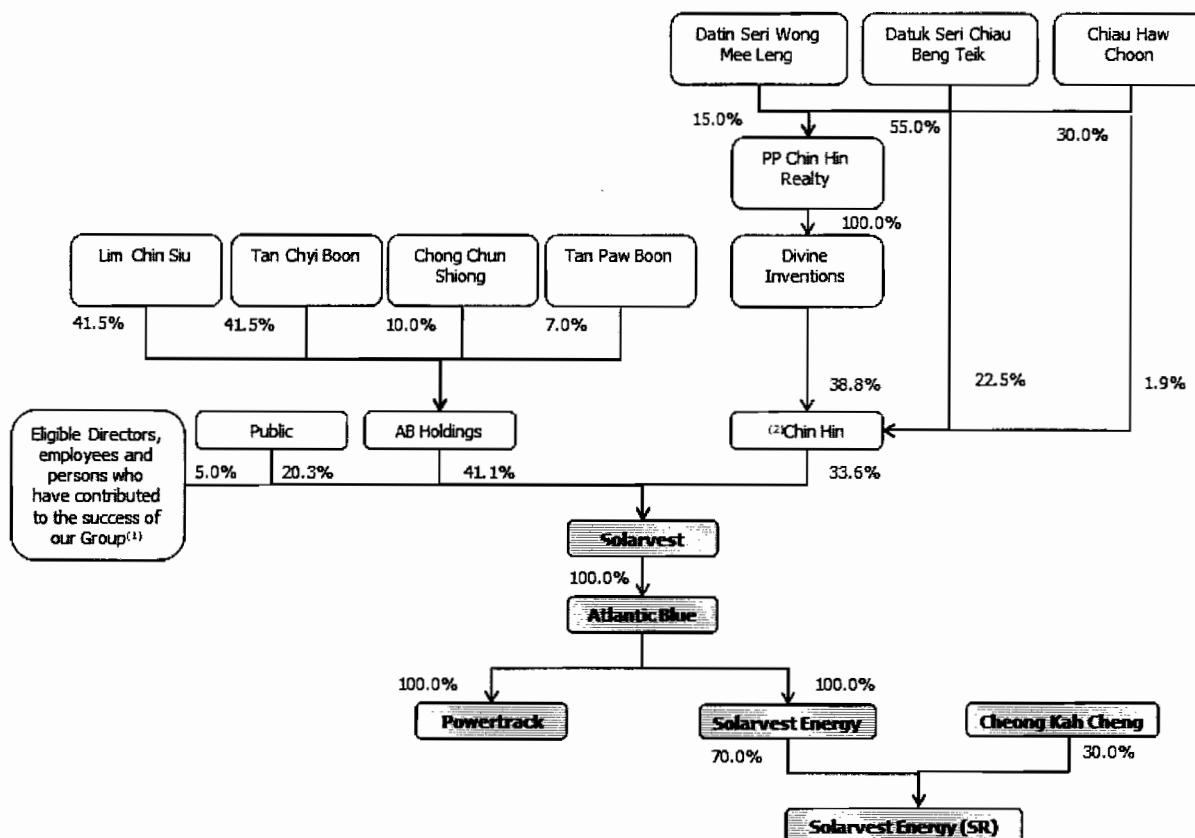


Note:

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

6. INFORMATION ON OUR GROUP (Cont'd)

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



Notes:

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

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

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

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

6.5 PUBLIC TAKE-OVERS

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

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

6.6 MATERIAL CONTRACTS

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

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

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

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

Note:



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

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

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

6.8 TRADEMARKS

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

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

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

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

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

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

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

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

Note:

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

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

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

6.9.3 Acquisition of properties

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Material divestitures

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

6.9.7 Material plans to construct, expand or improve our facilities

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

6.10 EMPLOYEES

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

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

Note:

- (1) Excludes our 4 Non-Executive Directors

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

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

7. BUSINESS OVERVIEW

7.1 OUR HISTORY

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

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

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

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

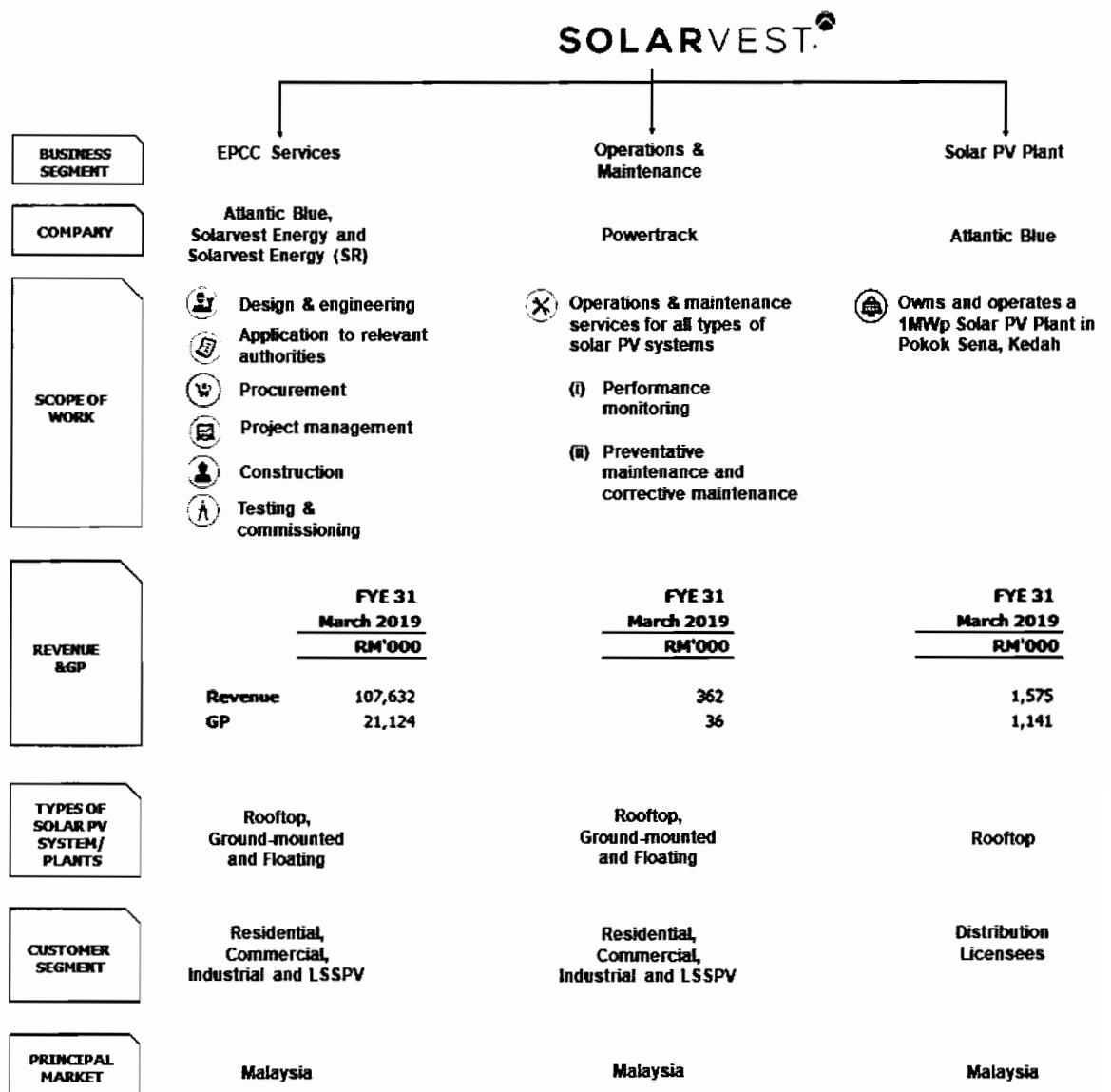
Over the years, we have grown from a subcontractor for residential projects to a turnkey EPCC contractor for LSSPV projects. As at LPD, we have installed a total capacity of 231.97MWp across the residential, commercial, industrial and LSSPV segments.

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

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7. BUSINESS OVERVIEW (Cont'd)

7.2 DESCRIPTION OF OUR BUSINESS



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7. BUSINESS OVERVIEW (*Cont'd*)

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

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

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

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

Examples of the installations are shown below:

Rooftop - BIPV installation



Ground-mounted installation



Rooftop - Retrofit installation



Floating solar plant⁽¹⁾



Note:

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

7.2.1 EPCC services

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

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

LSSPV plants

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

Notes:

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

7. BUSINESS OVERVIEW (Cont'd)

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

Solar PV systems for residential, commercial and industrial properties

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

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

7. BUSINESS OVERVIEW (Cont'd)

Note:

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

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

7.2.2 Operations and maintenance services

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

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

7.2.3 Solar PV plant

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

7. BUSINESS OVERVIEW (*Cont'd*)

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

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

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

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

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

7.3 BUSINESS PROCESSES

7.3.1 EPCC services

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

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

7. BUSINESS OVERVIEW (*Cont'd*)

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

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7. BUSINESS OVERVIEW (*Cont'd*)

Our obligations post-handover are as follows:

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

7.3.2 Operations and maintenance services

The following describes our operations and maintenance process:

Stage	Description
Operations	<p>The operations of solar PV plants involve monitoring the performance of the solar PV systems. This is performed remotely as each solar PV systems are equipped with an energy and solar monitoring system. The system allows users to track energy generation from their solar PV systems on real-time over the internet.</p> <p>The system’s automated notification function will notify our support team of any system error or failure. For common errors, we will assess the past system data and perform corrective measures remotely. For more serious cases, we will deploy our field team to assess and rectify the issue.</p>
Maintenance	<p>Our maintenance services can be divided into preventative maintenance and corrective maintenance. Our preventative maintenance involves performing on site checks on main areas and equipment such as:</p> <ul style="list-style-type: none"> (a) PV modules: cleaning of PV modules, visual inspection of PV modules where they are inspected for possible cracks, oxidations in circuits, cell alignment and overall condition of the PV modules. The PV modules are also checked to ensure its electrical connection are in order; (b) Inverter: inspections and checks on amongst others, wiring and components, testing of protective equipment, alarms and temperature in the inverter room. The inverter is also tested annually to measure its ability to convert generated electricity from DC to AC. In addition, inverters are also cleaned to ensure the equipment is free from dusts to operate properly;

7. BUSINESS OVERVIEW (*Cont'd*)

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

7.4 KEY ACHIEVEMENTS AND MILESTONES

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

7. BUSINESS OVERVIEW (Cont'd)

7.5 PRINCIPAL MARKETS

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

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

7.6 SALES AND MARKETING

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

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

(i) Educating potential and target market

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

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

(ii) Creating strong presence

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

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

7. BUSINESS OVERVIEW (Cont'd)

(iii) Client referral and retention

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

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

(iv) Partner collaborations

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

(v) Well-trained business development personnel

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

7.7 TECHNOLOGY USED OR TO BE USED

7.7.1 Existing technology

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

7.7.2 Future technology

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

(i) Energy storage system

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

(a) Hybrid energy storage system

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

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

7. BUSINESS OVERVIEW (Cont'd)

(b) Off-grid energy storage system

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

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

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

(ii) Higher voltage solar PV system

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

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

(iii) Big lead assembly interconnect system

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

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

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

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

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

7.9 SEASONALITY

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

7.10 TOP 5 CLIENTS

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

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

Note:

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

7.11 TYPES, SOURCES AND AVAILABILITY OF MATERIALS

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

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

Notes:

- (1) As a percentage of total material costs
- (2) Others include consumables items used during the construction period which include tapes, security locks, ratchet rings, etc

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

Notes:

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

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

7.13 QUALITY CONTROL PROCEDURES/MANAGEMENT

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

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

(i) Stringent subcontractors and vendors selection

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

(ii) Compliance with ISO 9001:2015

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

Our Group is committed to:

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

(iii) Internal quality control measures

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

- (a) Inspection of equipment, components and materials

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

- (b) Training

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

- (c) On-site inspections and rectification

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

(iv) Occupational health and safety

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

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

7. BUSINESS OVERVIEW (Cont'd)

Our HSE policy objectives are:

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

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

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

7.14 COMPETITIVE STRENGTHS

7.14.1 Provision of end-to-end EPCC services

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

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

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

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

7.14.3 High commitment to quality and project performance

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

7. BUSINESS OVERVIEW (Cont'd)

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

7.14.4 Experienced key management and technical team

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

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

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

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

7.14.5 Broad range of vendors and application of technologies

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

7.15 BUSINESS STRATEGIES AND PROSPECTS

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

7.15.1 Geographical diversification

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

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

7.15.2 Investment in solar PV plant

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

7.15.3 Establishing ourselves as turnkey EPCC for LSSPV projects

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

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

7.15.4 Prospects of our Group

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

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

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

7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

7.16 RESEARCH AND DEVELOPMENT

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

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8. IMR REPORT

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Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

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

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

Date: - 3 SEP 2019

Dear Sirs,

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

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

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

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

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

Thank you.

Yours sincerely,



SEOW CHEOW SENG
Managing Director

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

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

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

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

1.1 Historical Market Performance and Growth Forecast

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

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

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

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

8. IMR REPORT (Cont'd)

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

1.2 Competitive Analysis

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

1.2.1 Comparable Market Players

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

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

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

8. IMR REPORT (Cont'd)

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

Figure 1: Comparison between Solarvest Group and Selected Market Players

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

Notes:

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

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

1.2.2 Market Analysis

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

LSSPV segment

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

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

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

8. IMR REPORT (Cont'd)

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

Residential, commercial and industrial segment

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

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

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

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

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

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

Source: SEDA and Protégé Associates

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

8. IMR REPORT (Cont'd)

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

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

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

Government-led Tariff Selling Programmes

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

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

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

Efforts by the Malaysian Government to ensure the investment return on the solar PV systems provide a positive impact in bridging the cost and financial viability aspects of such an installation among the public. These developments bodes well for the development of the solar PV industry in Malaysia, particularly the service integrators segment that design, install and commission new solar PV systems.

Gradual Removal of Special Industrial Tariff

Special Industrial Tariff ("SIT") is a discounted utility tariff offered by TNB to selected industries whereby electricity is a significant cost of their operations. The selected industries include cement industries, industrial gases industries, iron and steel industries, ice industries

8. IMR REPORT (Cont'd)

and glass industries. More recently, TNB has decided to gradually phase out the provision of SIT to encourage energy efficiency and minimise wastage among the industries. The gradual removal of SIT discount creates opportunities for the solar PV industry. As a form of supplemental energy for business owners, it allows them to enjoy cost savings arising from lower electricity use from the grid. They may also participate in the NEM programme to sell and export the electricity generated from the PV system back to the grid, making the investment in PV system more economically viable.

1.3.2 Supply Conditions**Strong Support from the Public Sector**

The Malaysian Government has identified renewable energy as a fifth energy source to supplement gas, oil, coal, and hydropower. Solar energy falls within the renewable energy category, and is particularly emphasised due to the abundance of sunlight in Malaysia. Various policy measures were introduced by the Malaysian Government to expedite the development of the renewable energy sector and to ensure a comprehensive support system for the entire value chain of the solar PV industry.

Figure 3: National Policies on Solar PV Industry in Malaysia

Policy	Key Action Plan	Target/ Allocation
Supporting Framework		
National Green Technology Policy	Setting up the Green Technology Financing Scheme ("GTFS") to fund green businesses and the production of green technology products, including the solar PV industry	Allocation of RM3.5 billion to be disbursed by end of 2017
	Higher allocation for GTFS 2.0 to speed up the green technology industry, including the solar PV industry	Allocation of RM5.0 billion for the period of 2018 to 2022
	A revised GTFS 2.0 is available at participating banks to incentivise investments in green technology	Allocation of RM2.0 billion to subsidise the interest/ profit cost by 2.0% for the first seven years
Industrial Development		
Economic Transformation Programme	Increase the number of silicon producers through foreign investment	Production of 170 kilo tonnes of silicon by 2020
	Increase the number of wafers and solar cells producers through foreign investment	23 GW of production capacity of wafers and cells by 2020
	Increase the number of solar module producer through foreign investment	Promoting Johor as the module manufacturing hub in Asia

Source: Protégé Associates

More details and other additional governmental policies supporting the solar PV industry are set out in Section 1.6 of this report.

Technological Advancement

In terms of the technology used in the solar PV industry, there has been significant effort made to improve solar cells globally. This includes research and development ("R&D") conducted in academic institutions and government-linked research institutions such as the National Renewable Energy Laboratory in the US. These efforts have led to the rapid development of new types of solar cells, the main cost component in most solar energy

8. IMR REPORT (Cont'd)

system arrays. The technology types have been categorised into different 'generations' of solar cell technology, and are described in the following figure.

Figure 4: Development of PV Technologies

Technology	Status
First Generation Solar Cells Wafer-based crystalline silicon technology, either single crystalline or multi-crystalline	Fully commercialised
Second Generation Solar Cells Technologies such as thin-film amorphous, micromorph silicon, cadmium-telluride, copper-indium-selenide and copper-indium-gallium-dieselenide	Fully commercialised
Third Generation Solar Cells Technologies such as concentrating PV, organic PV cells and other concepts at R&D stages	All technologies are fully commercialised save for novel solar cell technologies which are at R&D stages
Fourth Generation Solar Cells Technologies such as thin films and use of inorganic nanostructures	R&D stage

Note: Solarvest Group's solar PV systems and plants uses first and second generation cell technologies.

Source: Malaysian Industry-Government Group for High Technology ("MIGHT") and Protégé Associates

Performance improvements in terms of a solar cell's energy efficiency, lifetime and energy pay-back time, are the prime goals for most technological developments in the solar PV industry. As such, the maturation of the various technologies listed above is likely to encourage greater adoption among the end users, resulting in greater development in the solar PV industry moving forward.

1.4 Market Challenges

Downward pressure in project cost and intensified competition

The cost of a solar project has been fluctuating from one installation to another. The figure below shows the average installation cost for grid-connected PV projects in Malaysia from 2014 to 2016.

Figure 5: Average Installation Cost for Grid-Connected PV Projects in Malaysia, 2014-2016

Year	Individual (USD/kW)	Non-Individual (USD/kW)
2014	1,895	1,727
2015	1,736	1,532
2016	1,745	1,565

Source: SEDA

The downward trend in project cost can be attributed to the decreased prices of solar modules in the global market due to an oversupply condition. Another factor that has contributed to the downward project cost is the intensified level of competition, where the number of service providers has increased from 20 companies in 2012 to 119 companies in

8. IMR REPORT (Cont'd)

August 2019. This intensified level of competition within the industry has exerted pressure on the service providers, forcing them to lower their margins in order to stay competitive in the business.

Lack of funding options for large scale projects

Large scale solar energy projects are capital intensive with a lack of prior records or data that can be referenced to assess the risks associated with the projects and to gauge the success or failure of these projects. This has led to the reluctance of financial institutions to fund these projects, or when they are approved, the funding comes with unfavourable rates.

1.5 Substitute Products and Services

As a form of energy, solar PV can be substituted by alternative energy sources, ranging from fossil resources such as gas, coal and diesel, to renewable resources such as hydropower, biogas and biomass. Due to the country's abundance of fossil resources, the energy sector in Malaysia remains dependent on gas, coal and diesel for electricity generation. In 2017, as much as 82.8% of electricity produced was based on fossil resources (gas, coal and diesel), while only 16.6% was generated from hydropower. Other substitutes include wind, geothermal and marine energy, which are being studied in the current 11MP timeframe.

Within the solar PV industry, a system integrator provides the system design, installation and commissioning of solar PV systems and services to its clients. While the system integrators segment cannot be substituted as a whole, there is however a considerable degree of substitutability in terms of the differing business models and strategies that market participants can select such as offering of longer warranty period or after-sales packages or system performance guarantees.

1.6 Government Policies and Regulations**1.6.1 Government Policies**

The main policies guiding the solar PV industry in Malaysia are as follows:

National Renewable Energy Policy and Action Plan ("NREPAP")

NREPAP was introduced in 2010 and targets specifically the clean energy and power systems segments, with the aim to enhance the utilisation of various renewable energy resources available to contribute towards national electricity supply security and sustainable socioeconomic development. The policy outlined the need for renewable energy law and proposed for the set-up of the FIT mechanism and renewable energy fund.

National Green Technology Policy ("NGTP")

The NGTP was introduced to facilitate a favourable and conducive environment for the development of green technology in the country. It includes the introduction and implementation of innovative economic instruments, and the establishment of effective fiscal and financing mechanisms to support the growth of green industries.

Eleventh Malaysia Plan ("11MP")

The 11MP highlights the need to explore new renewable energy sources to diversify the generation mix. During the 11MP period from 2016 to 2020, new energy sources such as wind, geothermal and marine energy will be studied and explored. The Malaysian Government aims to provide training courses to personnel within the renewable energy sector, particularly those in the field of biomass, biogas, mini hydro and solar PV.

8. IMR REPORT (Cont'd)**Economic Transformation Programme ("ETP")**

The upstream activities of the solar PV industry are highlighted under the electronics and electrical NKEA of the ETP. Under the entry point project ("EPP") 5 and 6, the Malaysian Government aimed to increase the production of silicon and expand production capacity of wafers and cells, respectively. EPP 7 also outlines the Malaysian Government's ambition to position Johor as the solar module manufacturing hub in Asia.

1.6.2 Regional Policy**ASEAN REmap**

The ASEAN REmap is a study jointly conducted by the ASEAN Centre for Energy and IRENA in conjunction with the ASEAN's renewable energy target of achieving 23.0% of the total primary energy supply by 2025, from around 9.4% in 2014. It outlines various measures to accelerate renewable energy deployment and the renewable energy target of each member country. Under the ASEAN REmap, Malaysia is targeted to achieve a total renewable energy installed capacity of 18,300MW, including 5,800MW of solar PV with the rest contributed from hydropower, wind, biofuels and geothermal sources.

1.6.3 National Solar PV Programmes**NEM Programme**

The NEM programme is a solar PV programme to complement the FIT mechanism, aiming to encourage the deployment of solar PV energy. Implemented from 1 November 2016 to 2020, the NEM programme has a capacity allocation of 500MW throughout the period, with a maximum of 100MW of capacity each year and is distributed among domestic and non-domestic category. In 2018, the Government had announced a revised NEM programme that was implemented in 2019. Among the changes include the equal sale and purchase price of electricity whereby excess power is offset against electricity consumed, in comparison to the previous NEM programme in which excess power is sold at a Displaced Cost. It has also added a new category of customers, namely the agriculture sector, and is only applicable to customers of TNB in residential, commercial, industrial and agriculture sectors in Peninsular Malaysia.

LSSPV Programme

The LSSPV programme is a solar PV programme implemented by the Energy Commission announced in 2016 to encourage the construction of large scale grid-connected solar PV plants with capacities of 1MW to 50MW. Implemented throughout the period of 2017 to 2020, the LSSPV programme has a target capacity of 1,000MW by 2020, with capacity allocation capped at 200MW for Peninsular Malaysia and 50MW for Sabah per annum. The power plant shall be built, owned and operated and maintained by each solar power producer ("SPP"). The second phase of LSSPV programme was opened for tender in 2017 with an aggregate capacity allocation of 360MW for Peninsular Malaysia and 100MW for Sabah and Labuan, with a lowered maximum capacity from 50MW to 30MW for each SPP in Peninsular Malaysia to encourage more participation, particularly from local companies. The third phase of LSSPV programme was opened for tender in February 2019 with a capacity allocation of 500MW with total project value of approximately RM2.0 billion. Under the third phase of the LSSPV programme, the engineering, construction and commissioning services has to be conducted by local contractors that are registered with the Construction Industry Development Board.

8. IMR REPORT (Cont'd)



MySuria Programme

Introduced in 2017 and implemented by SEDA, the MySuria programme is designed for the B40 household to earn a secondary income. According to SEDA, it has a specially allocated FIT capacity of 6.48MW and a fund allocation of RM45 million, where participants of this programme may sell the electricity generated from their solar PV system to TNB under a renewable energy power purchase agreement ("REPPA") for 10 years.

In order to participate in the programme, eligible households are required to be registered with eKasih, a national database system that plans, implements and monitors poverty eradication programs at the national level. The selection of successful applicants is determined by respective state governments. Successful applicants are then required to enter into a REPPA with TNB, where the electricity generated from the solar PV system is sold at a rate of RM1.0379 per kW for the whole period.

The cost of the solar PV system are borne by the Government, where an estimated 3kW solar PV system is installed at applicant's premise, in order to generate an average of RM250 per month and up to RM600 per month in income from the sale of generated electricity to TNB, which benefitted around 1,620 households. The MySuria programme expired in December 2018.

SARE Programme

The SARE programme, introduced by TNB and was launched in 2019, providing customers with the option of solar leasing, PPA or a hybrid of solar leasing and PPA of a solar PV system. The SARE programme is a three-party agreement between consumer, investor/ asset owner (who are registered with SEDA as a registered PV investor) and TNB. Investors/ asset owners would finance, install and undertake the maintenance of the solar PV systems on the consumer's premise. The solar PV system will be leased to the consumer for a period of time where consumer will use the electricity generated from the solar PV system and make monthly payments to the investor/ asset owner, while enjoying benefit from the savings in their electricity bill. Any excess electricity generated from the solar PV system can be sold to TNB. TNB would be in charge of billing, collection and remittance of payments by the consumers to the investors/ asset owners, and charges a service fee of RM0.02 for every kWh.

Figure 6: Comparison between the Types of Solar Solutions

Types of Solar Solutions	Solar Leasing	PPA	Hybrid
Upfront cost	0%	0%	Approximately 20%
Contract term	3 to 10 years	21 to 25 years	21 to 25 years or lower kWh rate
Instalment	Fixed monthly instalment	Monthly instalment based on units generated	Monthly instalment based on units generated (the rate per unit of electricity generated is generally lower than PPA option)
Category of customers	Residential, commercial and industrial	Commercial and industrial	Commercial and industrial

Source: TNBX Sdn Bhd

1.6.4 Regulations

The renewable energy sector in Malaysia, including the solar PV industry, is regulated by the Sustainable Energy Act 2011 and the Renewable Energy Act 2011.

8. IMR REPORT (Cont'd)



Renewable Energy Act 2011

The Renewable Energy Act 2011 outlines the establishment and implementation of a special tariff system, namely the FIT system, to catalyse the generation of renewable energy in Malaysia. The FIT system obliges utility companies to purchase the electricity produced from renewable resources (biomass, biogas, small hydro and solar PV) by approved Feed-in holders for a period of 16 to 21 years, at a FIT rate.

Sustainable Energy Development Authority Act 2011

The Sustainable Energy Development Authority Act 2011 spells out the establishment of new statutory body called SEDA to promote the deployment of sustainable energy measures as part of the solutions towards achieving energy security and autonomy. SEDA is tasked to administer and manage the implementation of the FIT mechanism as mandated under the Renewable Energy Act 2011 and tasked to manage the NEM programme.

1.6.5 Incentives

The incentives offered by MIDA for companies in the renewable energy and green technology industries are as follows:

Tax Incentive for Green Technology Project

Investment tax allowance ("ITA") of 100% of qualifying capital expenditure incurred on a green technology project from the year of assessment 2013 until year of assessment 2020. The ITA can be offset against 70% of statutory income in the year of assessment. Unused allowances can be carried forward until they are fully absorbed.

Green technology project related to renewable energy, energy efficiency, green building, green data centre and waste management can qualify for this tax incentive. Applications should be submitted to MIDA.

Income Tax Exemption

Income tax exemption of 100% of statutory income from the year of assessment 2013 until the year of assessment 2020.

Green technology services related to renewable energy, energy efficiency, electric vehicle ("EV"), green building, green data centre, green certification and verification, and green township can qualify for this tax incentive. Applications should be submitted to MIDA.

Tax Incentive for Purchase of Green Technology Assets

ITA of 100% of qualifying capital expenditure incurred on green technology asset from the year of assessment 2013 until the year of assessment 2020. The ITA can be offset against 70% of statutory income in the year of assessment. Unused allowances can be carried forward until they are fully absorbed.

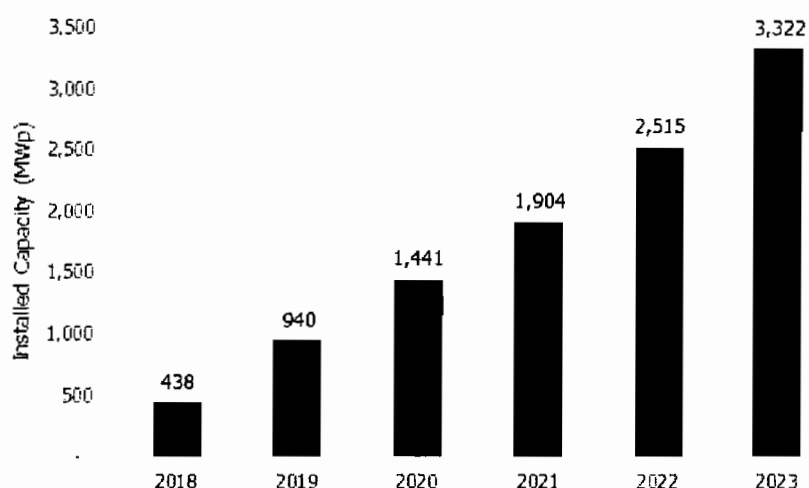
The purchase of green technology assets as listed in MyHijau Directory (<https://www.myhijau.my>) can qualify for this tax incentive and have been certified by the Malaysia Green Technology Corporation ("MGTC") as MyHijau and approved by the Ministry of Finance ("MoF"). Applications should be submitted to MGTC.

1.6.6 Certification

Solar PV system integrators are required to have qualified persons ("QPs") recognised by SEDA in their companies in order to provide their services. The QPs are required to obtain a GCPV system design competency certificate from SEDA.

8. IMR REPORT (Cont'd)**1.7 Market Outlook and Future Prospect**

Protégé Associates expects the outlook of the solar PV industry in Malaysia to be positive moving forward. The total solar PV installed capacity in Malaysia stood at 438MWp in 2018, and is projected to grow to 3,322MW by 2023, representing a CAGR of 50.0% throughout the said period.

Figure 7: Estimated and Forecast Solar PV Installed Capacity in Malaysia, 2018-2023

Source: IRENA and Protégé Associates

Factors priming growth within the solar PV industry is set to come from the government-led tariff selling programmes. These tariff selling programmes implemented throughout the period of 2017 to 2020, namely, the NEM programme, the LSSPV programme, alongside the SARE programme, are expected to support the growth of the industry. Moreover, the Malaysian Government is committed towards driving the solar PV industry in the long term, with its inclusion in the ASEAN Remap where it is targeted to achieve a total solar PV installed capacity of 5,800MW by 2025. Other factors that are likely to contribute to the future demand for solar PV energy include rising environmental awareness as well as the gradual removal of SIT.

In terms of supply, the Malaysian Government is also providing the support to grow the entire value chain of the solar PV industry where plans have been outlined in the ETP to increase the local production of products, ranging from silicon, wafers and cells to solar modules. A GTFS is also set up to provide financial support to all stakeholders within the green technology industry, including those in the solar PV industry.

2.0 Overview of the Renewable Energy Sector in Vietnam

The renewable energy sector in Southeast Asia has developed over the years, with installed capacity rising from throughout the period of 2011 to 2018; from 37.9GW in 2011 to 64.3GW in 2018, representing a CAGR of 7.8%, according to data released by IRENA. Energy profiles across the region are diverse, mainly due to the disparate economic, political and cultural differences. Moving forward, more efforts to promote the renewable energy sector are expected in order to achieve a region-wide renewable energy capacity of 180GW by 2025, including 55GW of solar PV capacity.

8. IMR REPORT (Cont'd)

In 2018, Vietnam had 18.5GW of renewable energy capacity, of which 97.1% was contributed by hydropower. The country's effort to develop its renewable energy sector began in 2007 with the approval of the Scheme on Development of Biofuels. The said scheme, which was to be implemented up to 2015, was aimed at increasing the production and utilisation of biofuels as an alternative energy source. The National Power Development Plan was later approved in 2011 which prioritises the development of renewable energy for power generation especially for rural electrification.

The sale of electricity to the grid was permitted in 2014 and to date, electricity from small hydro, wind power plants, biomass-based and solid waste-based power plants are accepted. The country's effort has also witnessed the increase in number of system providers in the market, where notable players include Applied Technical Systems Joint Stock Company and Vietnam Solar Power EPC Corporation.

Despite the country's efforts to develop the renewable energy segment, the industry also faces institutional barriers. Domestic banks generally have insufficient knowledge and have the perception that renewable energy projects are risky. Furthermore, these banks have insufficient experience in project financing, and face capacity constraints to process green credit appraisals, such as evaluating of new technologies and assessing the risk, which has led to a lack of capacity to finance solar projects in Vietnam.

Vietnam has recently approved the Vietnam Renewable Energy Development Strategy which outlines the mechanism for renewable energy development in the country up to 2030. Under the ASEAN Remap, Vietnam targets to achieve 38.5GW of renewable energy capacity generated from bioenergy (1.0GW), hydropower (23.7GW), solar PV (8.1GW) and wind energy (5.7GW).

3.0 Overview of the Solar Photovoltaic Industry in Taiwan

Energy in Taiwan is generated from a combination of resources, including fossil fuels (coal, oil and liquefied natural gas), pumped hydropower and nuclear power. According to Taiwan's Bureau of Energy under the Ministry of Economic Affairs, fossil fuels contributed 84.1% of Taiwan's generated power in 2018, followed by nuclear power with 10.0% share. Pump hydropower constituted 1.2% of the total power generation while renewable energy encompassing conventional hydropower, wind power, solar PV, biomass and waste constituted 4.6% of the total power generation in Taiwan in 2018.

The governmental push for the development of the renewable energy sector began in 2009 in tandem with its promulgation of the Renewable Energy Development Act which saw the introduction of the FIT mechanism, which covers a variety of technologies in the renewable energy sector, which include amongst others; solar PV, biomass, wind, hydropower and waste-to-energy. For solar PV under the FIT mechanism, investors may install the solar PV system on self-own or leased lands and rooftop, and sell the energy generated from the solar PV system to the Taiwan Power Company, the state-owned electric power company. On top of the tariff selling programme, Taiwan Power Company has also been supportive towards the development of the renewable energy sector through the installation of its own renewable energy facilities. The industry's growth has resulted in the participation of increased systems providers, with some notable players such as Chunghwa Telecom Co., Ltd and Hengs Technology Co., Ltd.

The country's solar PV industry has witnessed strong growth over the years with total installed capacity of solar PV in Taiwan expanded from 118MW in 2011 to 2,618MW in 2018, representing a CAGR of 55.7%. Despite the government's push for the development of

8. IMR REPORT (Cont'd)



renewable energy, it also faces market challenges which include land scarcity due to steep mountains which hinders developments in these areas. Approval to obtain ground mounted solar projects may be difficult due to red tape and coordination issues between different government agencies. Although the Council of Agriculture ("COA") had also allowed green energy facilities to be installed on agricultural plots, COA has been actively encouraging the usage of agriculture purposes and green energy as value added.

Despite the challenges, the country's solar PV industry is set to continue growing. The Taiwanese Government launched a new energy policy in 2016, which aims to achieve nuclear-free Taiwan by 2025 through contributions from renewable energy. The new energy policy outlines a target of 20.0% share of renewable energy in total power generation by 2025 (from 4.6% in 2018).

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9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR ISSUE SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are dependent on the continued services of our key senior management and technical team

We attribute our success to the leadership and continued contribution of our key senior management team, led by our Managing Director, Executive Director and Group Chief Executive Officer. We believe that our continued and future success largely depend on our continued ability to hire, train, motivate and retain our key senior management and technical team comprising engineers and other qualified personnel needed to develop new services, support our existing range of services and provide quality services to the clients.

Having a strong key senior management and technical team are vital to maintain the quality of our Group's services whilst retaining the business confidence of the clients. The loss of these key senior management and technical team simultaneously or within a short span of time without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel, may adversely affect our Group's operations. Separately, the loss of our Managing Director, Executive Director and Group Chief Executive Officer may also adversely affect us.

We are also required to maintain competent persons who hold the SEDA Malaysia Grid-Connected Photovoltaic Systems Design certification to sign off any submission in relation to the solar PV systems installation to the authorities. If we fail to maintain at least one competent person, our business will be affected. As at LPD, we have 8 competent persons who have such certification, one of which is our Managing Director, Lim Chin Siu.

9.1.2 We are dependent on our subcontractors to perform certain works

We engage labour-only subcontractors to perform installation works. We also engage other subcontractors to perform specialist works such as earthworks, roadworks and drainage.

As our subcontractors have no direct contractual relationship with our clients, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors. While we may attempt to seek compensation from the relevant subcontractors, we may from time to time, be required to compensate our clients prior to receiving the said compensation. If we are unable to claim from the subcontractors or the amounts of the claim cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all the costs of the claims.

Poor quality deliverables of our subcontractors may also affect our reputation in the industry.

Subcontractor costs accounted for approximately 14.1%, 20.2%, 32.0% and 54.5% of our total cost of sales for FYE 31 March 2016, FYE 31 March 2017, FYE 31 March 2018 and FYE 31 March 2019 respectively.

9. RISK FACTORS (Cont'd)

9.1.3 Unanticipated increases in project costs

We estimate our project costs at the time of bidding / negotiating for projects. The contract value is priced based on our cost estimates and project scheduling that are derived from assumptions such as prices of solar PV modules and inverters which are quoted to us in foreign currencies such as USD as well as prices and availability of labour and relevant machinery and equipment. Our cash flows and profit margin from the projects are therefore dependent upon our ability to accurately estimate these costs and timeline. Such costs and timeline may be affected by a variety of factors, such as depreciation of RM, slower than anticipated progress, conditions at project sites differing materially from what was anticipated at the time we bid for the contract, higher costs of equipment, material and labour, delay in material deliveries and project financing closure.

In such events, we may incur cost overruns which will affect our cash flows and financial performance. These variations in costs may cause actual gross profit for a project to differ from those originally estimated. As a result, certain projects could have lower margins than anticipated, or incur losses if actual costs for the projects exceed their estimates.

9.1.4 Our business may be adversely affected if there is an increase in competition

We face competition from local and international competitors which may be capable of offering similar services. They may compete with us in terms of pricing, solutions offered, service quality.

If our competitors are able to offer solar PV systems at a more competitive price than ours, we may be forced to match their pricing to secure the projects, which may affect our profit margins. Additionally, if we cannot match or be better than our competitors in terms of technology or range of comprehensive solutions, our clients may choose our competitors.

Some of our international competitors may also have greater financial and marketing resources and longer track record in the solar PV industry globally. Project owners and financial institutions may be more inclined to work with such competitors.

9.1.5 We are subject to potential defects liability claims and performance ratio guarantee

A defects liability period is imposed on us for the contracts that we secured. The defects liability period commences from the date of testing and commissioning and generally covers a period of 2 years, depending on the contract terms, which is in line with the industry average.

While we may attempt to recover any defects liability claim, such as product warranty claims from the equipment manufacturers, we may from time to time, be required to compensate our clients prior to receiving the said claim. If we are unable to claim from the equipment manufacturers due to our negligence or the amounts of the claim cannot be recovered in full or at all from the equipment manufacturers, we may be required to bear some or all the costs of the claims.

We also provide performance ratio guarantee of 1 to 3 years on our solar PV system. While we strive to ensure that our solar PV system performs at its optimum level, there is no assurance that our solar PV system will consistently meet the performance ratio guarantee. If the performance of our solar PV system does not achieve the guaranteed amount, we are required to compensate our client the costs of the performance shortfall.

9. RISK FACTORS (*Cont'd*)

9.1.6 We are subject to workplace hazards, and loss and damage to the machinery and equipment

Our employees and those of our subcontractors are exposed to potential hazards such as bodily injuries and loss of life due to workplace accidents. We are also exposed to risk of loss and damage to our machinery and equipment arising from theft, improper usage and fire.

The occurrence of workplace accidents and damage to our machinery and equipment could result in significant increase in project costs or affect our ability to perform our contractual obligations, which could materially and adversely affect us.

There can be no assurance that our existing insurance coverage on workplace hazards, and loss and damage to the machinery and equipment is sufficient to compensate for the claims, and that such insurance policies will continue to be available on terms acceptable to us.

9.1.7 We may fail to perform our obligations under the contract

We may breach our contractual obligations if we fail to complete the project on time or the performance of the solar PV systems falls short of the project specifications.

In such event, our clients may impose liquidated damages on us. Depending on the type of projects, our clients may also call on our performance bonds. This may have an adverse impact on our Group's reputation and financial performance.

9.1.8 We depend on the retention of certain approvals, permits and licenses

In order to operate our business, we are required to obtain and hold valid approvals, permits and licenses such as Registration of Solar Photovoltaic Service Provider issued by SEDA and others as set out in Section 6.7. We must comply with the restrictions and conditions imposed by the relevant authorities in order to keep such approvals, permits and licenses. Our approvals, permits and licenses may be suspended or cancelled if we fail to comply with the applicable requirements or any required conditions. Delay or refusal may also occur when renewing such approvals, permits and licenses upon their expiry.

Failure to keep or renew the requisite approvals, permits and licenses could result in suspension or restriction of our business operations. We will not be able to participate in tenders for EPCC contracts or carry out our role as the EPCC contractor, which will adversely affect our business and financial performance.

9.1.9 Risk relating to our geographical expansion

Our future geographical expansion plans to Taiwan and Vietnam expose us to the uncertainties of the foreign country and their respective business environment, which depend on the respective country's economic, social, political conditions and policies for renewable energy.

9. RISK FACTORS (Cont'd)

9.1.10 We may not be able to maintain our pioneer status

Atlantic Blue was granted pioneer status by MIDA for electricity generation as an owner of solar PV plant effective from 1 January 2015 under Promotion of Investment Act 1986. Under the pioneer status, the profit derived from our own solar PV plant is exempted from tax for 5 years from 1 January 2015 to 31 December 2019. The pioneer status can be renewed for another 5 years provided that Atlantic Blue complies with the conditions imposed.

For illustration purposes, assuming Atlantic Blue is unable to maintain or renew its pioneer status, the additional tax payable by our Group for FYE 31 March 2019, computed based on taxable income and the prevailing tax rate of 24% is approximately RM124,943. As such, the non-renewal of our pioneer status may affect our profitability and financial performance.

9.1.11 Our operations are dependent on our ability to obtain adequate financing

We undertake our business based on contracts awarded to us on a project-by-project basis. As the contract value, timing of collection and payment as well as target completion schedule is different for every contract, we are exposed to fluctuations in our operating cash flows.

We rely on overdraft and trade financing such as invoice financing and local bill purchase to partially finance our working capital. Such credit facilities are callable on demand or have short term repayment tenure.

If we are unable to secure adequate credit facilities or any significant calls on our credit facilities were to taken place, our cash flows, operations, growth and expansion plans will be adversely affected.

9.1.12 Concentration on a major client

We have secured 3 new contracts from Asia Meranti Group with aggregate contract value of RM158.1 million, the unbilled portion represents 36.8% of our order book as at LPD. All the contracts have commenced in February 2019 and are expected to complete by the last quarter of 2019.

While we are not dependent on Asia Meranti for our business continuity as our contract with them is short term in nature and we have been able to secure projects from different clients over FYE 31 March 2016 to 2019, Asia Meranti Group is expected to contribute significantly to our Group's revenue and profit for FYE 31 March 2020 due to the timing and progress of their EPCC contracts. Our financial performance for FYE 31 March 2020 may be materially and adversely affected if we encounter any unexpected delays or disagreements with Asia Meranti Group.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Competition risk with alternate renewable energy

We face competition from other alternate renewable energy such as biogas, biomass, small hydropower and geothermal resources. They may compete with us in terms of their power generation capacity and the pricing for initial installation and subsequent operations and maintenance. Although currently the Government has placed emphasis on solar energy via LSSPV programmes to encourage private sector to construct solar PV plant, there is no guarantee that moving forward, such initiatives will persist.

9. RISK FACTORS (Cont'd)

If our competitors are able to offer a better power generation alternative at a more competitive price than ours, we may lose the project as we have no technical expertise and knowledge on other alternate renewable energy.

9.2.2 We are dependent on government policies, incentives and supportive regulatory framework

We are involved in the solar PV industry, which is subject to various laws, regulations and policies set by the government authorities relating to renewable energy. While the Malaysian Government has set policies and support mechanisms for the renewable energy, such policies and support may be modified or changed in the future.

We may be affected by any adverse changes in the government policies and support mechanisms relating to the solar PV industry. Introduction of new policies and/or reduction/elimination of support mechanisms may adversely affect the prospects of the solar PV industry.

9.2.3 We are subject to changes in technology in the solar industry

The renewable energy industry is characterised by evolving technology standards that require improved features, such as more efficient power generation and improved aesthetics.

As solar industry player, we must be abreast with the latest trend and technology in the solar industry so that we can propose the most cost effective and efficient solutions to our clients. We may lose our competitiveness if we fail to stay up to date with the latest technology which will then adversely affect our business.

9.2.4 Our business depends on our clients successfully obtaining approval from authorities and financing for their solar PV investments

As an EPCC contractor for solar PV systems, our business is dependent on our client's ability to obtain approval from authorities such as Energy Commission, SEDA and Distribution Licencees for their solar PV projects. Our clients will also need financing for their solar PV projects and their ability to obtain such financing will affect the implementation of the project.

If our clients are unable to obtain approval from authorities and/or financing for their solar PV projects, we will not be able to proceed with the projects.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public trading for our Shares. The listing of and quotation for our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

9. RISK FACTORS (*Cont'd*)

9.3.2 Our Listing may be delay or aborted

Our Listing may be delayed or aborted should any of the following occurs:

- (i) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (ii) We are unable to meet the public shareholding spread requirement whereby at least 25% of our enlarged issued share capital must be held by a minimum of 200 public shareholders each holding not less than 100 Shares at the point of our Listing.

If any of these events occurs, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Applications within 14 days, failing which the provision of sub-section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Section 117 of the Act and its related rules.

Such cancellation requires the sanction of shareholders by special resolution in a general meeting, with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and volume of our Shares upon Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as growth potential of various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.4 Dividend payment

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed. Our Company is an investment holding company and we conduct substantially all of our operations through our subsidiaries. Our company derives income mainly from dividends received from our subsidiaries. Consequently, our ability to declare and pay dividends are dependent on, amongst others, the financial performance of our subsidiaries. Further, in view that our Group intends to embark on future plans as disclosed in Section 7.15, our ability to pay dividends may be limited.

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

9. RISK FACTORS (Cont'd)

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Group

Our Promoters will collectively hold 74.7% of our enlarged share capital upon Listing. They will have significant influence over our business direction and the outcome of certain matters requiring shareholders' vote, unless they are required to abstain from voting by law and/or by the relevant authorities.

9.4.2 Forward-looking/prospective statements in this Prospectus may not be achievable

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of future results. Forward-looking statements are based on assumptions and subject to uncertainties and contingencies.

There can be no assurance that such forward-looking statements or expectations or forecasts will materialise and actual results may deviate significantly. Such deviation may have a material and adverse effect on us.

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10. RELATED PARTY TRANSACTIONS**10.1 RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS****10.1.1 Related party transactions**

Save for the Acquisition, advances granted by our related parties (details as set out in Section 10.1.2) and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 31 March 2016 to 2019 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions										
					FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019		
					RM'000	%	N/A	RM'000	%	N/A	RM'000	%	N/A	RM'000	%
CS Organic Farm Sdn Bhd	Atlantic Blue	Tan Eng Heng Low Ing Ing	Tan Eng Heng is a project manager of Solarvest Energy (SR)	Advances for working capital given by Atlantic Blue to the related party	89	N/A	N/A	275	N/A	N/A	2	N/A	18	N/A	-
			Low Ing Ing is wife to Lim Chin Siu, our Promoter, Managing Director and substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party	-	-	-	-	-	-	280	(1)0.6	-	-	-
CB Eco Farm Sdn Bhd	Atlantic Blue	Tan Qi Jie Chang Fong Yin	Tan Qi Jie is our key senior management and sibling of	Advances for working capital given by Atlantic Blue to the related	143	N/A	N/A	14	N/A	N/A	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions									
					FYE 31 March 2016	%	FYE 31 March 2017	%	FYE 31 March 2018	%	FYE 31 March 2019	%	1 April 2019 up to LPD	
					RM'000		RM'000		RM'000		RM'000		RM'000	%
			Tan Chyi Boon, our Promoter, Executive Director and substantial shareholder											
			Chang Fong Yin is account executive of Atlantic Blue											
			Both of them are directors and 50.0% shareholders of CB Eco Farm Sdn Bhd											
PB Green Farm Sdn Bhd	Atlantic Blue	Lean Siew Ting	Lean Siew Ting is our key senior management	Advances for working capital given by Atlantic Blue to the related party	263	N/A	7	N/A	-	-	-	-	-	-
			She is a director and a 50.0% shareholder of PB Green Farm Sdn Bhd											
Distance Solar Energy Sdn Bhd	Atlantic Blue	Lim Ah Kau@ Lim Ah Kaw Wong Le Chin	The interested persons are parents to Lim Chin Siu, our Promoter, Managing Director and	Advances for working capital given by Atlantic Blue to the related party	315	N/A	953	N/A	20	N/A	21	N/A	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions								
					FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD	%	RM'000	%	RM'000
			substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party	-	334	(1)1.0	368	(1)0.8	-	-	-	-
			Both of them are directors and 50.0% shareholders of Distance Solar Energy Sdn Bhd										
Ocean Solar Energy Sdn Bhd	Atlantic Blue	Tan Yok Hong Sow Geok Choo	The interested persons are parents to Tan Chyi Boon, our Promoter, Executive Director and substantial shareholder and Tan Qi Jie, our key senior management	Advances for working capital given by Atlantic Blue to the related party	71	130	N/A	4	N/A	3	N/A	-	-
			Both of them are directors and 50.0% shareholders of Ocean Solar Energy Sdn Bhd	Revenue from installation of solar PV systems by Atlantic Blue for the related party	-	1	(1)<0.1	140	(1)0.3	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions									
					FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Atlantic Ecocity Sdn Bhd	Atlantic Blue	Tan Chyi Boon	Tan Chyi Boon is a Director and 100% shareholder of Atlantic Ecocity Sdn Bhd. He is also our Promoter, Executive Director and substantial shareholder	Advances for working capital given by Atlantic Blue to the related party	908	N/A	5	N/A	16	N/A	4	N/A	-	-
Sena Sports Sdn Bhd	Atlantic Blue	Sena Sports Sdn Bhd	Sena Sports Sdn Bhd is a former associate of Atlantic Blue	Advances for construction of futsal court given by Atlantic Blue to the related party	-	-	-	-	450	N/A	-	-	-	-
			Tan Chyi Boon is a Director of Sena Sports Sdn Bhd. He is also our Promoter, Executive Director and substantial shareholder	Advances for working capital given by Atlantic Blue to the related party	-	-	-	-	28	N/A	15	N/A	6	N/A
Tan Chyi Boon	Atlantic Blue	Tan Chyi Boon	Tan Chyi Boon is a Director of Atlantic Ecocity Sdn Bhd. He is also our Promoter, Executive Director and substantial shareholder	Advances for working capital given by Atlantic Blue to the related party	-	-	-	-	32	N/A	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship shareholder	Nature of transaction	Value of transactions										
					FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019		1 April 2019 up to LPD		
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	
Metex Steel Sdn Bhd	Atlantic Blue	Chin Hin	Metex Steel Sdn Bhd is a subsidiary of Chin Hin, our Promoter and substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party ⁽⁴⁾	7,104	(1)20.1	-	-	-	-	-	-	-	-	
	Solarvest Energy	Datuk Seri Chiau Beng Teik Chiau Haw Choon		Operations and maintenance services for solar PV systems	-	-	-	-	7	<0.1	7	<0.1	7	<0.1	
			Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of Metex Steel Sdn Bhd and our substantial shareholders												
			Chiau Haw Choon is also our Non-Independent Non-Executive Director												
Starken AAC Sdn Bhd	Atlantic Blue	Chin Hin	Starken AAC Sdn Bhd is a subsidiary of Chin Hin, our Promoter and substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party ⁽⁴⁾	2,907	(1)8.2	5,709	(1)14.6	88	(1)0.2	-	-	-	-	
	Solarvest Energy	Datuk Seri Chiau Beng Teik Chiau Haw Choon		Operations and maintenance services for solar PV	-	-	-	-	2	<0.1	4	<0.1	4	<0.1	

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions									
					FYE 31 March 2016	%	FYE 31 March 2017	%	FYE 31 March 2018	%	FYE 31 March 2019	%	1 April 2019 up to LPD	
					RM'000		RM'000		RM'000		RM'000		RM'000	%
			Datuk Seri Chiau Beng Teik and Chiau Haw	systems										
			Choon are directors of Starken AAC Sdn Bhd and our substantial shareholders											
			Chiau Haw											
			Choon is also our Non-Independent Non-Executive Director											
PP Chin Hin Sdn Bhd	Atlantic Blue	Chin Hin Datuk Seri Chiau Beng Teik Chiau Haw Choon	PP Chin Hin Sdn Bhd is a subsidiary of Chin Hin, our Promoter and substantial shareholder	Purchase of materials (tapes) by Atlantic Blue from the related party ⁽⁴⁾ ⁽⁵⁾	8	(2)<0.1	26	(2)0.1	-	-	-	-	-	-
			Datuk Seri Chiau Beng Teik and Chiau Haw											
			Choon are directors of PP Chin Hin Sdn Bhd and our substantial shareholders											
			Chiau Haw											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions											
					FYE 31 March 2016	%	FYE 31 March 2017	%	FYE 31 March 2018	%	FYE 31 March 2019	%	1 April 2019 up to LPD	%		
					RM'000		RM'000		RM'000		RM'000		RM'000		RM'000	
Globalcycle Sdn Bhd	Atlantic Blue Solarvest Energy	Lim Chin Siu	Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of Formino Metal Sdn Bhd ⁽³⁾ and our substantial shareholders	Storage & charges for hire of forklift and lorry by Globalcycle Sdn Bhd to Atlantic Blue and Solarvest Energy ⁽⁶⁾	27	(2)0.1	20	(2)0.1	19	(2)0.1	7	(2)<0.1	9	(2)<0.1		
			Chiau Haw Choon is also our Non-Independent Non-Executive Director													
			Lim Chin Siu is a Director and 38.1% shareholder of Globalcycle Sdn Bhd													

Notes:

N/A Not applicable

⁽¹⁾ Calculated based on our Group's revenue for each of the respective financial years⁽²⁾ Calculated based on our Group's cost of sales for each of the respective financial years⁽³⁾ In April 2018, Chin Hin has disposed its entire interest in Formino Metal Sdn Bhd. Consequently, Datuk Seri Chiau Beng Teik and Chiau Haw Choon have also resigned as directors of Formino Metal Sdn Bhd⁽⁴⁾ These transactions occurred prior to Chin Hin's acquisition of 45% equity interest in Atlantic Blue, which was completed in August 2017

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (5) These transactions will continue post Listing
- (6) Our Group has ceased renting storage space from Globalcycle Sdn Bhd from January 2019. The storage is charged based on monthly utilisation and there is no rental agreement between the Group and Globalcycle Sdn Bhd. However, we still hire forklift and lorry from Globalcycle Sdn Bhd when required

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10. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors are of the view that the transactions in relation to our revenue from installation of solar PV systems and electrical works for related parties, purchases of materials from related parties as well as payment for storage & hire machinery to a related party were conducted on an arm's length basis and on competitive commercial terms.

The transactions in relation to advances given to our related parties were not conducted on arm's length basis as they were interest free. However, all such advances have been fully settled by the related parties as at the date of this Prospectus, and moving forward, we will no longer provide any advances to our related parties.

In order to ensure future related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

10. RELATED PARTY TRANSACTIONS (Cont'd)

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

10.1.2 Other transactions**(i) Transactions that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during FYE 31 March 2016 to 2019 and up to LPD.

(ii) Outstanding loans (including guarantees of any kind)**Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

However, during FYE 31 March 2019, there were advances granted by our related parties for the benefit of our Group as set out below. Such advances have been capitalised into RPS under the Capitalisation of Advances. Please refer to Section 6.3.1 for details:

	RM'000
Datuk Seri Chiau Beng Teik	4,125
Lim Chin Siu	1,555
Tan Chyi Boon	1,520
	<u>7,200</u>

These advances were non-trade related, unsecured, interest free and repayable on demand. As the advances were interest free, they were not granted to us on arm's length basis; however, they were granted on terms not more favourable to the related parties and as such, our Directors are of the view that they are not detrimental to our Group.

10. RELATED PARTY TRANSACTIONS (Cont'd)**Guarantees**

The security for our banking facilities are disclosed in Section 12.4, of which the following are guarantees and security given by our related parties:

- (a) Lim Chin Siu, Tan Chyi Boon and Tan Paw Boon, had jointly and severally provided personal guarantee for the banking facilities extended by Alliance Bank Malaysia Berhad to our Group as at LPD;
- (b) AB Holdings had provided corporate guarantee for the banking facilities extended by OCBC Bank (Malaysia) Berhad to our Group as at LPD;
- (c) Lim Chin Siu and Tan Chyi Boon had pledged their life insurance policies for banking facilities extended by OCBC Bank (Malaysia) Berhad and Alliance Bank Malaysia Berhad to our Group as at LPD;
- (d) Lim Chin Siu, Tan Chyi Boon, Chong Chun Shiong, Chiau Haw Choon and Datuk Seri Chiau Beng Teik, had jointly and severally provided personal guarantee for the banking facilities extended by OCBC Bank (Malaysia) Berhad, CIMB Islamic Bank Berhad and Ambank Islamic Berhad to our Group as at LPD; and
- (e) Tan Chyi Boon together his parents, Tan Yok Hong and Sow Geok Choo, had provided third party securities in the form of land and buildings for banking facilities extended by Alliance Bank Malaysia Berhad to our Group as at LPD.

As at LPD, we have received conditional approvals from all the financial institutions to discharge the above guarantees and third party securities, conditional on (i) successful listing of Solarvest on the ACE Market and (ii) substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions. We will apply to the banks to discharge the above guarantees and securities upon Listing and expect to complete the discharge within 6 months from our Listing.

In relation to the above, as at LPD, we have not utilised any banking facilities from CIMB Islamic Bank Berhad and Ambank Islamic Berhad. The outstanding banking facilities from Alliance Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad are as follows:

	RM'000
Alliance Bank Malaysia Berhad	5,766
OCBC Bank (Malaysia) Berhad	6,135
	11,901

(iii) Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 15 September 2017 between Atlantic Blue and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor and Placement Agent for our Listing; and
- (b) Underwriting agreement dated 21 August 2019 entered into between our Company and M&A Securities for the underwriting of 39,062,000 Issue Shares.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND OUR SUPPLIERS

11.1.1 Interest in similar business

As at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are carrying on a similar or related trade as our Group in terms of provision of EPCC services and operations and maintenance of solar PV systems.

However, our related parties listed below are owners of solar PV plant under the FIT mechanism, where they sell electricity to TNB to generate supplemental income.

Related party/ Principal activities	Interested person	Nature of relationship	Type of solar PV plant
CS Organic Farm Sdn Bhd (dormant with investment in rooftop solar PV plant)	Tan Eng Heng Low Ing Ing	Tan Eng Heng is a project manager of Solarvest Energy Low Ing Ing is wife to Lim Chin Siu, our Promoter, Managing Director and substantial shareholder Both of them are directors and 50.0% shareholders of CS Organic Farm Sdn Bhd	Owner of a 59kWp solar PV plant
Distance Solar Energy Sdn Bhd (dormant with investment in rooftop solar PV plant)	Lim Ah Kau@ Lim Ah Kaw Wong Le Chin	The interested persons are parents to Lim Chin Siu, our Promoter, Managing Director and substantial shareholder Both of them are directors and 50.0% shareholders of Distance Solar Energy Sdn Bhd	Owner of a 180kWp solar PV plant
Ocean Solar Energy Sdn Bhd (dormant with investment in rooftop solar PV plant)	Tan Yok Hong Sow Geok Choo	The interested persons are parents to Tan Chyi Boon, our Promoter, Executive Director and substantial shareholder and Tan Qi Jie, our key senior management Both of them are directors and 50.0% shareholders of Ocean Solar Energy Sdn Bhd	Owner of a 24kWp solar PV

11. CONFLICT OF INTEREST (Cont'd)

Related party/ Principal activities	Interested person	Nature of relationship	Type of solar PV plant
Metex Steel Sdn Bhd (manufacturing and sale of steel wire mesh) and Starken AAC Sdn Bhd (manufacturing and sales of autoclaved aerated concrete products)	Chin Hin Datuk Seri Chiau Beng Teik Chiau Haw Choon	Metex Steel Sdn Bhd and Starken AAC Sdn Bhd are subsidiaries of Chin Hin, our Promoter and substantial shareholder Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of Metex Steel Sdn Bhd and Starken AAC Sdn Bhd and our substantial shareholders Chiau Haw Choon is also our Non-Independent Non-Executive Director	<u>Metex Steel Sdn Bhd</u> Owner of 1 solar PV plant with capacity of 1MWp <u>Starken AAC Sdn Bhd</u> Owner of 2 solar PV plants with capacity of 1.0MWp and 0.4MWp respectively

The due diligence working group having reviewed the above is of the view that there is no competition between Solarvest and the related parties who owned solar PV plant as the related parties are not involved in provision of EPCC services and operations and maintenance of solar PV systems. The ownership of the solar PV plant is merely to provide supplemental income to the related parties.

11.1.2 Interest in business of our clients and/or suppliers of our group

Save as disclosed below, as at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are clients and/or suppliers of our Group:

- (i) CS Organic Farm Sdn Bhd, Distance Solar Energy Sdn Bhd and Ocean Solar Energy Sdn Bhd were our clients and owned by persons related to our Managing Director and Executive Director;
- (ii) Chin Hin who is our Promoter and substantial shareholder, is also our client by virtue of our transactions with its subsidiaries, namely Metex Steel Sdn Bhd, Starken AAC Sdn Bhd, Metex Modular Sdn Bhd; and
- (iii) PP Chin Hin Sdn Bhd, a subsidiary of Chin Hin is also our supplier.

Please refer to Section 10.1.1 for the details of the related party transactions.

It is our Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties. Moving forward, in order to mitigate any possible conflict of interest situation, our Directors will declare to our Nominating Committee and our Board their interests in other companies on the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then evaluate if such Director's involvement give rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. Where a determination has been made that there is an actual or potential conflict of interest of a Director, our Nominating Committee will:

11. CONFLICT OF INTEREST (Cont'd)

- (i) Immediately inform our Board of the conflict of interest situation;
- (ii) Make recommendations to our Board to direct the conflicted Director to:
 - (a) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (b) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (ii) above, the conflicted Director shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

In circumstances where a Director has a significant, ongoing and irreconcilable conflict of interest with our Group and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

11.1.3 Disposal of material assets

Save for the disposal of Atlantic Ecocity Sdn Bhd to Tan Chyi Boon, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 31 March 2016 to 2019, acquired or proposed to be acquired by; or disposed of or proposed to be disposed of by; or leased or proposed to be leased to us. Please refer to Section 6.9.6(ii)(a) for details of the disposal of Atlantic Ecocity Sdn Bhd to Tan Chyi Boon.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (i) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (ii) Messrs Teh & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (iii) Messrs Ecovis Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (iv) Protégé Associates Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout FYE 31 March 2016 to 2019 have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

We completed the Acquisition on 15 July 2019. Atlantic Blue, Powertrack, Solarvest Energy and Solarvest Energy (SR) are assumed to be under common control with our Group since their incorporation and prior to the Acquisition. As such, the historical financial information of our Group for FYE 31 March 2016 to 2019 is presented based on combined audited financial statements of Solarvest Group.

12.1.1 Combined statements of comprehensive income

The following table sets out a summary of our combined statements of comprehensive income for FYE 31 March 2016 to 2019 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	35,286	39,009	45,069	112,201
Less: Cost of sales	(24,731)	(25,801)	(28,373)	(89,769)
GP	10,555	13,208	16,696	22,432
Other income	26	104	212	3,379
Administrative expense	(3,861)	(4,606)	(6,180)	(10,493)
Sales and distribution expense	(903)	(613)	(418)	(396)
Net impairment losses on financial assets	(10)	(161)	(81)	(480)
Other expenses ⁽¹⁰⁾	(133)	(136)	(299)	(1,105)
Profit from operations	5,674	7,796	9,930	13,337
Finance costs	(466)	(577)	(624)	(1,097)
Share of loss of associate, net of tax	-	-	(1)	-
PBT	5,208	7,219	9,306	12,240
Taxation ⁽⁸⁾	(1,055)	(718)	(1,068)	(1,122)
Profit from continuing operations	4,153	6,501	8,238	11,118
<u>Discontinuing operations</u> ⁽⁷⁾				
Loss from discontinuing operations net of tax	(5)	(3)	-	-
PAT	4,148	6,498	8,238	11,118
PAT attributable to:				
Owners of the Company	4,150	6,499	8,239	11,124
Non-controlling interest	(2)	(1)	(1)	(6)
	4,148	6,498	8,238	11,118
EBIT (RM'000) ⁽²⁾	5,652	7,774	9,891	13,014
EBITDA (RM'000) ⁽²⁾	6,255	8,605	11,100	14,703
GP margin (%) ⁽³⁾	29.9	33.9	37.0	20.0
PBT margin (%) ⁽⁴⁾	14.8	18.5	20.6	10.9

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 31	FYE 31	FYE 31	FYE 31
	March	March	March	March
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
PAT margin (%) ⁽⁴⁾	11.8	16.7	18.3	9.9
Basic EPS (sen) ⁽⁵⁾	1.4	2.2	2.8	3.8
Diluted EPS (sen) ⁽⁶⁾	1.1	1.7	2.1	2.8

Notes:

- (1) Represents less than RM1,000
- (2) EBIT and EBITDA are calculated as follows:

	Audited			
	FYE 31	FYE 31	FYE 31	FYE 31
	March	March	March	March
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
PAT	4,148	6,498	8,238	11,118
Less:				
Interest income	(17)	(19)	(39)	(236)
Add:				
Finance costs ⁽¹¹⁾	466	577	624	1,010
Taxation	1,055	718	1,068	1,122
EBIT	5,652	7,774	9,891	13,014
Add:				
Depreciation and amortisation	603	831	1,209	1,689
EBITDA	6,255	8,605	11,100	14,703

- (3) Calculated based on GP over revenue
- (4) Calculated based on PBT/PAT over revenue
- (5) Calculated based on PAT attributable to owners of the Company and share capital of 291,795,655 Shares in issue before IPO
- (6) Calculated based on PAT attributable to owners of the Company and enlarged share capital of 390,623,655 Shares after IPO
- (7) Discontinuing operation refers to Atlantic Ecocity Sdn Bhd which was disposed of in FYE 31 March 2018 for a nominal sum of RM60 and we recorded a gain of disposal of RM5,558. The disposal was undertaken to streamline our business operations as it is not involved in solar PV industry
- (8) The taxation was computed based on existing tax exemptions enjoyed by Atlantic Blue (pioneer status), Solarvest Energy and Powertrack (tax incentives for green activities). The tax exemption enjoyed by Solarvest Energy and Powertrack will expire by year of assessment 2020 whilst the pioneer status enjoyed by Atlantic Blue can be renewed up to 31 December 2024. For illustration purposes, assuming Atlantic Blue is unable to renew its pioneer status and the tax exemptions granted by MIDA to Powertrack and Solarvest Energy expire, the additional tax payable by our Group for FYE 31 March 2019, which was computed based on taxable income of each company and prevailing tax rate of 24% are as follows:

12. FINANCIAL INFORMATION (Cont'd)

	Pioneer status	Tax exemption
	FYE 31 March 2019	FYE 31 March 2019
	RM	RM
Atlantic Blue	124,943	-
Solarvest Energy	-	1,553,771
Powertrack	-	336,405
	124,943	1,890,176

Please refer to Section 9.1.10 for risk of not being able to maintain Atlantic Blue's pioneer status.

- (9) The revenue and profit contributed by our related parties are as follows:

	Audited			
	FYE 31	FYE 31	FYE 31	FYE 31
	March	March	March	March
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Revenue contribution:				
- Chin Hin group of companies	10,010	5,709	88	2,641
- Other related parties	-	334	788	-
	10,010	6,043	876	2,641
GP contribution:				
- Chin Hin group of companies	3,333	1,653	98	133
- Other related parties	-	29	323	-
	3,333	1,682	421	133

The EPCC services with Chin Hin group of companies in FYE 31 March 2016 and FYE 31 March 2017 are secured prior to Chin Hin's acquisition of 45% equity interest in Atlantic Blue. The GP contribution by Chin Hin group of companies is higher than the revenue in FYE 31 March 2018 due to discount received from the suppliers and subcontractors after completion of the project.

- (10) Mainly due to expenses for our Listing of RM0.9 million for FYE 31 March 2019
- (11) Excludes the unwinding of discount on RPS for FYE 31 March 2019

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12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 March 2016, 2017, 2018 and 2019 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	10,455	11,589	14,655	14,682
Investment properties	1,168	1,152	-	(2)887
Intangible assets	-	-	1	(3)632
Deferred tax assets	420	432	13	112
Trade receivables ⁽¹⁾	-	137	1,002	(5)(6)2,442
Other receivables ⁽¹⁾	208	218	229	240
	12,251	13,528	15,900	18,995
Current assets				
Inventories	1,223	1,542	1,430	(7)2,030
Trade receivables	6,640	5,798	4,051	(5)(6)15,545
Other receivables, deposits and prepayments	1,393	1,002	2,740	10,605
Contract assets	1,688	1,738	8,325	(5)16,646
Current tax assets ⁽⁴⁾	-	-	1,302	1,903
Fixed deposits with financial institutions	533	598	661	8,235
Cash and bank balances	672	3,900	2,876	14,191
	12,149	14,578	21,385	69,155
Asset classified as held for sale	-	906	-	-
Total assets	24,400	29,012	37,285	88,150
Equity				
Invested equity	1,012	1,018	1,000	1,000
Retained earnings	5,067	11,316	19,555	30,680
	6,079	12,334	20,555	31,680
Non-controlling interest	(2)	(3)	-	(6)
Total equity	6,077	12,331	20,555	31,674
Non-current liabilities				
Bank borrowings	8,894	7,978	6,921	5,798
Finance lease liabilities	392	454	912	1,096
RPS	-	-	-	4,555
Trade payables	-	18	134	(5)503
Contract liabilities	206	303	378	273
	9,492	8,753	8,345	12,225
Current liabilities				
Trade payables	1,138	1,965	2,859	(5)25,474
Other payables and accruals	1,424	1,212	1,713	2,645
Provisions	-	-	514	332
Amount owing to Directors	877	460	-	-

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Bank borrowings	1,855	1,689	2,501	7,693
Finance lease liabilities	185	259	471	611
Contract liabilities	3,234	2,208	327	⁽⁵⁾ 7,496
Current tax liabilities	118	134	-	-
	8,831	7,927	8,385	44,251
Liabilities classified as held for sale	-	1	-	-
	8,831	7,928	8,385	44,251
Total liabilities	18,323	16,681	16,730	56,476
Total equity and liabilities	24,400	29,012	37,285	88,150

Notes:

- (1) Please refer to Section 12.2.1(ix) for further details of our non-current trade receivables and other receivables
- (2) Consist of 1 office unit located in Petaling Jaya
- (3) Consist of trademarks and our Epicor enterprise resource planning software. Trademark was recognised in FYE 31 March 2018 as it was only issued by Intellectual Property Corporation of Malaysia in 2016 and 2017. The previous accounting system was not recognised as it was not material
- (4) Consist of overpayment of income tax to Inland Revenue Board. Solarvest has recently received a tax refund of RM1.3 million from Inland Revenue Board in relation to the tax instalment for year of assessment 2018. The remaining RM0.6 million is the overpayment of tax instalment for year of assessment 2019
- (5) The increase in the trade receivables, trade payables, contract assets and contract liabilities are mainly due to the significant increase in our Group's revenue and operations in FYE 31 March 2019 where we undertook more LSSPV projects. As the value of the LSSPV projects are much higher as compared to the residential, commercial and industrial projects, our trade receivables, trade payables, contract assets and contract liabilities balance increased correspondingly
- (6) The trade receivables balance as at 31 March 2019 mainly consists of balances from LSSPV projects such as ET Energy (Malaysia) Sdn Bhd (RM3.4 million), TH Mestika Sdn Bhd (RM1.6 million), CEEC Tianjin Electric Power (M) Sdn Bhd (RM1.6 million), Asia Meranti Group (RM1.2 million) and Pensolar Sdn Bhd (RM1.1 million) and balances from commercial and industrial clients such as Supreme Rice Mill Sdn Bhd (RM1.1 million), Tong Heer Fasteners Co. Sdn Bhd (RM1.5 million) and Ban Chuan Seng Rice & Oil Mills Sdn Bhd (RM1.3 million). Please refer to Section 12.8.1 for the details on the trade receivables turnover
- (7) The increase in the inventories is mainly due to the purchases of additional PV modules for our future projects during the zero-rated Goods and Services Tax period from June 2018 to August 2018 to enjoy the additional cost savings

12. FINANCIAL INFORMATION (Cont'd)**12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for FYE 31 March 2016 to 2019 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 31	FYE 31	FYE 31	FYE 31
	March	March	March	March
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
PBT				
From continuing operations	5,208	7,219	9,306	12,240
From discontinuing operations	(5)	(3)	-	-
Adjustments for:				
Accretion of discount on RPS	-	-	-	(2,732)
Depreciation of investment properties	17	17	17	19
Amortisation of intangible assets	-	(1)	(1)	77
Bad debts written off, net	8	38	21	49
Depreciation of property, plant and equipment	586	814	1,192	1,592
Gain on disposal of property, plant and equipment	-	-	(10)	(16)
Finance costs	466	577	624	1,097
Share of loss on investment in an associate	-	-	(1)	-
Gain on disposal of an associate	-	-	(1)	-
Gain on disposal of a subsidiary	-	-	(6)	-
Net impairment loss on trade receivables	10	161	81	480
Accretion of discount on trade receivables	-	88	150	-
Accretion of discount on other receivables	119	-	-	-
Provision/(reversal) for onerous contract	-	-	514	(514)
Provision for defects liabilities	-	-	-	337
Finance income	(26)	(33)	(101)	(341)
Unrealised gain on foreign exchange	-	-	-	(14)
Operating profit before working capital changes	6,383	8,878	11,788	12,274
Changes in working capital:				
Decrease/(Increase) in inventories	39	(319)	112	(600)
(Increase)/Decrease in trade and other receivables, deposits and prepayments	(5,443)	816	(683)	(21,550)
Increase in contract assets	(1,688)	(51)	(6,587)	(8,321)
(Decrease)/Increase in trade and other payables, accruals and provisions	(4,947)	634	2,425	23,926
Increase/(Decrease) in contract liabilities	963	(930)	(1,805)	7,065
Cash (used in)/generated from operations	(4,693)	9,028	5,250	12,794

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 31	FYE 31	FYE 31	FYE 31
	March	March	March	March
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Finance costs paid	(466)	(577)	(624)	(1,009)
Interest income received	17	18	36	236
Tax paid	(983)	(714)	(2,085)	(1,822)
Net cash (used in)/from operating activities	(6,125)	7,755	2,577	10,199
Cash flows from investing activities				
Acquisition of intangible assets	-	(1)	(1)	(393)
Investment in an associate	-	-	(1)	-
Net cash inflow on disposal of a subsidiary	-	-	(1)	-
Acquisition of equity in Powertrack and Solarvest Energy from common controlling shareholders	-	-	(18)	-
Purchase of property, plant and equipment	(2,394)	(1,592)	(2,517)	(1,594)
Purchase of investment property	-	(905)	-	-
Proceeds from disposal of property, plant and equipment	-	-	34	23
Proceeds from disposal of an associate	-	-	(1)	-
Net cash used in investing activities	(2,394)	(2,498)	(2,502)	(1,964)
Cash flows from financing activities				
Proceeds from issuance of equity	612	6	(1)	(1)
Increase in fixed deposits pledged	(225)	(65)	(63)	(7,574)
Placement into sinking fund for banking facilities	-	-	-	(1,337)
Net receipt/(repayment) of advances from directors	355	(417)	(460)	7,200
Net drawdown/(repayment) of bankers acceptance	233	167	308	(708)
Net drawdown of local bill purchase	-	-	-	6,583
Net drawdown/(repayment) of term loans	7,009	(878)	(986)	(1,042)
Net repayment of finance lease liabilities	(109)	(220)	(331)	(615)
Dividend paid	-	(250)	-	-
Net cash from/(used in) financing activities	7,875	(1,657)	(1,532)	2,507
Net (decrease)/increase in cash and cash equivalents	(644)	3,600	(1,457)	10,742
Cash and cash equivalents at beginning of the financial year	613	(31)	3,569	2,112
Cash and cash equivalents at end of the financial year	(31)	3,569	2,112	12,854

Note:

(1) Representing less than RM1,000

12. FINANCIAL INFORMATION (Cont'd)

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial statements for FYE 31 March 2016 to 2019 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations**(i) Principal activities**

Our Group is principally involved in the provision of EPCC services and operations and maintenance of solar PV systems for (i) residential, commercial and industrial properties; and (ii) LSSPV plants. In addition, we also own a solar PV plant.

(ii) Revenue

Our Group's revenue is mainly derived from the provision of EPCC services. Revenue is recognised when the Group satisfies a performance obligation by delivering promised goods and/or services to a client, which is when the client obtains control of the goods and/or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

We have included operations and maintenance services for all our EPCC contracts for residential, commercial and industrial clients. As the total contract value in the EPCC contracts comprise 2 components i.e. EPCC services and operations and maintenance services which have different performance obligation, we must first segregate the total contract value into (a) EPCC services and (b) operations and maintenance services on relative standalone selling prices. The selling price for operations and maintenance services is estimated by applying the expected cost plus a margin approach.

We will then recognise the revenue from EPCC services and operations and maintenance services as follows:

- (a) For EPCC projects, the Group transfers control of goods and/or services over time and, therefore satisfies a performance obligation and recognises revenue over time based on the costs incurred to date as a proportion of the estimated total cost to be incurred. We will recognise the revenue from the commencement of our EPCC services up to testing and commissioning stage; and
- (b) Revenue from operations and maintenance services is deemed as a performance obligation to be satisfied over time. Hence, revenue is recognised over time by measuring the progress towards satisfying performance obligation. Payment received is initially recorded as a contract liability and later recognised as revenue over the period of which the operations and maintenance services are provided. We will recognise the revenue evenly throughout the operations and maintenance period of 2 to 5 years.

We will progressively bill our clients upon achievement of specified milestones for our EPCC services. There is no separate payment milestone for our operations and maintenance services included in the EPCC contract.

12. FINANCIAL INFORMATION (Cont'd)

Revenue from the sale of power generated as an owner of solar PV plant is recognised over time based on delivery of electricity power generated by the solar PV plant.

(iii) Cost of sales

Our cost of sales mainly comprises materials, salaries, wages and subcontractor costs, details as follows:

(a) Purchases of materials

Our Group's materials mainly consist of solar PV modules, inverters, cables and mounting structures. We source our required materials from pre-qualified local and foreign vendors.

We generally purchase our materials based on our projects' requirements. Materials are sourced from our vendors, and selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long-term business relationship with our pre-qualified list of vendors, we also source for materials from new vendors, when the need arises.

(b) Salaries, wages and subcontractor costs

Salaries and wages are paid to our project and technical personnel. We subcontract the bulk of our labour intensive works such as installation works as well as certain specialised works such as earthworks, roadworks and drainage.

(c) Project expenses

Project expenses consist mainly of architect fees, insurance premium, processing fees to authorities and other direct costs relating to projects.

(d) Transportation costs

Transportation costs consist largely of logistic expenses to transport the solar PV systems to project sites.

When the outcome of an EPCC contract can be reliably estimated, contract costs are recognised as cost of sales by using the stage of completion method. The stage of completion is measured by reference to actual costs incurred for work performed to-date over the estimated total contract costs.

When the outcome of an EPCC contract cannot be reliably estimated, contract cost is recognised as cost of sales in the period in which it is incurred.

Irrespective of whether the outcome of an EPCC contract can be reliably estimated, when it is probable that the contract will incur losses, the expected loss is provided for immediately.

When the stage of completion exceeds corresponding progress billings, the balance is shown as contract assets. When progress billings exceed the corresponding stage of completion, the balance is shown as contract liabilities.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Other income**

Other income includes interest income, rental income, interest income on trade receivables, unwinding of discount on trade and other receivables and accretion of discount on RPS.

Interest income on trade receivables is derived from residential clients who have opted for our monthly installment plan, where we charge interest of up to 5% per annum.

The unwinding of discount on trade receivables and other receivables arises from the discounting of non-current trade receivables and other receivables to their present value at initial recognition to account for the time value of money and financing component, and the difference between the future value and present value of the non-current trade receivables and other receivables is recognised as other income over the periods in which the non-current trade receivables and other receivables become due and collectible in the future.

The accretion of discount on RPS arises from the discounting of RPS to its present value at initial recognition to account for the time value of money and financing component. The difference between the future value and present value of the RPS is recognised as finance cost over the tenure of the RPS.

This is in accordance with MFRS 9, Paragraph B5.1.1 where the fair value of financial assets and financial liabilities at amortised cost that carry no interest can be measured as the present value of all future cash receipts discounted using the prevailing market rate of interest for similar instrument with similar credit rating.

MFRS 13, Paragraph 47 states that "fair value of a financial liability with a demand feature (eg a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid". As such, discounting is not required for advances by Solarvest to/from related parties as these advances are non-interest bearing and have no fixed terms of repayments. As the repayment of such advances can theoretically be demanded by Solarvest/related parties the next day, the effect of such discounting for next day receipt/ payment is likely to be immaterial.

(v) Administrative expense

Administrative expense comprise mainly overheads incurred to maintain our operations such as remuneration of administrative staff, directors' remuneration, depreciation, rental expenses and upkeep of office and motor vehicles.

(vi) Sales and distribution expense

Sales and distribution expense consists of costs incurred directly for sales and marketing functions such as advertising and marketing expenses and commission paid to sales agents for the residential, commercial and industrial segments.

(vii) Other expenses

Other expenses relate to expenses incurred which are not directly related to our operations such as listing expenses, impairment on trade receivables, discounting on non-current trade and other receivables to their present value and small value items of property, plant and equipment expensed off.

12. FINANCIAL INFORMATION (Cont'd)**(viii) Finance costs**

Finance costs comprise mainly interest expense on our bank borrowings and unwinding of discount on RPS.

(ix) Others

(a) Non-current trade receivables, consists of:

(aa) Retention sums that are receivable after 12 months

Retention sum is a percentage of contract value that is retained by our clients to secure our performance of the EPCC contract. Such sum will be retained by our clients for a period ranging from 6 to 24 months after the testing and commissioning of our projects. Retention sum which are due within 12 months are recognised as current trade receivables while those which are due after 12 months are recognised as non-current trade receivables.

(bb) Trade receivables that are under monthly installment plan where the installments are only due after 12 months

We provide our residential clients with the option of an instalment scheme to pay their contract value for EPCC services over monthly installments ranging between 10 and 60 months. Installments which are due within 12 months are recognised as current trade receivables while those which are due after 12 months are recognised as non-current trade receivables.

(b) Non-current other receivables

This balance relates to premium refunds from life insurance policies for certain of our Directors, namely Lim Chin Siu and Tan Chyi Boon.

In 2015, Atlantic Blue obtained banking facilities from OCBC Bank (Malaysia) Berhad, which requires Atlantic Blue to pledge life insurance policies for Lim Chin Siu and Tan Chyi Boon to the lender for a period of 10 years commencing from 28 May 2015 to 28 May 2025. The insurance policy for a sum assured of RM2.5 million for each of them was underwritten by the insurer for a premium of RM477,000.

Should Atlantic Blue make any claim against the policies, the sum assured of RM2.5 million will be used to settle the outstanding banking facilities of OCBC Bank (Malaysia) Berhad. Any remaining amount after settling the outstanding banking facilities will be refunded back to Atlantic Blue. If Atlantic Blue did not make any claim against the policies at the expiry of the life insurance policies on 28 May 2025, the insurer will refund RM317,632 back to Atlantic Blue. The difference between RM477,000 and RM317,632 represents the insurance expense to the Group.

Please refer to Section 12.4 for details of the banking facilities and securities pledged, which include the said life insurance policies.

As the premium refunds from the life insurance policies are due after 12 months, they are accounted for as non-current other receivables.

12. FINANCIAL INFORMATION (Cont'd)**(c) Provision for defects liabilities**

For EPCC contracts with operations and maintenance services (residential, commercial and industrial projects where we are the turnkey EPCC contractors), no provision for defects liabilities is made. The scope of our operations and maintenance services cover repairs which are classified under the defects liability clause. Please refer to Section 7.2.2 for our scope of work under operations and maintenance services.

For EPCC contracts without operations and maintenance services (LSSPV where we are the subcontractors), provision is made for defects liability based on estimation of material, machines, contractor and labour costs during the defects liability period. We make the provision by estimating costs to be incurred for each type of repair pertinent to our scope of work for the LSSPV contract. Larger LSSPV contracts are expected to incur higher costs for the same type of repair due to its size. We have also considered our past experience with rectifying defects for clients in the commercial/industrial and residential segments for certain types of repair common to solar PV installation, adjusting them to the scale required for LSSPV. The provision for defects liabilities are reversed as and when expenses are incurred to perform defects rectification, and entirely at the end of defects liability period. Any under-provision will be expensed off during the financial year.

(x) Changes to accounting policies and estimates

Save as disclosed below, there were no other changes to our accounting policies and estimates during the financial years under review:

- (a) We have early adopted MFRS 9, Financial Instruments beginning FYE 31 March 2018. The adoption of MFRS 9 resulted in additional impairment loss on trade receivables, decreasing PAT for FYE 31 March 2016, FYE 31 March 2017 and FYE 31 March 2018 by RM10,275, RM11,075 and RM711 respectively. Please refer to note 3.2 in Section 13 for further details;
- (b) We have early adopted MFRS 15, Revenue from Contracts with Customers beginning FYE 31 March 2018, which resulted in recognition of operations and maintenance services as a separate performance obligation within EPCC contracts. As a result, a portion of the consideration for EPCC contract is allocated as operations and maintenance revenue. This consideration is recorded as a contract liability and recognised as revenue over the period that services are provided. The adoption of MFRS 15 resulted in the deferment of revenue to future years, decreasing PAT for FYE 31 March 2016, FYE 31 March 2017 and FYE 31 March 2018 by RM81,529, RM112,191 and RM95,639 respectively. Please refer to note 3.2 in Section 13 for further details; and
- (c) We have also adjusted the estimated useful life of our solar PV plant in Pokok Sena, Kedah from 50 years to 25 years since the beginning of FYE 31 March 2016. The change in depreciation rate was determined as an error in the initial estimate of the plant's useful life. The impact of under-depreciation was adjusted in the opening retained earnings of FYE 31 March 2016.

(xi) Recent developments

Save for the Acquisition, there were no significant events subsequent to our Group's audited combined financial statements for FYE 31 March 2019.

12. FINANCIAL INFORMATION (Cont'd)**(xii) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items during FYE 31 March 2016 to 2019. In addition, our audited combined financial statements for the 4 financial years under review were not subject to any audit qualifications.

(xiii) Significant factors affecting our business

Section 9 details a number of risk factors relating to our business and industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenue and profits include but are not limited to the following:

(a) Unanticipated increase in project cost

Our profitability depends on our ability to accurately estimate project cost and project scheduling at the time of bidding / negotiation for projects. Any adverse developments which result in increase in project cost will lead to cost overruns affecting our cash flows or losses if actual costs for the projects exceed their estimates.

(b) Competition risk

The solar PV industry is highly fragmented, and we compete with other companies ranging from local to multinational firms. Some of our competitors may have greater resources than us or specialised expertise in certain segments.

Our financial performance may be materially and adversely affected if we are unsuccessful in bidding for new projects, or if price competition were to intensify, and accordingly our ability to win such projects requires us to accept smaller margins.

(c) Potential defects liability claims and performance ratio guarantee

The defects liability period commences from date of testing and commissioning and generally covers a period of 2 years, depending on the contract terms. Defective solar PV modules, inverters and certain parts are standard warranty provided by the equipment manufacturers. While we may attempt to recover any defects liability claim such as product warranty claims from the equipment manufacturers, we may from time to time, be required to compensate our clients prior to receiving the said claim. If we are unable to claim from the equipment manufacturers due to our negligence or the amounts of the claim cannot be recovered in full or at all from the vendors, we may be required to bear some or all the costs of the claims.

We also provide performance ratio guarantee of 1 to 3 years on our solar PV system. The financial performance of our Group may be adversely affected if the solar PV systems provided by us fail to meet the guaranteed solar power generation capacity, as we are required to compensate our client the costs of the performance shortfall.

12. FINANCIAL INFORMATION (Cont'd)

(d) Possible delays in completing our projects

Our Group's revenue is dependent on timely completion of our projects. However, the completion of our projects is dependent on many external factors inherent in the EPCC industry including, inter alia, the timely receipt of requisite licences, permits or regulatory approvals, availability of materials, equipment and labour, availability of financing and satisfactory performance of the appointed subcontractors. Any adverse developments which lead to delay in completing our projects may have a negative impact on our Group's financial performance.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.2 Review of results of operations****(i) Revenue****Analysis of revenue by activities**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC services								
- Residential solar PV systems	6,490	18.4	10,351	26.5	9,871	21.9	672	0.6
- Commercial and industrial solar PV systems	26,825	76.0	26,526	68.0	16,680	37.0	36,414	32.5
- LSSPV plants	-	-	85	0.2	16,880	37.5	70,546	62.9
	33,315	94.4	36,962	94.7	43,431	96.4	107,632	96.0
Owner of solar PV plant	1,934	5.5	1,978	5.1	1,522	3.4	1,575	1.4
Operations and maintenance								
- Residential, commercial and industrial solar PV systems	37	0.1	69	0.2	116	0.2	362	0.3
Others⁽¹⁾	-	-	-	-	-	-	2,632	2.3
	35,286	100.0	39,009	100.0	45,069	100.0	112,201	100.0

Note:

- ⁽¹⁾ Being one-off project management of electrical and fire protection works for our related party, Metex Modular Sdn Bhd (a subsidiary of Chin Hin) with a contract value of RM12.4 million. We expect to complete this project by third quarter of 2019

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Our Group's total revenue increased by RM3.7 million or 10.5% from RM35.3 million in FYE 31 March 2016 to RM39.0 million in FYE 31 March 2017. The overall increase in revenue was contributed by the increase in revenue generated from our EPCC services by RM3.6 million or 10.9% during FYE 31 March 2017.

EPCC services

Revenue from our EPCC services contributed RM37.0 million or 94.7% of our Group's revenue in FYE 31 March 2017. Revenue from this segment was mainly derived from the installation of solar PV systems on residential, commercial and industrial properties.

During FYE 31 March 2017, approximately RM10.4 million or 26.5% of our revenue from EPCC services was derived from the installation of solar PV systems on residential properties while the balance of RM26.5 million or 68.0% was derived from the installation of solar PV systems on commercial and industrial properties.

Our EPCC services for residential properties generally involved the installation of solar PV systems which generates approximately 4kWp – 12kWp while the commercial and industrial properties are able to generate up to 1MWp. Electricity generated is supplied to Distribution Licensees under the FIT mechanism.

Resulting from our marketing efforts to increase product awareness and our ability to provide hassle-free services to our clients from the application process to the installation of the solar PV systems, we were able to capture the growing market demand for solar PV systems by home owners. This resulted our EPCC revenue from residential properties to increase by RM3.9 million or 59.5% in FYE 31 March 2017.

Our sales and marketing team were also aggressively promoting the installation of solar PV systems on commercial and industrial buildings. As a result, we secured higher number of projects but lower contract value in FYE 31 March 2017 as compared to the previous financial year. This is due to increasing competition in the industry. Major projects which contributed to our Group's revenue in FYEFYE 31 March 2017 were as follows:

- (a) Two 1MWp projects located in Seberang Perai and Bukit Sentosa with total combined contract value of RM13.4 million. Both these projects were substantially completed during FYE 31 March 2017 and contributed total revenue of RM10.2 million, representing 26.2% of our Group's revenue;
- (b) Four 425kWp projects located in Seberang Perai Tengah, Bukit Minyak, Jitra and Sungai Petani with total combined contract value of RM10.8 million which were substantially completed during FYE 31 March 2017. Collectively, these projects contributed revenue of RM7.7 million, representing 19.7% of our Group's revenue; and

12. FINANCIAL INFORMATION (Cont'd)

- (c) Two projects located in Alor Setar, generating 260kWp and 270kWp respectively with combined contract value of RM3.7 million. Both these projects were completed during FYE 31 March 2017 and hence we recognised the entire contract value, representing 9.5% of our Group's revenue.

In addition to the above, our Group also secured a 12MW LSSPV plant project located in Bukit Kayu Hitam with contract value of RM12.4 million. This project was only 8.1% completed and contributed a minimal revenue of RM0.1 million in FYE 31 March 2017.

Owner of solar PV plant

As an owner of a solar PV plant, we have entered into a REPPA with TNB on 16 October 2014 to supply electricity for a period of 21 years commencing on 8 December 2014.

During FYE 31 March 2017, revenue from this segment increased by 5.3% from RM1.9 million in FYE 31 March 2016 to RM2.0 million in FYE 31 March 2017. Revenue from this segment is relatively stable due to the consistent performance of our solar PV plant. Nevertheless, the performance of our solar PV plant will be affected by adverse weather conditions, damages on solar PV panels and downtime arising from repair and maintenance work performed on the solar PV systems.

Operations and maintenance

Revenue from operations and maintenance increased by approximately RM0.03 million or 86.5% in line with the number of completed EPCC projects undertaken by our Group. As we included operations and maintenance services with a period between 2 to 5 years in our EPCC contracts to all of our residential, commercial and industrial clients, this resulted in the increase in our operations and maintenance revenue as we undertake more EPCC projects. Revenue from operations and maintenance are recognised evenly across the service period committed to our clients.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Our Group's revenue increased by RM6.1 million or 15.6% from RM39.0 million in FYE 31 March 2017 to RM45.1 million in FYE 31 March 2018. The increase in revenue was mainly attributable to our EPCC services as this segment remained as our largest revenue segment, having contributed 96.4% of our Group's revenue in FYE 31 March 2018.

12. FINANCIAL INFORMATION (Cont'd)

EPCC services

Revenue generated from our EPCC services increased by RM6.4 million or 17.3% from RM37.0 million in FYE 31 March 2017 to RM43.4 million in FYE 31 March 2018. The increase in revenue was mainly contributed by higher revenue generated from our LSSPV projects which increased by RM16.8 million. Nevertheless, this was offset by a decrease in revenue from residential, commercial and industrial projects which declined by RM10.3 million or 28.0% as compared to FYE 31 March 2017.

Revenue generated from EPCC services for residential projects remained fairly consistent during FYE 31 March 2018, which decreased marginally by RM0.5 million or 4.8% from RM10.4 million in FYE 31 March 2017 to RM9.9 million in FYE 31 March 2018.

Our Group secured lesser EPCC projects from commercial and industrial segment in FYE 31 March 2018 as compared to FYE 31 March 2017. These resulted in revenue from this segment to decrease by RM9.8 million or 37.0% from RM26.5 million in FYE 31 March 2017 to RM16.7 million in FYE 31 March 2018.

Meanwhile, our LSSPV project in Bukit Kayu Hitam was completed and commissioned in January 2018 contributing revenue of RM11.9 million. We also focused on penetrating the LSSPV segment and secured two additional LSSPV projects located in Gambang and Gurun with combined contract value of RM34.0 million. Our LSSPV projects contributed total revenue of RM16.9 million, representing 37.5% of our total revenue for FYE 31 March 2018.

Owner of solar PV plant

Revenue from this segment decreased by 25.0% from RM2.0 million in FYE 31 March 2017 to RM1.5 million in FYE 31 March 2018, mainly due to temporary discontinuance of a bonus FIT rate from 1 March 2017 to 31 August 2017. There are 4 criteria for bonus FIT rates and during the period between 1 March 2017 to 31 August 2017, we did not meet a criteria whereby the solar PV system has additional use as building materials. Please refer to Section 7.2.3 for further details. This was subsequently rectified and the bonus FIT rate was reinstated on 1 September 2017.

Operations and maintenance

Revenue from operations and maintenance increased by approximately RM0.05 million or 68.1% in tandem with the cumulative number of completed EPCC projects.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2018 and FYE 31 March 2019**

Our Group's revenue increased significantly by RM67.1 million or 148.8% from RM45.1 million in FYE 31 March 2018 to RM112.2 million in FYE 31 March 2019. The increase in revenue was mainly attributable to our EPCC services as this segment remained as our largest revenue segment, having contributed 96.0% of our Group's revenue in FYE 31 March 2019.

EPCC services

Revenue generated from our EPCC services increased by RM64.2 million or 147.9% from RM43.4 million in FYE 31 March 2018 to RM107.6 million in FYE 31 March 2019. The increase in revenue was mainly contributed by higher revenue generated from both our commercial and industrial segment and LSSPV projects which increased by RM19.7 million and RM53.7 million respectively. Nevertheless, this was offset by a decrease in revenue from residential projects which declined by RM9.2 million or 93.2% as compared to FYE 31 March 2018.

The decline in revenue from residential projects was mainly due to the switch from FIT mechanism to NEM mechanism. Under the NEM mechanism, generated energy will be consumed first with excess energy being exported and sold to Distribution Licensees at the prevailing Displaced Cost. The Displaced Cost under NEM mechanism is lower than FIT rate. Furthermore, under NEM mechanism, owners will only receive a credit to their electricity bill which is to be utilised within a maximum of 24 months, whereas under the FIT mechanism, owners will receive monthly cash payment from Distribution Licensees.

Nevertheless, the NEM mechanism remains a viable option for our commercial and industrial clients who are generally keen to utilise the energy generated from their solar PV system to reduce their overall electricity expenses. As such, our Group managed to secure more projects from the commercial and industrial segment. The major commercial and industrial projects undertaken during FYE 31 March 2019 were as follows:

- (a) A 4.0MWp project located in Nibong Tebal with contract value of RM10.6 million. This project was approximately 81.7% completed and contributed revenue of RM8.7 million during FYE 31 March 2019;
- (b) A 0.86MWp project located in Seberang Perai Tengah with contract value of RM3.0 million. This project was fully completed during FYE 31 March 2019;
- (c) A 1.0MWp project located in Seberang Perai with contract value of RM3.7 million. This project was fully completed during FYE 31 March 2019;
- (d) A 0.812MWp project located in Ayer Hitam, Kedah with contract value of RM2.7 million. This project was approximately 62.6% completed and contributed revenue of RM1.7 million during FYE 31 March 2019; and
- (e) A 1.0MWp project located in Rawang, Selangor with contract value of RM4.9 million. This project was approximately 27.8% completed and

12. FINANCIAL INFORMATION (Cont'd)

contributed revenue of RM1.4 million during FYE 31 March 2019.

Revenue from LSSPV segment increased significantly by RM53.7 million or 319.6% from RM16.8 million in FYE 31 March 2018 to RM70.5 million in FYE 31 March 2019. Total revenue of RM70.5 million in FYE 31 March 2019 was mainly due to higher percentage of completion from our Gambang and Gurun projects which contributed revenue of RM34.3 million, collectively as well as new LSSPV projects secured during the financial year. The major new LSSPV projects undertaken during FYE 31 March 2019 were as follows:

- (a) A 58.5MWp project located in Kuala Ketil with contract value of RM13.9 million. This project is fully completed and contributed revenue of RM13.9 million during FYE 31 March 2019;
- (b) A 12.9MWp project located in Kinta, Perak with contract value of RM53.6 million. This project was approximately 18.6% completed and contributed revenue of RM10.0 million during FYE 31 March 2019;
- (c) A 12.7MWp project located in Kamunting, Perak with contract value of RM53.8 million. This project was approximately 10.1% completed and contributed revenue of RM5.4 million during FYE 31 March 2019; and
- (d) A 13.0MWp project located in Kampar, Perak with contract value of RM50.6 million. This project was approximately 7.4% completed and contributed revenue of RM3.8 million during FYE 31 March 2019.

Owner of solar PV plant

Revenue from this segment increase marginally by 3.5% in FYE 31 March 2019 mainly due to fluctuations in power generation as a result of weather conditions.

Operations and maintenance

Revenue from operations and maintenance increase by approximately RM0.2 million or 212.1% in tandem with the cumulative number of completed EPCC projects as well as the increase in operating and maintenance sales order received from new customers.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Cost of sales, GP and GP margin****Analysis of cost of sales by components**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases of materials	18,740	75.8	17,798	69.0	13,777	48.6	30,459	33.9
Subcontractor cost	3,483	14.1	5,212	20.2	9,077	32.0	48,850	54.5
Depreciation of property, plant and equipment	209	0.8	219	0.8	395	1.4	613	0.7
Project expenses	1,114	4.5	737	2.9	1,175	4.1	2,000	2.2
Rental expenses	24	0.1	24	0.1	175	0.6	360	0.4
Transportation cost	393	1.6	429	1.6	610	2.1	2,426	2.7
Staff salaries	752	3.0	1,311	5.1	2,424	8.6	4,258	4.7
Provision for onerous contract ⁽²⁾	-	-	-	-	514	1.8	(514)	(0.6)
Provision for defect liabilities	-	-	-	-	-	-	337	0.4
Others ⁽¹⁾	16	0.1	71	0.3	226	0.8	980	1.1
	24,731	100.0	25,801	100.0	28,373	100.0	89,769	100.0

Notes:

- ⁽¹⁾ Consist of utilities, petrol and diesel, legal and professional fees, repair and maintenance, forex loss as well as small value tools used for our LSSPV projects
- ⁽²⁾ Represents one-off provision for a specific project

The main component of our cost of sales are purchases of materials, subcontractor cost and staff salaries. Collectively, these components accounted for 89.2% to 94.3% of our cost of sales for FYE 31 March 2016 to FYE 31 March 2019.

12. FINANCIAL INFORMATION (Cont'd)**Analysis of cost of sales by activities**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC services								
- Residential solar PV systems	5,000	20.2	7,102	27.5	5,769	20.3	467	0.5
- Commercial and industrial solar PV systems	19,450	78.7	18,305	71.0	9,739	34.3	29,116	32.4
- LSSPV plants	-	-	80	0.3	12,367	43.6	56,925	63.4
	24,450	98.9	25,487	98.8	27,875	98.2	86,508	96.3
Owner of solar PV plant	248	1.0	252	1.0	394	1.4	434	0.5
Operations and maintenance								
- Residential, commercial and industrial solar PV systems	33	0.1	62	0.2	104	0.4	326	0.4
Others	-	-	-	-	-	-	2,501	2.8
	24,731	100.0	25,801	100.0	28,373	100.0	89,769	100.0

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Our Group's total cost of sales increased by RM1.1 million or 4.5% from RM24.7 million in FYE 31 March 2016 to RM25.8 million in FYE 31 March 2017.

Despite the 10.5% increase in revenue, purchases of materials decreased by RM0.9 million or by 4.9% from RM18.7 million in FYE 31 March 2016 to RM17.8 million in FYE 31 March 2017 mainly due to:

- (a) Decrease in the overall cost of solar PV modules; and
- (b) Lesser number of installations of solar PV systems on residential properties.

12. FINANCIAL INFORMATION (Cont'd)

As we expand our EPCC business, we were more involved in the project management of the EPCC projects, hence we subcontracted the bulk of the labour intensive works to subcontractors in FYE 31 March 2017. At such, our subcontractor cost increased by RM1.7 million or 48.6% from RM3.5 million in FYE 31 March 2016 to RM5.2 million in FYE 31 March 2017.

Staff salaries also increased by RM0.5 million or 62.5% from RM0.8 million in FYE 31 March 2016 to RM1.3 million in FYE 31 March 2017. This was mainly due to the recruitment of new technical staff during FYE 31 March 2017 to manage the increase in EPCC services as well as our overall efforts to strengthen our internal technical team.

Project expenses decreased by RM0.4 million or 36.4% from RM1.1 million in FYE 31 March 2016 to RM0.7 million in FYE 31 March 2017 as most application of SEDA quotas for our residential and industrial and commercials projects were submitted in FYE 31 March 2016. Installations of solar PV systems for approved quotas were only undertaken over the subsequent financial years.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Our Group's cost of sales increased by RM2.6 million or by 10.1% from RM25.8 million in FYE 31 March 2017 to RM28.4 million in FYE 31 March 2018.

The increase in overall cost of sales was mainly due to higher subcontractor cost which increased by RM3.9 million or 75.0% as compared to FYE 31 March 2017. The increase was in line with higher revenue from our LSSPV projects as we required more labour intensive installation and specialised works. The increase in subcontractor cost will not deteriorate our GP margin as we have considered and included such subcontractor cost in our contract value. By subcontracting more labour intensive works, we are able to undertake more projects simultaneously.

Our Group continued to strengthen our technical team by employing more project and technical personnel during FYE 31 March 2018. This resulted in the increase in staff salaries by RM1.1 million or 84.6% from RM1.3 million in FYE 31 March 2017 to RM2.4 million in FYE 31 March 2018.

Project expenses also increased by RM0.5 million or 71.4% from RM0.7 million in FYE 31 March 2017 to RM1.2 million in FYE 31 March 2018. The increase was mainly due to higher architect fees, applications for construction permit and safety checks incurred for our LSSPV projects.

Nevertheless, the above increases in cost were offset by lower purchase costs of materials which decreased by RM4.0 million or 22.5% from RM17.8 million in FYE 31 March 2017 to RM13.8 million in FYE 31 March 2018. Such decrease was in line with the overall decrease in revenue from residential, commercial and industrial segments coupled with our scope of work for LSSPV projects which does not require us to procure any major solar PV materials.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Our Group's cost of sales increased by RM61.4 million or by 216.4% from RM28.4 million in FYE 31 March 2018 to RM89.8 million in FYE 31 March 2019.

The increase in overall cost of sales was mainly due to higher subcontractor cost which increased by RM39.8 million as compared to FYE 31 March 2018. The increase was in line with higher revenue from our commercial and industrial segment and LSSPV projects as we required more labour intensive installation work to install our solar PV systems, as well as site preparation works such as earthwork, drainage, fencing works mainly for our LSSPV projects. The increase in subcontractor cost was also partially due to higher number of workers required on site to complete a few major EPCC projects within the project timelines.

As we undertook more commercial and industrial projects in FYE 31 March 2019, our purchases have also increased by RM16.7 million or 121.1% as compared to FYE 31 March 2018. The increase in our purchases was also due to the purchase of materials amounting to RM6.0 million installed/delivered for our LSSPV projects located in Kinta and Gampang.

Our transportation cost increased by RM1.8 million from RM0.6 million in FYE 31 March 2018 to RM2.4 million in FYE 31 March 2019 mainly due to the hire of machinery used for our LSSPV projects. Project expenses also increased by RM0.8 million or 66.7% from RM1.2 million in FYE 31 March 2018 to RM2.0 million in FYE 31 March 2019 mainly due to higher architect fees, insurance, security expenses and rental of tanks and other equipment used for our LSSPV projects.

Our Group continued to strengthen our technical team by employing additional 44 project and technical personnel during FYE 31 March 2019. This resulted in the increase in staff salaries by RM1.9 million or 79.2% from RM2.4 million in FYE 31 March 2018 to RM4.3 million in FYE 31 March 2019.

During FYE 31 March 2018, there was a delay in project milestones for the Gurun project due to unfavourable land condition and late delivery of materials for approximately 3 months which were purchased by our client. In order to complete the project on schedule, we have deployed more manpower into the project. The increase in cost is unavoidable to complete the Gurun project on time. As a result of this development, total estimated costs to complete the project have exceeded the estimated revenue. As such, we made a provision for onerous contract of RM0.5 million during FYE 31 March 2018. This provision for onerous contract was reversed in FYE 31 March 2019 upon completion of the project.

Provision for defect liabilities amounting to RM0.3 million was provided in FYE 31 March 2019 for all of our completed LSSPV projects as we provide our clients a defects liability period of 2 years.

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12. FINANCIAL INFORMATION (Cont'd)**Analysis of GP and GP margin by activities**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	GP margin RM'000	GP margin %	GP margin RM'000	GP margin %	GP margin RM'000	GP margin %	GP margin RM'000	GP margin %
EPCC services								
- Residential solar PV systems	1,490	23.0	3,249	31.4	4,102	41.6	205	30.5
- Commercial and industrial solar PV systems	7,375	27.5	8,221	31.0	6,941	41.6	7,298	20.0
- LSSPV plants	-	-	5	5.9	4,513	26.7	13,621	19.3
	8,865	26.6	11,475	31.0	15,556	35.8	21,124	19.6
Owner of solar PV plant	1,686	87.2	1,726	87.3	1,128	74.1	1,141	72.4
Operations and maintenance								
- Residential, commercial and industrial solar PV systems	4	10.8	7	10.1	12	10.3	36	9.9
Others	-	-	-	-	-	-	131	5.0
	10,555	29.9	13,208	33.9	16,696	37.0	22,432	20.0

Commentary on GP and GP margin**Comparison between FYE 31 March 2016 and FYE 31 March 2017**

Our Group's GP increased by RM2.6 million or 24.5% from RM10.6 million in FYE 31 March 2016 to RM13.2 million in FYE 31 March 2017 mainly due to higher revenue generated from our residential solar PV systems as well as an overall increase in profitability within our EPCC services segment. Our Group's overall GP margin has also improved from 29.9% in FYE 31 March 2016 to 33.9% in FYE 31 March 2017. The increase in our GP and GP margin was mainly due to the following:

12. FINANCIAL INFORMATION (Cont'd)

EPCC services

During FYE 31 March 2017, our GP from EPCC services increased by RM2.6 million or 29.2% as compared to FYE 31 March 2016. Overall, our GP margin from EPCC services improved from 26.6% in FYE 31 March 2016 to 31.0% in FYE 31 March 2017 mainly due to the following factors:

- (a) Increased product acceptance, higher awareness of our brand and the use of higher quality solar PV modules which enabled us to better price our services especially for solar PV systems installed on residential properties. Hence, although there were lesser number of installations of solar PV systems on residential properties, our higher pricing in FYE 31 March 2017 contributed to the increase in our revenue and GP margin; and
- (b) Decrease in the overall cost of solar PV modules.

Operations and maintenance

GP increased by approximately RM3,000 in line with the increase in revenue during FYE 31 March 2017. The GP margin for operations and maintenance remains at approximately 10% as we adopted a cost-plus pricing method to determine the pricing for our services.

Owner of solar PV plant

GP and GP margin from this segment were fairly stable due to the consistent performance of our solar PV plant as well as the fixed cost incurred which mainly consist of depreciation, rental of land, insurance and staff cost. Our GP and GP margin for FYE 31 March 2017 amounted to RM1.7 million and 87.3% as compared to RM1.7 million and 87.2% in FYE 31 March 2016.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Our Group's GP increased by RM3.5 million or 26.5% from RM13.2 million in FYE 31 March 2017 to RM16.7 million in FYE 31 March 2018 mainly due to higher revenue contributed from our LSSPV plants as well as an overall increase in profitability within our EPCC services segment. Our Group's overall GP margin has also improved from 33.9% in FYE 31 March 2017 to 37.0% in FYE 31 March 2018. The increase in our GP and GP margin are mainly due to the following:

EPCC services

GP from EPCC services increased by RM4.1 million or 35.6% in FYE 31 March 2018 as compared to FYE 31 March 2017. The increase in GP was mainly contributed by LSSPV plants which amounted to RM4.5 million in FYE 31 March 2018. Similarly, our GP margin from EPCC services also improved from 31.0% in FYE 31 March 2017 to 35.8% in FYE 31 March 2018 mainly due to the following factors:

- (a) Further decrease in the overall cost of solar PV modules. Although our Group had to reduce our pricing to remain competitive, the effect of a decrease in the costs of our solar PV materials outweighed the decrease in our pricing; and
- (b) Cost savings arising from better pricing negotiation with subcontractors as our Group moved towards LSSPV projects.

Owner of solar PV plant

During FYE 31 March 2018, GP from this segment decreased by RM0.6 million or 35.3% as compared to FYE 31 March 2017 due to lower revenue arising from the temporary discontinuance of bonus rate. Resulting from this, our GP margin decreased from 87.3% in FYE 31 March 2017 to 74.1% in FYE 31 March 2018.

Operations and maintenance

GP increased by approximately RM5,000 in line with the increase in revenue during FYE 31 March 2017. The GP margin for operations and maintenance remained at approximately 10%.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Our Group's GP increased by RM5.7 million or 34.1% from RM16.7 million in FYE 31 March 2018 to RM22.4 million in FYE 31 March 2019 mainly due to higher revenue contributed from our LSSPV projects. Despite the increase in revenue, our Group's overall GP margin declined from 37.0% in FYE 31 March 2018 to 20.0% in FYE 31 March 2019. The changes in our GP and GP margin are mainly due to the following:

12. FINANCIAL INFORMATION (Cont'd)

EPCC services

GP from EPCC services increased by RM5.6 million or 35.8% in FYE 31 March 2019 as compared to FYE 31 March 2018. The increase in GP was mainly contributed by LSSPV projects which amounted to RM13.6 million in FYE 31 March 2019. Despite the increase in GP, our GP margin from EPCC services decreased from 35.8% in FYE 31 March 2018 to 19.6% in FYE 31 March 2019 mainly due to the following factors:

- (a) Substantial portion of our Group's GP have shifted from residential projects to LSSPV projects which has a lower GP margin. LSSPV projects requires more site preparation and infrastructure works which require us to engage the services of specialised subcontractors, such as earthworks, roadworks and drainage, therefore reducing our GP margin;
- (b) Reduced pricing to secure 2 major commercial and industrial projects to improve our portfolio, ie Nefin Technologies (M) Sdn Bhd and Nibong Tebal Paper Mill Sdn Bhd. Nefin Technologies (M) Sdn Bhd is a solar developer company which invested in several countries such as Taiwan, China and Thailand while Nibong Tebal Paper Mill Sdn Bhd is a subsidiary of NTPM Holdings Berhad, a public company listed on the Main Market of Bursa Securities; and
- (c) Higher engagement of labour from subcontractors to ensure timely delivery of our EPCC projects.

Owner of solar PV plant

GP from our solar PV plant remains relatively consistent in FYE 31 March 2019. Our GP margin has decreased marginally by 1.7% during FYE 31 March 2019 mainly due to a one-off repair work undertaken during the period to replace a faulty transformer which was still under warranty from our supplier. Nevertheless, our Group incurred some labour and minor equipment component cost to replace the faulty unit.

Operations and maintenance

GP increased by approximately RM24,000 or 200.0% in line with the increase in revenue during FYE 31 March 2019. The GP margin for operations and maintenance remains at approximately 10%.

Others

The Group recorded a GP of RM0.1 million from our one-off project management of electrical and fire protection works with a GP margin of 5.0%.

12. FINANCIAL INFORMATION (Cont'd)**(iii) Other income**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income	17	65.4	18	17.3	22	10.4	204	6.1
Rental income	-	-	21	20.2	95	44.8	258	7.6
Unwinding of discount from trade and other receivables ⁽¹⁾	9	34.6	15	14.4	63	29.7	106	3.1
Insurance compensation ⁽³⁾	-	-	49	47.1	-	-	-	-
Interest income on trade receivables	-	-	1	1.0	17	8.0	32	0.9
Accretion of discount on RPS	-	-	-	-	-	-	2,732	80.9
Others ⁽²⁾	-	-	-	-	15	7.1	47	1.4
	26	100.0	104	100.0	212	100.0	3,379	100.0

Notes:

- (1) The non-current trade and other receivables are discounted back to its present value at the financial year end. This is based on the principle that the same amount of money will have different value if it is to be collected after 12 months
- (2) Others mainly consist of gain on disposal of motor vehicle and foreign exchange gain
- (3) The underground sewerage piping belonging to Indah Water Consortium Sdn Bhd at one of our client's project site was damaged during the installation process. We repaired it and successfully claimed insurance compensation from Chubb Insurance Malaysia Berhad as we have purchased all risks insurance which covered our contract and installation works

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Other income increased by RM0.1 million from RM26,000 in FYE 31 March 2016 to RM0.1 million in FYE 31 March 2017. This was mainly due to one-off insurance compensation of RM0.1 million received for damages to an underground sewerage pipe at one of our project sites.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Other income increased by RM0.1 million from RM0.1 million in FYE 31 March 2017 to RM0.2 million in FYE 31 March 2018. This was mainly due to the following:

- (a) Higher rental income mainly arising from the rental of motor vehicles to a turnkey contractor of our LSSPV project;
- (b) Higher number of residential clients opted for the installment plan, which resulted in higher discount and the subsequent unwinding of discount on trade receivables; and
- (c) Higher interest income on trade receivables as more residential clients opt for instalment payment plan.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Other income increased by RM3.2 million from RM0.2 million in FYE 31 March 2018 to RM3.4 million in FYE 31 March 2019. This was mainly due to the following:

- (a) Recognition of the accretion of discount for RPS to reflect the present value of the RPS on initial recognition;
- (b) Higher interest income arising from fixed deposits of RM8.2 million placed with financial institutions as at FYE 31 March 2019 as compared to RM0.7 million placed with financial institutions as at FYE 31 March 2018;
- (c) Higher rental income arising from rental of motor vehicles to our turnkey contractor and subcontractor of LSSPV projects; and
- (d) Higher return from unwinding of discount of trade and other receivables as residential clients who opted for instalment payment plan in FYE 31 March 2017 and FYE 31 March 2018 are required to pay a full 12-month instalment in FYE 31 March 2019.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Administrative expense**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Auditors' remuneration	21	0.5	49	1.1	66	1.1	122	1.1
Bank charges	45	1.2	35	0.8	58	0.9	172	1.6
Depreciation of property, plant and equipment	377	9.8	595	12.9	797	12.9	979	9.3
Director remuneration	638	16.5	667	14.5	653	10.6	914	8.7
Entertainment	257	6.7	397	8.6	362	5.9	436	4.2
Electricity and water	42	1.1	59	1.3	65	1.1	70	0.7
Legal and professional fee	47	1.2	33	0.7	13	0.2	277	2.6
Management fee	113	2.9	117	2.5	113	1.8	28	0.3
Printing and stationery	53	1.4	63	1.4	90	1.5	123	1.2
Rental expenses	155	4.0	120	2.6	144	2.3	249	2.4
Road tax and insurance	48	1.2	62	1.3	90	1.5	117	1.1
Staff salaries	1,239	32.1	1,359	29.5	2,170	35.1	5,137	49.0
Training expenses	22	0.6	120	2.6	156	2.5	53	0.5
Travelling and accommodation	318	8.2	336	7.3	646	10.4	661	6.3
Upkeep of motor vehicles, office and computers	66	1.7	132	2.9	180	2.9	243	2.3
Others ⁽¹⁾	420	10.9	462	10.0	577	9.3	912	8.7
	3,861	100.0	4,606	100.0	6,180	100.0	10,493	100.0

Note:

- ⁽¹⁾ Others mainly consist of Goods and Services Tax, Sales and Service Tax, recruitment fees, subscription fee, amortisation of investment properties and intangible assets, quit rent and assessment, cleaning expenses, human resources development funds, gift and donation and telephone charges

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Administrative expense increased by RM0.7 million or 17.9% from RM3.9 million in FYE 31 March 2016 to RM4.6 million in FYE 31 March 2017. The increase was mainly attributable to:

- (a) Increase in depreciation of property, plant and equipment by RM0.2 million mainly arising from the purchase of motor vehicles and renovation works during FYE 31 March 2017;
- (b) Increase in administrative staff costs by RM0.1 million mainly due to higher bonus in line with our business growth;
- (c) Increase in training expenses by RM0.1 million as directors and staff actively participated in various training courses to enhance working capabilities; and
- (d) Increase in upkeep expenses by RM0.1 million in line with the increase in number of motor vehicles purchased.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Administrative expense increased by RM1.6 million or 34.8% from RM4.6 million in FYE 31 March 2017 to RM6.2 million in FYE 31 March 2018. The increase was mainly attributable to:

- (a) Increase in depreciation of property, plant and equipment by RM0.2 million mainly due to new motor vehicles and machinery purchased during FYE 31 March 2018;
- (b) Increase in staff salaries by RM0.8 million mainly due to increment for existing staff and recruitment of five new staff consisting of management level staff, sales and marketing staff and administrative staff; and
- (c) Increase in travelling and accommodation expenses by RM0.3 million mainly due to higher travelling expenses incurred by our key senior management between our three offices and project sites.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2018 and FYE 31 March 2019**

Administrative expense increased by RM4.3 million or 69.4% from RM6.2 million in FYE 31 March 2018 to RM10.5 million in FYE 31 March 2019. The increase was mainly attributable to:

- (a) Increase in staff salaries, bonus and allowances by RM3.0 million mainly due to provision for bonus amounting to RM0.8 million, increment for existing staff and recruitment of 6 new staff consisting of management level staff, sales and marketing staff and administrative staff;
- (b) Increase in legal and professional fee by RM0.3 million mainly due to legal fee and stamp duty incurred for the new trade facilities of RM15.0 million and preparation of LSSPV agreements; and
- (c) Increase in depreciation of property, plant and equipment by RM0.2 million mainly due to the purchase of motor vehicles and machineries during the financial year.

(v) Sales and distribution expense

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Commission	644	71.3	427	69.7	207	49.5	174	43.9
Marketing expenses	259	28.7	186	30.3	211	50.5	222	56.1
	903	100.0	613	100.0	418	100.0	396	100.0

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Sales and distribution expense decreased by RM0.3 million or 33.3% from RM0.9 million in FYE 31 March 2016 to RM0.6 million in FYE 31 March 2017 mainly due to:

- (a) Decreased in commission by RM0.2 million due to lower commission rate offered to sales agents; and
- (b) Lower marketing expenses by RM0.1 million as our Group moved from conventional media printing to digital advertisement.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2017 and FYE 31 March 2018**

Sales and distribution expense further decreased by RM0.2 million or 33.3% from RM0.6 million in FYE 31 March 2017 to RM0.4 million in FYE 31 March 2018. This was mainly due to lower commission paid in line with the overall decrease in number of residential as well as commercial and industrial projects.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Sales and distribution expense remained relatively consistent at RM0.4 million for both FYE 31 March 2018 and FYE 31 March 2019.

(vi) Other expenses

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Accretion of discount on trade and other receivables	119	89.5	88	64.7	150	50.2	-	-
Property, plant and equipment expensed off	-	-	-	-	79	26.4	72	6.5
Realised and unrealised loss on foreign exchange	3	2.3	6	4.4	20	6.7	41	3.7
Listing expenses	-	-	-	-	-	-	943	85.3
Others ⁽¹⁾	11	8.2	42	30.9	50	16.7	49	4.5
	133	100.0	136	100.0	299	100.0	1,105	100.0

Note:

⁽¹⁾ Others mainly consist of loss from burglary and bad debts written off

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Other expenses remained relatively consistent at RM0.1 million for both FYE 31 March 2016 and FYE 31 March 2017.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2017 and FYE 31 March 2018**

Other expenses increased by RM0.2 million or 200.0% from RM0.1 million in FYE 31 March 2017 to RM0.3 million in FYE 31 March 2018 mainly due to the following:

- (a) Increase in accretion of discount on trade and other receivables by RM0.1 million; and
- (b) Property, plant and equipment expensed off which amounted to RM0.1 million. These relate to small value equipment which are below the Group's minimum asset capitalisation policy of RM1,000.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Other expenses increased by RM0.8 million or 266.7% from RM0.3 million in FYE 31 March 2018 to RM1.1 million in FYE 31 March 2019 mainly due to our Listing expenses amounting to RM0.9 million.

(vii) Finance costs

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trade facilities	2	0.4	21	3.6	69	11.1	388	35.4
Hire purchase	27	5.8	37	6.4	51	8.2	102	9.3
Term loans	406	87.1	488	84.6	452	72.4	405	36.9
Bank overdraft	31	6.7	31	5.4	52	8.3	115	10.5
Unwinding of discount for RPS	-	-	-	-	-	-	87	7.9
	466	100.0	577	100.0	624	100.0	1,097	100.0

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Finance costs increased by RM0.1 million or 20.0% from RM0.5 million in FYE 31 March 2016 to RM0.6 million in FYE 31 March 2017. This was mainly due to increase in term loan interest coupled with a full year of interest servicing on a term loan which was taken to finance the acquisition of a property located in Penang in November 2015.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Finance costs remained at RM0.6 million for both FYE 31 March 2017 and FYE 31 March 2018. Trade facilities and bank overdraft interest increased by RM0.07 million collectively due to higher bankers acceptance and overdraft utilised for working capital. However, this was offset by lower term loan interest resulting from lower outstanding balance.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Finance costs increased by RM0.5 million or 83.3% from RM0.6 million in FYE 31 March 2018 to RM1.1 million in FYE 31 March 2019. Trade facilities and bank overdraft interest increased by RM0.4 million collectively due to higher trade facilities and overdraft utilised for working capital to finance our LSSPV projects.

The increase in finance cost was also due to the unwinding of discount amounting to RM0.1 million resulting from the issuance of RPS amounting to RM7.2 million during the financial year.

However, the overall increase in finance cost was partially offset by lower term loan interest resulting from lower outstanding balance.

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12. FINANCIAL INFORMATION (Cont'd)**(viii) PBT and PBT margin**

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
PBT (RM'000)	5,208	7,219	9,306	12,240
PBT margin (%)	14.8	18.5	20.6	10.9

Comparison between FYE 31 March 2016 and FYE 31 March 2017

PBT margin improved from 14.8% in FYE 31 March 2016 to 18.5% in FYE 31 March 2017.

The improvement in our PBT margin was mainly attributed to higher GP margin arising from better pricing of our solar PV systems and lower cost of solar PV modules.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

PBT margin improved from 18.5% in FYE 31 March 2017 to 20.6% in FYE 31 March 2018.

The improvement in PBT margin was attributed to higher GP margin from further reduction in the cost of solar PV modules and cost savings from pricing negotiation with subcontractor for LSSPV projects. This was offset by the increase in administrative expense mainly due to salary increment and increase in head count.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

PBT margin decreased from 20.6% in FYE 31 March 2018 to 10.9% in FYE 31 March 2019.

The decrease in PBT margin was mainly attributed to lower GP margin as a substantial portion of our revenue shifted from residential, commercial and industrial projects to LSSPV projects which has lower GP margin. In addition, our Group's administrative cost has also increased mainly due to salary increment and increase in head count as well as expenses for our Listing.

(ix) Taxation

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
Taxation (RM'000)	1,055	718	1,068	1,122
Statutory tax rate (%)	24.0	24.0	24.0	24.0
Effective tax rate (%)	20.3	10.0	11.5	9.2

Atlantic Blue was granted pioneer status by MIDA for electricity generation as an owner of solar PV plant effective from 1 January 2015. Under the pioneer status, the profit derived from our own solar PV plant is exempted from tax for 5 years from 1 January 2015 to 31 December 2019, subject to further renewal of another 5 years.

12. FINANCIAL INFORMATION (Cont'd)

In addition, Powertrack and Solarvest Energy were also granted 100% tax exemption by MIDA on statutory income for a period of 5 years from year of assessment 2016 to 2020 and 2017 to 2020 respectively.

The difference between statutory tax rate and effective tax rate were mainly due to tax exempt income earned by Atlantic Blue, Powertrack and Solarvest Energy. The effective tax rate reduced significantly in FYE 31 March 2017 as Powertrack and Solarvest Energy were only granted tax exemption from year of assessment 2016 and 2017 onwards.

The Group recorded a lower effective tax rate in FYE 31 March 2019 mainly due to the following:

- (a) More EPCC contracts for commercial and industrial projects are secured by Solarvest Energy, which enjoys 100% tax exemption from MIDA;
- (b) Higher amount of capital allowances claimable due to the purchase of new machinery and equipment during the financial year; and
- (c) Other income arising from the accretion of discount for RPS (RM2.7 million) which is not taxable.

12.2.3 Review of financial position

The following table sets out the summary of the assets and liabilities for FYE 31 March 2016 to 2019, which have been extracted from the Accountants' Report set out in Section 13 and should be read in conjunction thereto:

(i) Assets

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Non-current assets	12,251	13,528	15,900	18,995
Current assets	12,149	14,578	21,385	69,155
Asset classified as held for sale	-	906	-	-
Total assets	24,400	29,012	37,285	88,150

Comparison between 31 March 2016 and 31 March 2017

Total assets increased by RM4.6 million from RM24.4 million in FYE 31 March 2016 to RM29.0 million in FYE 31 March 2017. This was mainly due to the increase in our non-current assets and current assets by RM1.3 million and RM3.3 million respectively.

The increase in non-current assets was mainly due to increase in property, plant and equipment largely from the purchase of motor vehicles and renovation for our offices in Alor Setar and Penang.

The increase in current assets was mainly due to higher cash and bank balance as well as inventories, which increased by RM3.2 million and RM0.3 million respectively, in line with higher business activities during the financial year.

Asset held for sale relates to an investment property held by our previous subsidiary,