8. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON US AND OUR SHARES.

8.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

8.1.1 Our business is dependent on Government initiated solar PV programmes

Our business faces the risk of relying on Government initiated programmes, especially the LSS programme. For the FYE 2018, FYE 2019 and FYE 2020, 93.98%, 98.91% and 90.00% of our Group's total revenue were derived from the EPCC of solar PV power plants under the LSS programme. For FYE 2017, 53.25% of our Group's total revenue was derived from the EPCC of solar PV systems under the FiT programme. As at the LPD, we are undertaking five projects under the LSS2 programme, namely the Kluang Project, Mersing Project, Kuala Terengganu Project, Pasir Gudang Project (Package 1) and Pasir Gudang Project (Package 2).

The LSS programme was first launched in 2016 with two rounds of competitive biddings, namely LSS1 for 401 MW installed capacity and LSS2 for 562 MW installed capacity, which were conducted in 2016 and 2018, respectively. The third round of the LSS programme, namely LSS3 for 491 MW of export capacity awarded in 2019. In May 2020, the Ministry of Energy and Natural Resources announced the LSS@MEnTARI with a solar quota release of 1,000MWac for Peninsular Malaysia. The bid was opened on 31 May 2020 and bids are to be submitted by 2 September 2020. This LSS@MEnTARI is the largest quota offered for bidding compared to the previous LSS1, LSS2 and LSS3 programmes which ranged between 250 MW and 500 MW. (*Source: Industry Overview*)

Samaiden, together with a consortium partner, on 2 September 2020, submitted a tender document for the LSS@MEnTARI under Package 1 for capacity between 10 MW and less than 30 MW to the Energy Commission Malaysia. Please refer to Section 6.12.4 of this Prospectus for further details on LSS@MEnTARI.

Moving forward, as part of our business strategies, we intend to pursue more business opportunities in the solar PV systems for commercial and industrial buildings under the NEM programme.

In this respect, our business performance may be adversely affected if there are any unfavourable actions or changes in Government initiated programmes including LSS and NEM programmes.

8.1.2 Our business is project based and we may not be able to continuously secure large solar PV power plant projects to replicate our high historical growth in revenue and profit

For the Financial Years Under Review, our main revenue stream was from EPCC of solar PV systems and power plants. The nature of EPCC work is project based. For the Financial Years Under Review and up to the LPD, the contract periods for our EPCC of solar PV power plants are up to 18 months, while those for EPCC of solar PV systems are less than 12 months. In this respect, we do not have long-term EPCC contracts exceeding 18 months as at the LPD. Therefore, there is a risk that we may not be able to sustain our high business growth beyond FYE 2020 unless we continue to secure large and/or numerous EPCC solar PV projects or projects from other business activities.

For the FYE 2018, FYE 2019 and FYE 2020, we recorded a revenue growth of 379.63%, 118.07% and 11.52% respectively. Similarly, our profit after tax grew by 136.03% and 133.02% for the FYE 2018 and FYE 2019, respectively. As at the LPD, our secured and unbilled order book amounted to RM31.35 million. A large proportion of the said order book amount is expected to be recognised as revenue in the FYE 2021.

There is no assurance that we will be able to sustain our high historical growth in revenue and profitability. If we are unable to do so, this may materially affect our business sustainability, growth potential and future financial performance.

8.1.3 Our financial performance may be affected following the expiry of our tax exemption

Samaiden was granted Green Income Tax Exemption ("**GITE**"), which was approved under the Income Tax (Exemption) (No. 11) Order 2006 [P.U. (A) 112/2006], Income Tax Act 1967. As such, Samaiden was eligible for income tax exemption of 100% of its statutory income generated from green technology services inclusive of RE for the years of assessment 2017 to 2020. The GITE has expired on 30 June 2020.

The effective tax rate of the Group for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020 were 6.06%, 1.92%, 0.49% and 0.67%, respectively. From the FYE 2021 onwards, Samaiden will be subject to the prevailing statutory tax rate. For illustrative purposes, had the GITE not been in place for the FYE 2020, the taxable income of Samaiden for the FYE 2020 would have been subject to prevailing statutory tax rate of 24%. As such, this directly affects our Group's PAT and PAT margin, and in turn may affect our overall profitability and financial performance in the future.

8.1.4 We are dependent on our Group Managing Director, Executive Director, and key senior management for the continuing success of our Group

The continuing success of our Group's business is dependent on the efforts, commitment and abilities of our Group Managing Director, Executive Director and key senior management who play significant roles in our day-to-day operations as well as developing and implementing our business strategies.

Our Group Managing Director, Ir. Chow Pui Hee has been actively involved in our Group's business expansion into utility scale solar PV segment within the RE sector. She is responsible for developing the strategic direction of our Group, overseeing the technical aspects of projects undertaken by our Group as well as embarking into RE facility as an owner and operator. Her capabilities are based on her experience in engineering field, RE and the environmental sector. She also holds a Certificate of Competency for Grid-Connected PV Systems Design by SEDA to sign off any submission in relation to solar PV system installations to the authorities. Our Executive Director, Fong Yeng Foon is responsible for the implementation of our business strategies, foreign expansion and business development of our Group while overseeing our procurement and administration functions and has approximately 21 years of experience in water and wastewater treatment industries. They are assisted by our key senior management team, who also have knowledge and experience in RE and environmental matters, as well as EPCC of solar PV systems and power plants.

In this respect, the loss of services from any of our Group Managing Director, Executive Director and key senior management team without suitable and prompt replacement may adversely affect our business and financial performance.

8.1.5 We are dependent on our subcontractors to perform certain works

We engage subcontractors to perform works such as mounting system and solar PV module installation, and electrical, civil, structural and interconnection works.

Subcontractor costs accounted for approximately 16.10%, 54.03%, 25.30% and 33.50% of our total cost of sales for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively. As such, 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 from the relevant subcontractors.

In the event we are unable to seek compensation from the relevant subcontractors or the amount of the claims 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, which may in turn adversely affect our profitability and financial performance.

In addition to the above, poor quality deliverables of our subcontractors may also affect our reputation in the industry.

8.1.6 We are subject to the risk of claims against system performance warranty and defect liabilities

We are exposed to the risk of system performance warranty claims after final acceptance of our EPCC works as we provide performance warranty for the solar PV power plant in the form of achieving minimum performance ratio during the defect liability period ranging from 12 to 24 months. We are also exposed to the risk of defect liability claims during the said defect liability period for our solar PV systems and power plants. In the event we have claims against our failure to meet minimum performance ratio or defect liability claims, we have to make good the failure or defect which may have an impact on our financial performance. For the Financial Years Under Review and up to the LPD, we have not experienced any warranty claims on the system performance of our solar PV power plant, nor any defect liability claims on our solar PV systems and power plants. Nevertheless, there is no assurance that we will not experience any performance warranty claims or defect liability claims in the future.

8.1.7 We have a concentration of major customers for revenue contribution

For the FYE 2018 and FYE 2019, our single largest customer, namely PLB Green Solar Sdn Bhd, contributed 93.98% and 98.74% of our total revenue, respectively. As for FYE 2020, we derived a significant portion of our revenue from two customers, namely Fairview Equity Project (Kluang) Sdn Bhd and Fairview Equity Project (Mersing) Sdn Bhd, which contributed to 57.13% and 31.37% of our total revenue respectively. This was mainly for EPCC works for Mersing Project and Kluang Project. Please refer to Section 6.4.2(c)(ii) for further details on these two on-going projects.

While we are not dependent on the above mentioned customers for our business continuity as our contracts with them are on project basis and we have been able to secure projects from different customers over the Financial Years Under Review, Fairview Equity Project (Mersing) Sdn Bhd and Fairview Equity Project (Kluang) Sdn Bhd contributed significantly to our Group's revenue and profit for the FYE 2020 due to the timing and progress of their EPCC contracts with us. Our financial performance for the FYE 2021 may be adversely affected if there is any unexpected delay in the implementation and completion of these projects by us.

8.1.8 We may face unanticipated increases in project costs

We estimate our project costs at the time of bidding or 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 or transacted in 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 against the USD, 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, and 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 GP 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.

Part of our strategies is to venture into retro-commissioning of buildings and energy saving systems where we will own and maintain the retro-commissioning equipment and systems during the contract term. In the event of a breakdown, we will be responsible for the cost of any repair, maintenance and replacement of parts and equipment during the contract term, which may adversely affect our financial performance in the future.

8.1.9 We cannot assure that our business strategies and plans will be commercially successful

Our business strategies are focused on building on our key strengths and capitalising on our business in the EPCC of solar PV systems and power plants, as well as undertaking O&M of solar PV power plant and new RE business ventures as set out in Section 6.12 of this Prospectus.

The future growth of our business is dependent on our ability to capitalise on our core competencies and experience to identify and carry out our business strategies and plans as set out in Section 6.12 of this Prospectus.

There are risks that we may not be able to implement our business strategies and plans in a timely and commercially successful manner, which may adversely affect our future business and financial performance.

In addition, for our strategy to venture into retro-commissioning of buildings and energy saving systems, we will conduct feasibility studies prior to making any decisions in investing in any retro-commissioning project. In the event that the feasibility study is not favourable, we will not carry out retro-commissioning of buildings and energy saving systems which may affect our future business and financial performance.

In light of the COVID-19 outbreak, we may experience a delay in implementing our business strategies and plans mentioned above in accordance with the expected timeline. In this respect, this may affect our future business and financial performance.

8.1.10 We cannot assure that our new business ventures to build-own-operate and invest in RE power plants will be commercially successful

Part of our business strategies and plans is to venture into the following:

(i) build-own-operate an integrated biogas power generation plant in Bachok, Kelantan. As at the LPD, we have already identified a source for household biowaste as feedstock for the generation of biogas. The biowaste consists of organic and food waste from households that are collected by three local councils in Kelantan. The implementation of this business plan is subject to us securing the biogas quota from SEDA, obtaining a public generation licence from the Energy Commission Malaysia, and conducting an acceptance and reliability test in accordance with SEDA's guidelines prior to the operations of the biogas power generation plant; and

(ii) invest in a solar PV power plant. Together with our consortium partner, we submitted a tender document for the LSS@MEnTARI on 2 September 2020. The implementation of this plan is subject to us obtaining the bid from the Energy Commission Malaysia by way of tender within 12 months from the date of this Prospectus. Please refer to Section 6.12.2 for further details on our plan to venture into the investment in a solar PV power plant.

In the event that we are unsuccessful in the bid from the Energy Commission Malaysia for the solar PV power plant or unable to obtain the biogas quota or public generation licence, or pass the required acceptance and reliability test for the integrated biogas power generation plant, we will not be able to implement this plan. Once these RE power plants are operational, we are subject to the risk of plant failure or problems which in turn may adversely affect our business and financial performance, and return on investment. As an investor of the solar PV power plant, our return on investment is dependent on the performance of the solar PV power plant which may be subject to the risk of plant failure or problems such as the areas surrounding the solar PV modules that may cast shadows on our solar PV modules and hence, reducing the efficiency of the solar PV modules, excessive degradation of our solar PV modules or inefficiency or failure of our inverters and other balance of system equipment for extended period of time. In addition, the performance of the solar PV power plant is subject to any occurrence of haze, unusually high rainfall or cloud cover, or other unfavourable weather conditions.

For the integrated biogas power generation plant, we may fail to get adequate and continuous supply of organic waste which is the feed stock for the generation of biogas, or we may experience equipment inefficiency, failure or repair and maintenance downtime for extended period of time.

In light of the COVID-19 outbreak, we may experience a delay in implementing our new business ventures mentioned above in accordance with the expected timeline. In this respect, this may affect our future business and financial performance.

8.1.11 Our business and financial performance are affected by project execution

We have to adhere to certain agreed milestones for the completion of our projects. We are subject to the risk of claims and/or penalties pertaining to liquidated ascertained damages for late completion as stipulated in the EPCC contracts for solar PV power plant projects. These penalties, if imposed, may have an adverse effect on our financial performance.

Incidents which may affect our project execution include delay in delivery of materials, workplace hazards, damage to equipment and materials, weather conditions and major pandemic outbreaks.

Please refer to Section 8.2.4 of this Prospectus for further details on incidents which may affect project execution.

For the Financial Years Under Review and up to the LPD, we have not experienced any claims pertaining to delays in project completion. Nevertheless, there is no assurance that we would not experience claims pertaining to delays in completion of project in the future.

8.1.12 We face competition from other service providers that serve the solar PV industry

We face competition from local and international competitors which may be capable of offering similar services and compete with us in terms of pricing, quality of service and solutions offered.

In the event our competitors are able to offer EPCC works for solar PV systems and power plants 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 and thus affecting our profitability. In addition, if we cannot match or be better than our competitors in terms of the range of comprehensive solutions and technology offered, our clients may choose our competitors. Hence, the competition we face from other service providers may adversely affect our business and financial performance.

Some of our international competitors may have greater marketing and financial 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.

8.1.13 We depend on the retention and procurement 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 with CIDB and others as set out in Section 6.4.9 of this Prospectus. 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 licences may be suspended or cancelled if we fail to comply with the applicable requirements or any conditions of the approvals, permits and licences. 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.

In addition, part of our business strategies and plans is to expand into Vietnam where we will apply for a contractor licence, specifically construction operating licence upon securing a solar PV system project, from the Department of Construction and register as a foreign owned company with the Department of Planning and Investment in Vietnam. The contractor licence is required to enable us to carry out EPCC activities in Vietnam. In the event that we are unable to obtain the said licence and registration in Vietnam, or fulfill any terms or conditions that may be imposed on the said licence and/or registration, we may not be able to implement this part of our business strategies and plan, which may adversely affect our future business and financial performance. Please refer to Section 6.12.1.2 for further details on our foreign market expansion.

Furthermore, we also plan to venture into building-owning-operating and investing in RE power generation plants. The implementation of this business plan is subject to us securing the biogas quota from SEDA and/or the solar PV power plant bid from the Energy Commission Malaysia, obtaining a public generation licence from the Energy Commission Malaysia, and conducting acceptance test and reliability test in accordance with SEDA's guidelines prior to the operations of the biogas power generation plant. In the event that we are unable to meet these regulatory requirements, we may not be able to implement this part of our business strategies and plan, which may affect our future business and financial performance.

8.1.14 We may face the risk of impairment losses on trade receivables

If our customers are late in their payment or in more severe circumstances, fail to make any payment, our financial performance will be adversely affected. We would have to make allowance for doubtful debts or incur write-off of uncollectible trade receivables, which will affect the profitability of our business. For the Financial Years Under Review, we recorded impairment losses on trade receivables of RM0.19 million, RM0.13 million and RM0.07 million for the FYE 2018, FYE 2019 and FYE 2020, respectively. We did not incur any impairment losses on trade receivables in the FYE 2017.

8.1.15 We are exposed to risk of fluctuation of foreign exchange rate

Our Group has foreign currency exposure arising from projects and purchases of materials and equipment such as solar PV modules and inverters which are quoted to us or transacted in USD. As we are unable to estimate the movement of foreign exchange rate and its impact on the revenue, cost of sales and earnings of our Group, any significant fluctuation in the exchange rate of USD into RM or vice versa may have a significant impact, whether positively or negatively, on our financial condition and results of operation. Currently, we do not have any formal policy with respect to our transactions in foreign currency and have not undertaken any hedging activities as the majority of our revenue and expenses are transacted in RM. Hence, there is no assurance that any significant fluctuation in foreign currency exchange rate will not have a material and adverse impact on the revenue and earnings of our Group.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We are subject to economic, political, regulatory and major epidemic and/or pandemic outbreak risks in Malaysia and the market we serve

Any changes in the political, social, economic and regulatory conditions in Malaysia as well as Vietnam could adversely affect our business and financial performance. These uncertainties could include, but not limited to, changes in political leaderships, risks of war or civil unrest, changes in import tariffs and related duties as well as regulatory matters. Similarly, any global or regional economic downturn would also affect overall business sentiments and consumer confidence as well as investments, which could subsequently affect demand for our services. As a result, this may cause our customers to defer, halt or abandon their development or expansion plans. Our future geographical expansion plans into Vietnam expose us to the uncertainties of the country and its business environment, which depend on the country's economic, social, political conditions and policies for RE.

Our business operations and financial performance could also be materially and adversely affected by any major epidemic and/or pandemic outbreak. For example, the recent global outbreak of the COVID-19 may result in interruption of supply of materials such as solar PV modules and related materials from China or other affected countries, which could in turn affect our project execution and result in late completion of our projects. Our business operations may also be affected if any of our employees or the employees of our subcontractors contract or are suspected of having contracted COVID-19, as this would require quarantine of the affected personnel as well as disinfection of affected premises and/or project sites. As at the LPD, notwithstanding the COVID-19 outbreak, we have encountered minimal supply disruption for new orders of raw materials.

On 16 March 2020, the Government announced the first phase of MCO as a means to curb the spread of COVID-19. Following the MCO, our on-site activities have been suspended from 18 March 2020. The Government has, on 25 March 2020, announced the second phase of MCO with extension for another two weeks until 14 April 2020. On 3 April 2020, we have obtained conditional approval from the MITI to unload the materials at the work site in relation to the Kluang Project.

Subsequently, the MCO was further extended from 14 April 2020 to 28 April 2020 for its third phase, as announced on 10 April 2020. During this period, the MITI announced that businesses in the list of sectors specified by the MITI may submit an application to MITI to seek for approval to operate. We have received conditional approval from the MITI on 20 April 2020 to resume operations in our office premises. With the conditional approval from MITI, we resumed our office operations on 27 April 2020.

The Government thereafter announced a fourth phase of the MCO from 28 April 2020 to 12 May 2020 on 23 April 2020, and subsequently on 1 May 2020, the conditional MCO effective on 4 May 2020 was announced which enables almost all sectors of the economy to reopen. Pursuant to this, we have resumed our on-site operations for the Kluang Project on 4 May 2020. On 10 May 2020, the Government further announced that the conditional MCO will be extended for another four weeks until 9 June 2020. Subsequent to 9 June 2020, the Government has imposed the RMCO from 10 June 2020 until 31 August 2020, which has been further extended to 31 December 2020.

During the MCO, our Group had submitted notifications of occurrence of force majeure events to certain customers of our on-going projects. On 13 May 2020, we submitted formal request for extension of time to the relevant customers. This is in accordance with force majeure provisions as provided in the terms of our contracts for these projects with customers. We had subsequently been granted extensions of time for the completion of the Mersing Project and Kluang Project until 15 October 2020 and 30 September 2020 respectively. Accordingly, we do not expect liquidated ascertained damages to be imposed on us for late completion of these projects, if any, attributable to the MCO.

Nevertheless, we may still face delay in projects completion for the Kluang Project and Mersing Project if there is further delay in the approvals required from external parties including *Koridor Utiliti Johor* and TNB. In such instance, we will request for further extension of time for completion of the Kluang Project and Mersing Project. In the event that our Group is unable to obtain further extension of time and there is a late completion of these projects, we may be imposed with liquidated ascertained damages cumulatively amounting to RM10,000 for each day or part day for the period commencing on the day after the extended target completion date and expiring on the date of practical completion up to a maximum of 180 days amounting to RM1.80 million. Similarly, any late completion of our Kuala Terengganu Project and Pasir Gudang Project (Package 1) may result in us having to pay liquidated ascertained damages cumulatively amounting to a maximum amount of RM0.84 million.

In addition to the above, there were some delays or reduction in our billings whilst we continued to incur cash outflow from fixed operating expenses such as salaries and rental expenses during the MCO period. Nevertheless, this has not posed significant constraints on our cash flow and financial position as our monthly cash outflow from operating expenses is only approximately RM0.30 million. In addition, as our on-site activities were only fully suspended for approximately one month and we have now resumed operations fully, our overall profitability for the FYE 2020 was not adversely affected to a material extent by the COVID-19 and the MCO.

Furthermore, in terms of medical costs, our Group is only responsible to bear the testing costs and medical costs of employees under our payroll. Our Group has procured undertaking and indemnity from some of our subcontractors in respect of the workers of such subcontractors as set out in Section 6.4.12(d) of this Prospectus.

Notwithstanding the above, there can be no assurance that any adverse political, social, regulatory or economic developments, or any occurrence of major epidemic and/or pandemic outbreak that could result in interruptions in our business operations, which are beyond our control, will not materially affect our business and financial performance.

Further, while the immediate impact of the COVID-19 outbreak on our business has been relatively minimal so far, we cannot guarantee that the COVID-19 outbreak will not worsen, thus requiring reimposition of a full MCO. There is no assurance that our suppliers of materials would be able to (a) maintain their normal business operation without disruptions; and/or (b) deliver the materials to us without delay in the event that transportation restrictions are imposed, and there is no guarantee that we would be able to source materials from alternative suppliers in time to satisfy our contractual obligations to our customers if COVID-19 persists for a substantial period. In addition, notwithstanding the precautionary measures implemented by us, there is no assurance that the workers or personnel of our Group, the main contractors or other subcontractors working at the project sites would not be infected by COVID-19, in such event the relevant workers or personnel would need to be quarantined and the projects handled by them may be suspended or delayed as a result.

There is no assurance that outbreak of COVID-19 in Malaysia can be effectively controlled, or another outbreak of COVID-19 or other disease will not happen in the future. Notwithstanding the contingency plan which we have put in place as disclosed in Section 6.4.12 of this Prospectus, should these adverse events materialise and persist for a substantial period, it may significantly and adversely affect our business operations and financial performance.

8.2.2 There are inherent risks in the solar PV industry

As our business is mainly in the EPCC of solar PV systems and power plants, we are subject to inherent risks within the solar PV industry including, among others, changes in Government policies and regulations such as changes in power generation, transmission and distribution including retail sales to consumers and peer-to-peer (P2P) trading, and drop in electricity pricing. Some of these changes, which include changes to market conditions or situations may affect the financial attractiveness of solar PV projects, which in turn may adversely affect our business and financial performance.

8.2.3 Technological improvements in power generation may result in more cost efficient and environmentally friendly methods of power generation compared to using solar PV method

In addition to using solar PV method, other RE and environmentally friendly method of power generation include using various sources of primary energy, such as wind, waves and current, solar thermal, and geothermal. In Malaysia, solar PV systems and power plants are the preferred method of power generation that uses primary energy source that is renewable and has minimal impact on the environment. However, improvement in technologies for other methods of power generation may make them more competitive compared to using solar PV method. As such, in the event that other methods of power generation are preferred compared to solar PV method, it may affect our business and financial performance.

8.2.4 There is a potential reduction in demand for power generation projects including solar PV systems and power plants due to excess power generation and high reserve margin

Malaysia has sufficient power supply to meet demand and this is reflected by the fact that power generation exceeded consumption by 11.8% in 2019. In addition, based on the latest available statistics, Malaysia's electricity reserve margin was 36.0% in 2017. A certain level of reserve margin is important to cater to any increases in demand and unexpected outages of existing capacity. However, a high reserve margin also means that there may not be an urgency to develop more power generation capacity in Malaysia. In 2018, the Government terminated four IPP contracts. *(Source: Industry Overview)*

In this respect, there is no assurance that there will be sufficient new power generation projects to sustain existing and new players in the power generation industry, including solar PV systems and power plants.

8.2.5 Inherent risks in the solar PV industry in Vietnam

One of our business strategies moving forward is to expand our business into Vietnam. There are inherent risks in the solar PV industry in Vietnam which include, among others, the following:

(i) **Reducing FiT rates**: In April 2020, the Prime Minister of Vietnam signed the 13/2020/QD-TTg Decision on mechanisms to promote the development of solar power projects in Vietnam, which included, among others, new FiT rates for rooftop, floating and ground-mounted solar power projects that achieved commercial operations by 31 December 2020. Under this mechanism, the new FiT rates for rooftop solar power project is USD0.0838/kWh, floating solar power project is USD0.0769/kWh and ground mounted solar power project is USD0.0709/kWh. In contrast, the FiT rate for all types of solar power projects was USD0.0935/kWh between June 2017 and June 2019. For solar power projects that achieved commercial operations after 31 December 2020, the FiT rates will be based on competitive mechanisms.

(ii) **Grid overload:** Vietnam's cumulative installed solar PV capacity grew from 134 MW at end of 2018 to 4.5 GW in June 2019 representing an increase of 3,258% in six months (Source: Vietnam Electricity (EVN)). The rapid increase in solar PV energy exported to the power grid runs the risk of overloading the power grid. This may hamper further development of solar PV projects for export to the power grid until such time the power grid infrastructure improves to cater to increase in export of power to the grid.

(Source: Industry Overview)

A reducing FiT rate may discourage investments, while an overloaded grid may limit investments in solar power projects, thus resulting in lower demand for EPCC of solar power projects. This may have an adverse impact on our business and financial performance in Vietnam.

8.3 RISKS RELATING TO OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration various factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below the IPO Price.

8.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the 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 listed Shares. In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:

(i) material variations in our financial performance and operations;

(ii) success or failure of our management in implementing future plans, and business and growth strategies;

(iii) changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;

(iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;

(v) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed on Bursa Securities or other stock exchanges;

(vi) additions or departures of experienced key personnel;

(vii) fluctuation in stock market prices and volume; or

(viii) involvement in claims, litigation, arbitration or other form of dispute resolution.

8.3.3 There may be a potential delay to or cancellation of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

(i) the MITI approved Bumiputera investors fail to acquire the Shares allocated to them under the Public Issue;

(ii) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;

(iii) the revocation of approvals from the relevant authorities for the Listing and/or admission for whatever reason; or

(iv) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.00% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the issuance and allotment of our Issue Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the applications for our Issue Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted, investors will not receive any of our Issue Shares, all monies paid in respect of all applications for our Issue Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our Issue Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:-

(aa) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

(bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

8.3.4 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

Upon Listing, our Promoters will collectively hold, directly and indirectly, 148,845,000 Shares, which represent approximately 70.88% of the enlarged issued share capital of our Company. As a result, our Promoters may be able to influence the outcome of certain matters such as election of Directors and the approval of business ventures requiring the vote of the shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

8.3.5 Dividend payments

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 6.12 of this Prospectus, our ability to pay dividends may be limited.

Further details on our dividend policy are set out in Section 11.8 of this Prospectus.

9. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other.

9.1 RELATED PARTY TRANSACTIONS

9.1.1 Transactions that are material to our Group

Save as disclosed below, our Directors have confirmed that there are no other material related party transactions that we had entered into with related parties in respect of the Financial Years Under Review and up to the LPD:

Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Actual				
				FYE 2017	FYE 2018	FYE 2019	FYE 2020	1 July 2020 up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
Samaiden	Chow Wai Ho	Chow Wai Ho is the brother of Ir. Chow Pui Hee, our Director, substantial shareholder and promoter	Outsource of accounting support services. The services were terminated when Chow Wai Ho was employed full-time by our Group in April 2018. As at the LPD, he is still an employee of our Group.	16 (1.17% of our Group's PAT)	26 (0.81% of our Group's PAT)	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Actual				
				FYE 2017	FYE 2018	FYE 2019	FYE 2020	1 July 2020 up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
Samaiden	Yet Mooi @ Yip Mooi	Yet Mooi @ Yip Mooi is the mother of Ir. Chow Pui Hee, our Director, substantial shareholder and promoter	Upkeep of office. Such services had been terminated subsequent to the FYE 2019 and our Group will not employ such services from a related party after our Listing.	30 (2.20% of our Group's PAT)	30 (0.93% of our Group's PAT)	30 (0.40% of our Group's PAT)	-	-
Samaiden	Fong Yeng Foon	Fong Yeng Foon is our Director, substantial shareholder and promoter	Rental of C-13A-05, Sunway Nexis Office Suite, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor ("**Rented Office**"). As at the LPD, the Rented Office is used by our Group for the following departments: • Finance & Accounting; • Procurement & Contract; and • HR, Administration & IT.	-	-	-	25 (0.35% of our Group's PAT)	9

The above transactions were transacted on an arm's length basis and based on normal commercial terms which are not more favourable to the related parties. Our Directors are of the opinion that the above transactions were transacted in the best interests of our Group.

Upon Listing, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

9. RELATED PARTY TRANSACTIONS (Cont'd)

9.2 RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years Under Review and up to the LPD.

9.3 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance made by us to or for the benefit of the related parties for the Financial Years Under Review and up to the LPD:

Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction and purpose	Outstanding Amount				
			<------As at 30 June------>				As at the LPD
			2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	RM'000
Advances made to Ir. Chow Pui Hee by Samaiden	Ir. Chow Pui Hee is our Director, substantial shareholder and promoter	Advances	-	1,000	-	-	-
Staff loan made to Chow Wai Ho by Samaiden	Chow Wai Ho is the brother of Ir. Chow Pui Hee, our Director, substantial shareholder and promoter	Staff loan*	-	58	51	-	-

Note:

* Staff loan to Chow Wai Ho was made in his capacity as an employee of our Group. He was employed in April 2018.

The advances to Ir. Chow Pui Hee were not made on arm's length basis as they were interest-free, unsecured and repayable on demand. As at the LPD, these advances were fully paid. Going forward, our Group will not be providing any such advances (including loans and guarantees of any kind, except for staff loan in accordance with our Group's policy) to or for the benefit of the related parties.

The staff loan made to Chow Wai Ho, which was interest-free, unsecured and repayable by equal monthly instalments, was in accordance with our Group's policy for staff loan. As at the LPD, the staff loan has been fully settled. Going forward, any provision of staff loan to or for the benefit of the related parties will be subject to the review of our Audit and Risk Management Committee.

10. CONFLICT OF INTEREST

10.1 CONFLICT OF INTEREST

None of our Directors and/or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

10.2.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent

AIBB and/or its related companies ("**Alliance Bank Malaysia Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading and credit transaction services business. The Alliance Bank Malaysia Group has engaged and may in the future, engage in transactions with and perform services for SAGB Group and/or the SAGB Group's affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Alliance Bank Malaysia Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the SAGB Group, its shareholders, and/or its affiliates and/or any other entity or person, hold long or short positions in securities issued by the SAGB Group and/or its affiliates, and may trade or otherwise effect transactions for its own account or account of its other customer in debt or equity securities or loans of any member of the SAGB Group and/or its affiliates. This is the result of the businesses of Alliance Bank Malaysia Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Bank Malaysia Group now have or in the future, may have an interest or take actions that may conflict with the interest of the SAGB Group. Nonetheless, Alliance Bank Malaysia Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

AIBB has confirmed that there is no conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent to our Group in relation to the Listing. The Underwriting Agreement, which certain details are set out in Section 4.5.4 of this Prospectus, was entered into on arm's length basis and on market terms.

10.2.1 Solicitors for the Listing

Chooi & Company + Cheang & Ariff has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to the Listing.

10.2.2 External Auditors and Reporting Accountants

Crowe Malaysia PLT has confirmed that there is no conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the Listing.

10.2.3 Independent Market Researcher

Vital Factor has confirmed that there is no conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

11. FINANCIAL INFORMATION

11.1 HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION

The historical audited combined financial information of our Group for the Financial Years Under Review presented in this section have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the Financial Years Under Review.

You should read the historical audited combined financial information below together with:

- Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects set out in Section 11.3 of this Prospectus; and
- Accountants' Report set out in Section 12 of this Prospectus.

The historical audited combined financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future. Moreover, our Group's past operating results are not indicative of our Group's future operating performance.

(a) Historical audited combined statements of profit or loss and other comprehensive income of our Group

	<------Audited------>			
	FYE 2017 RM'000	**FYE 2018 RM'000**	**FYE 2019 RM'000**	**FYE 2020 RM'000**
Revenue	6,530	31,322	68,301	76,170
Cost of sales	(4,484)	(26,708)	(58,467)	(64,515)
GP	**2,046**	**4,614**	**9,834**	**11,655**
Other income	-	36	194	520
	2,046	4,650	10,028	12,175
Administrative expenses	(594)	(1,186)	(2,382)	(4,798)
Finance cost	-	-	(3)	(26)
Net impairment losses on financial assets	-	(187)	(127)	(73)
PBT	**1,452**	**3,277**	**7,516**	**7,278**
Income tax expense	(88)	(63)	(37)	(49)
PAT	**1,364**	**3,214**	**7,479**	**7,229**
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	**1,364**	**3,214**	**7,479**	**7,229**
PAT attributable to:				
- Owners of the Company	1,364	3,214	7,481	7,254
- Non-controlling interests	-	-	(2)	(25)
	1,364	**3,214**	**7,479**	**7,229**

11. FINANCIAL INFORMATION (Cont'd)

	<---Audited---			--->
	FYE 2017	FYE 2018	FYE 2019	FYE 2020
GP margin[(1)] (%)	31.33	14.73	14.40	15.30
PBT margin[(2)](%)	22.24	10.46	11.00	9.55
PAT margin[(3)](%)	20.89	10.26	10.95	9.49
Effective tax rate[(4)](%)	6.06	1.92	0.49	0.67
Earnings before interest, tax, depreciation and amortisation ("**EBITDA**")[(5)] (RM'000)	1,477	3,289	7,493	6,986
Assumed number of Shares in issue[(6)] ('000)	210,000	210,000	210,000	210,000
Basic and diluted EPS[(7)] (sen)	0.65	1.53	3.56	3.45

Notes:

(1) GP margin is calculated based on GP divided by revenue.

(2) PBT margin is calculated based on PBT divided by revenue.

(3) PAT margin is calculated based on PAT divided by revenue.

(4) Effective tax rate is calculated based on income tax expense divided by PBT. Samaiden had obtained approval from MIDA for income tax exemption under GITE. As such, Samaiden was eligible for income tax exemption of 100% of its statutory income generated from green technology services inclusive of RE for the years of assessment 2017 to 2020. The GITE granted to Samaiden has expired on 30 June 2020 and as such, it will no longer enjoy tax exemption after the FYE 2020. From the FYE 2021 onwards, Samaiden will be subject to the prevailing statutory tax rate.

(5) EBITDA is calculated as follows:

	<---Audited---			--->
	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000
PBT	1,452	3,277	7,516	7,278
Adjusted for:				
Finance cost	-	-	3	26
Depreciation	25	29	94	128
Interest income	-	(17)	(120)	(446)
EBITDA	**1,477**	**3,289**	**7,493**	**6,986**

(6) The assumed number of Shares in issue after our Public Issue.

(7) Basic EPS is calculated based on PAT attributable to owners of the Company divided by the assumed number of Shares in issue. Diluted EPS are the same as basic EPS as there were no potential dilutive ordinary shares existing during the respective years.

(b) Historical audited combined statements of financial position of our Group

	<---Audited---			--->
	<---As at 30 June---			--->
	2017	**2018**	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
ASSETS				
NON-CURRENT ASSET				
Property, plant and equipment	79	141	378	1,539
TOTAL NON-CURRENT ASSET	**79**	**141**	**378**	**1,539**
CURRENT ASSETS				
Contract costs[(1)]	-	2,298	331	-
Inventories	-	-	-	28
Trade receivables	430	10,266	5,232	7,954
Other receivables, deposits and prepayments	23	1,599	283	230
Contract assets	-	122	154	673
Amount owing by a director	-	1,000	-	-
Short-term investments	-	1,018	4,172	14,498
Current tax assets	-	19	15	-
Fixed deposit with a licensed bank	-	-	400	421
Cash and bank balances	1,565	10,720	4,999	6,695
TOTAL CURRENT ASSETS	**2,018**	**27,042**	**15,586**	**30,499**
TOTAL ASSETS	**2,097**	**27,183**	**15,964**	**32,038**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	-	-	-	*
Invested capital	100	750	1,000	1,030
Retained profits	1,411	4,125	6,406	13,660
Equity attributable to owners of the Company	1,511	4,875	7,406	14,690
Non-controlling interests	-	-	(2)	(7)
TOTAL EQUITY	**1,511**	**4,875**	**7,404**	**14,683**
NON-CURRENT LIABILITIES				
Hire purchase payable	-	-	59	-
Term loans	-	-	12	995
Lease liability	-	-	-	46
Deferred tax liabilities	6	13	13	-
TOTAL NON-CURRENT LIABILITIES	**6**	**13**	**84**	**1,041**
CURRENT LIABILITIES				
Trade payables	261	2,767	3,090	11,199
Other payables and accruals	109	796	1,103	746
Contract liabilities	141	18,732	4,265	4,312
Amount owing to directors	53	-	-	-
Hire purchase payable	-	-	17	-
Term loans	-	-	1	37
Lease liability	-	-	-	18
Current tax liabilities	16	-	-	2
TOTAL CURRENT LIABILITIES	**580**	**22,295**	**8,476**	**16,314**
TOTAL LIABILITIES	**586**	**22,308**	**8,560**	**17,355**
TOTAL EQUITY AND LIABILITIES	**2,097**	**27,183**	**15,964**	**32,038**

Notes:

(1) Contract costs represent materials and preliminary costs incurred for the Seberang Perai Project and Kluang Project. In accordance with our Group's accounting policies, our Group recognises costs that relate directly to a contract (or an anticipated contract) with a customer as an asset when the costs generate or enhance resources of our Group, will be used in satisfying the performance obligation in the future and are recovered. This is in line with paragraph 95 of MFRS 15.

* Denotes RM100

11.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness:

(i) as at 31 July 2020, after taking into account the Acquisitions but before Public Issue and use of proceeds; and

(ii) after adjusted for the proceeds arising from our Public Issue and use of proceeds from Public Issue.

	(Unaudited) As at 31 July 2020 RM'000	After Public Issue and use of proceeds RM'000
Indebtedness:		
Current		
Secured and guaranteed		
Lease liability	17	17
Term loans^	37	37
	54	54
Non-current		
Secured and guaranteed		
Lease liability	46	46
Term loans^	1,006	1,006
	1,052	1,052
Contingent liability		
Secured and guaranteed		
Tender guarantee	100	100
Total Indebtedness	**1,206**	**1,206**
Shareholders' equity	14,627	42,244
Total capitalisation and indebtedness	**15,833**	**43,450**
Gearing ratio (times)*	0.08	0.03

Notes:

* Computed based on total indebtedness over our shareholders' equity.

^ Being term loans secured to part finance the acquisition of our Head Office and to finance a term assurance which was a collateral for a banking facility.

11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS

Investors should read the following management's discussion and analysis of our Group's financial conditions and results of operations in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contains data derived from our audited combined financial statements as well as forward-looking statements that involves risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 8 of this Prospectus.

11.3.1 Overview of our operations

(a) Principal activities

Our Company is principally an investment holding company while our subsidiaries are principally involved in the following business activities:

(i) EPCC of solar PV systems and power plants, and related subcontracting services; and

(ii) provision of RE and environmental consulting services, as well as O&M services.

As a provider of EPCC services for solar PV systems and power plants, our scope of work mainly comprises the following:

- Engineering and design, from initial conceptualisation up to detailed system design. This includes designing the solar PV array and balance of system including inverters, transformers and interconnection to the power grid where relevant.

- Procurement of all construction materials and equipment for the solar PV facilities, including solar PV modules and balance of system;

- Construction, including civil, structural, mechanical and electrical works, installation and integration of equipment, and interconnection to the power grid, if required by customers; and

- Commissioning, including testing of individual equipment and sub-systems, and full testing of the newly installed solar PV facilities.

Additionally, we have in-house technical expertise to provide RE and environmental consulting services, as well as O&M services.

Please refer to Section 6.4 of this Prospectus for detailed information on our principal activities.

(b) Revenue

Our revenue is derived from the provision of EPCC services, RE and environmental consulting services, and O&M services.

Revenue from the provision of EPCC services is derived from the provision of engineering, procurement, construction and commissioning services for both solar PV system and power plant customers. Generally, an EPCC project for solar PV system can be completed within six to 12 months depending on, among others, the scale of installed capacity, building conditions and technical complexity. On the other hand, an EPCC project for solar PV power plant will generally require nine to 18 months from the project commencement date until completion given its utility scale generating capacity of at least 1 MWac. A solar PV power plant requires substantially more work than solar PV system as it involves site preparation, civil and structural works for the project site as well as interconnection to the power grid.

Revenue from the provision of EPCC services, which is measured at transaction price, is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of costs incurred for work performed to-date over the estimated total costs. Transaction price for an EPCC project is computed based on the price specified in the EPCC contract, as varied by subsequent variation order, if any. A contract asset is recognised for services rendered and for which revenue has been recognised, but invoices for which have yet to be issued. For instance, we recorded contract assets for some of our RE and environmental consulting services projects wherein work had been done and revenue had been recognised, but we were unable to issue invoice on the progress claims pending certification of work done by project owner, which generally takes two to three weeks. Conversely, a contract liability arises when invoices have been issued in advance of revenue recognition for services yet to be rendered.

In general, our invoices for EPCC contracts are issued when we achieve a certain milestone within our scope of work as set out in the EPCC contracts. These milestones are negotiated and agreed upon between us and our customers on a case-by-case basis. These milestones may include, among others, down payment upon execution of contract, confirmation of order for materials with manufacturers and/or suppliers and installation onsite. We adopt this billing arrangement as it is deemed reflective of the progress of implementation of our EPCC projects and the corresponding commitment that we require from our customers. Nevertheless, as some of these milestones do not involve actual costs, we may not be able to recognise the full amount of an invoice as revenue, which in turn is determined based on costs incurred for work performed. In such instances, a contract liability arises.

Revenue from the provision of RE and environmental consulting services mainly cover support services for development and implementation, and landfill and waste management services. Our O&M services are mainly for preventive and corrective maintenance of solar PV systems and power plants. Revenue from the provision of RE and environmental consulting services as well as O&M services is recognised over time in the period in which the services are rendered.

Our revenue is driven by the following key factors:

- the growth and prospects of the RE industry and the programmes and initiatives introduced by the Government to increase the use of RE to reduce carbon dioxide (CO_2) emission;
- our ability to secure new projects and contracts;
- the competition from other industry players providing similar services; and
- the amount of work completed during the financial year for our EPCC projects secured.

For the Financial Years Under Review, our revenue was solely derived from the domestic market (i.e. Peninsular Malaysia), through our subsidiaries, Samaiden and Samaiden Consultancy.

Our Group recorded revenue of RM6.53 million, RM31.32 million, RM68.30 million and RM76.17 million for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively. Revenue generated from the provision of EPCC services accounted for approximately 87.99%, 95.95%, 99.00% and 98.00% of our total revenue for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively while the remaining 12.01%, 4.05%, 1.00% and 2.00% of our total revenue for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively was generated through the provision of RE and environmental consulting services, and O&M services.

(i) Analysis of contribution to revenue by business activities

The breakdown of our Group's revenue by business activities is as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
Business Activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
EPCC services								
Solar PV power plants	-	-	29,436	93.98	67,556	98.91	68,552	90.00
Solar PV systems	5,746	87.99	616	1.97	60	0.09	2,046	2.68
Subcontracting services for solar PV power plants	-	-	-	-	-	-	4,050	5.32
	5,746	87.99	30,052	95.95	67,616	99.00	74,648	98.00
Other services								
RE and environmental consulting services								
- RE consulting	554	8.49	927	2.96	110	0.16	670	0.88
- Environmental consulting	230	3.52	343	1.09	259	0.38	265	0.35
O&M	-	-	-	-	316	0.46	587	0.77
	784	12.01	1,270	4.05	685	1.00	1,522	2.00
Total revenue	**6,530**	**100.00**	**31,322**	**100.00**	**68,301**	**100.00**	**76,170**	**100.00**

Commentary:

Comparison between FYE 2017 and FYE 2018

For the FYE 2018, our total revenue increased by RM24.79 million or 379.63% to RM31.32 million (FYE 2017: RM6.53 million). This said increase in total revenue was due to higher revenue generated from both our EPCC services, and RE and environmental consulting services.

Revenue generated from EPCC services increased by RM24.30 million or 422.61% to approximately RM30.05 million (FYE 2017: RM5.75 million), which represented approximately 95.95% of our total revenue for the FYE 2018. The increase in revenue from EPCC services was due to the commencement of the Seberang Perai Project in January 2018, which contributed RM29.44 million in revenue during the financial year.

Nevertheless, the impact of revenue contribution from the Seberang Perai Project was partially offset by lower revenue generated from EPCC services for solar PV systems.

Revenue from EPCC services for solar PV systems declined by RM5.13 million or 89.22% to RM0.62 million (FYE 2017: RM5.75 million). This was mainly due to the shift of our resources and focus for the implementation of our first utility scale EPCC project for solar PV power plant under LSS1 programme. In addition, this was also due to the completion of the installation works of solar PV systems for the last batch of customers under the FiT programme. This programme was launched in 2011 and there was no new quota allocated for solar PV since 2017 with the exception of 5 MW under the community category.

Our Group recorded revenue of RM1.27 million from RE and environmental consulting services which represented approximately 4.05% of our total revenue for the FYE 2018. Revenue from RE and environmental consulting services increased by RM0.49 million or 62.82% to RM1.27 million (FYE 2017: RM0.78 million) mainly due to our appointment as the owner's engineer for a solar PV power plant under LSS1 programme in Johor ("**OE Project**"). We provided development and implementation support services for this OE Project.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, our total revenue increased by RM36.98 million or 118.07% to RM68.30 million (FYE 2018: RM31.32 million). The increase in total revenue for the FYE 2019 was mainly due to the significant increase in revenue from our EPCC services.

Our Group recorded revenue of RM67.62 million from EPCC services which represented approximately 99.00% of our total revenue for the FYE 2019. Our revenue from EPCC services increased by RM37.57 million or 125.02% to RM67.62 million (FYE 2018: RM30.05 million). This said increase was mainly due to our EPCC services for solar PV power plants which contributed revenue of RM67.56 million driven by the following:

(i) completion of the Seberang Perai Project in November 2018, which contributed RM67.12 million in revenue; and

(ii) commencement of the Mersing Project, which contributed RM0.44 million in revenue during the financial year.

We recorded RM0.06 million revenue from EPCC services for solar PV systems in the FYE 2019 (FYE 2018: RM0.62 million), which represented a decrease of RM0.56 million or 90.32% as compared to FYE 2018. Revenue from our EPCC services for solar PV systems declined as we remained focused on the implementation of the Seberang Perai Project and the commencement of the Mersing Project.

We recorded revenue of approximately RM0.69 million from RE and environmental consulting services and O&M services, which represented approximately 1.00% of our total revenue for the FYE 2019. Revenue from RE and environmental consulting services decreased by RM0.90 million or 70.87% to RM0.37 million (FYE 2018: RM1.27 million) in tandem with lower revenue contribution from the OE Project as a substantial part of our services under this appointment has been rendered in the FYE 2018. Nevertheless, the impact of the decrease in revenue from RE and environmental consulting services was partially offset by the new revenue contribution of RM0.32 million from our O&M services for the Seberang Perai Project.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our total revenue increased by RM7.87 million or 11.52% to RM76.17 million (FYE 2019: RM68.30 million). The increase in total revenue for the FYE 2020 was mainly due to the increase in revenue from our EPCC services.

Revenue generated from EPCC services increased by RM7.03 million or 10.40% to RM74.65 million (FYE 2019: RM67.62 million), which represented approximately 98.00% of our total revenue for the FYE 2020. The increase was mainly attributable to the following:

(i) progressive EPCC works for the Mersing Project which contributed RM23.89 million in revenue during the financial year;

(ii) commencement of the Kluang Project which contributed RM43.52 million in revenue during the financial year;

(iii) commencement of subcontracting services involving interconnection works for the Kuala Terengganu Project and Pasir Gudang Project (Package 1) which contributed RM4.05 million in revenue during the financial year; and

(iv) commencement of multiple solar PV system projects which contributed RM2.05 million in revenue during the financial year.

Revenue generated from RE and environmental consulting services increased by RM0.83 million or 122.19% to RM1.52 million (FYE 2019: RM0.69 million), which represented approximately 2.00% of our total revenue for the FYE 2020. The increase was mainly due to the RE consultancy services for solar related projects such as LSS3 and NEM programmes and the renewal of contract for the O&M services for the Seberang Perai Project.

(c) Cost of sales

Our cost of sales comprises purchases of materials, subcontractor and external professional costs, staff costs, project related expenses and provision for defect liabilities.

- Purchases of materials

  As an EPCC service provider, we are responsible for the procurement of all required equipment and construction materials such as solar PV modules, mounting system, inverters, transformers, earthing and lightning protection, SCADA system, cables and interconnection equipment. We generally purchase our equipment and construction materials based on our projects' requirements, design and specifications. These equipment and construction materials are sourced from both local and foreign suppliers and selected based on their brands, models, pricing, product quality and reliability, availability and delivery lead time, technical support and warranty period.

- Subcontractor and external professional costs

  We engage subcontractors to carry out the following works:

  - site preparation and civil works;
  - construction of mounting structures for the solar PV modules;
  - physical installation of solar PV modules and balance of system; and
  - electrical works and integration to connect all equipment and components, as well as final interconnection to the power grid.

In addition, we also engage external consultants and/or professionals to provide specialised services for, among others, project development plan submission, survey, mapping, soil investigation, testing and commissioning.

- Staff costs

  Staff costs relate to salaries and allowances for our in-house technical personnel such as site engineers who are directly involved in our provision of EPCC services, RE and environmental consulting services, and O&M services.

- Project related expenses

  Project related expenses comprise mainly premium for contractors' all risk insurance, application and/or processing fees to relevant authorities, rental of equipment and other incidental direct costs relating to projects such as security charges, site safety expenditure and CIDB levy.

- Provision for defect liabilities

  Provision for defect liabilities is to cater for costs to be incurred to make good any defects in relation to our completed LSS project during the defect liability period.

Our cost of sales is mainly driven by the following factors:

- fluctuation in prices of equipment and construction materials, particularly the solar PV modules;

- our ability to source subcontractors at competitive prices and maintain long-term relationships with them; and

- our ability to implement and manage our projects in a timely and cost-effective manner.

Costs incurred for the provision of RE and environmental consulting services and O&M services are mainly in respect of staff costs, consultancy costs for specialised services as well as project related expenses such as rental of tools and testing instruments.

Our Group recorded cost of sales of RM4.48 million, RM26.71 million, RM58.47 million and RM64.52 million for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively. The cost of sales incurred for the provision of EPCC services accounted for approximately 92.28%, 97.58%, 99.51% and 98.94% of our total cost of sales for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively while the remaining 7.72%, 2.42%, 0.49% and 1.06% of our total cost of sales for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively was for the provision of RE and environmental consulting services and O&M services.

(i) Analysis of cost of sales by cost component

A breakdown of our cost of sales by cost component for the Financial Years Under Review is as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
Type of cost component	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Purchases of materials	2,919	65.10	10,850	40.62	40,814	69.81	40,695	63.08
Subcontractor and external professional costs	810	18.06	15,378	57.58	16,280	27.84	22,804	35.34
Staff costs	88	1.96	104	0.39	398	0.68	445	0.69
Project related expenses	667	14.88	376	1.41	401	0.69	571	0.89
Provision for defect liabilities	-	-	-	-	574	0.98	-	-
Total cost of sales	**4,484**	**100.00**	**26,708**	**100.00**	**58,467**	**100.00**	**64,515**	**100.00**

(ii) Analysis of cost of sales by business activities

A breakdown of our cost of sales by business activities for the Financial Years Under Review is as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
Business Activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
EPCC services								
Solar PV power plants	-	-	25,608	95.88	58,151	99.46	59,114	91.63
Solar PV systems	4,138	92.28	454	1.70	27	0.05	1,586	2.46
Subcontracting services for solar PV power plants	-	-	-	-	-	-	3,129	4.85
	4,138	92.28	26,062	97.58	58,178	99.51	63,829	98.94
Other services								
RE and environmental consulting services								
- RE consulting	264	5.89	477	1.79	76	0.13	203	0.31
- Environmental consulting	82	1.83	169	0.63	102	0.17	161	0.25
O&M	-	-	-	-	111	0.19	322	0.50
	346	7.72	646	2.42	289	0.49	686	1.06
Total cost of sales	**4,484**	**100.00**	**26,708**	**100.00**	**58,467**	**100.00**	**64,515**	**100.00**

Commentary:

Comparison between FYE 2017 and FYE 2018

Our Group incurred cost of sales of RM26.71 million for the FYE 2018 which comprised purchases of materials of RM10.85 million, subcontractor and external professional costs of RM15.38 million, staff costs of RM0.10 million and project related expenses of RM0.38 million, representing approximately 40.62%, 57.58%, 0.39% and 1.41% of our total cost of sales for the FYE 2018, respectively.

For the FYE 2018, our total cost of sales increased by RM22.23 million or 496.21% to RM26.71 million (FYE 2017: RM4.48 million). The increase in total cost of sales for the FYE 2018 was in line with the increase in our revenue during the financial year. This said increase in total cost of sales was mainly attributable to purchases of materials as well as subcontractor and external professional costs for our EPCC services for solar PV power plants, namely the Seberang Perai Project, which accounted for RM25.61 million or 95.88% of our total cost of sales for the FYE 2018 (FYE 2017: Nil). Purchases of materials increased by RM7.93 million or 271.58% to RM10.85 million in the FYE 2018 (FYE 2017: RM2.92 million) mainly due to our purchases of mounting systems and higher number of transformers and solar PV modules required for the Seberang Perai Project. Our subcontractor and external professional costs also increased by RM14.57 million or 1798.77% to RM15.38 million (FYE 2017: RM0.81 million) mainly due to site preparation and civil works such as land clearing, earthworks and foundation works undertaken by our subcontractors for the Seberang Perai Project pursuant to the commencement of its construction work during the financial year. Nevertheless, the cost of sales incurred for EPCC services for solar PV systems decreased by RM3.69 million or 89.13% to RM0.45 million in FYE 2018 (FYE 2017: RM4.14 million) in tandem with our lower revenue from EPCC services for solar PV systems.

The cost of sales incurred for provision of RE and environmental consulting services for the FYE 2018 increased by RM0.30 million or 85.71% to RM0.65 million (FYE 2017: RM0.35 million), which constituted 2.42% of our total cost of sales for the FYE 2018 (FYE 2017: 7.72%). The increase was mainly due to staff cost and consultancy cost for specialised services attributable to the OE Project.

Comparison between FYE 2018 and FYE 2019

Our Group incurred cost of sales of RM58.47 million for the FYE 2019 which comprised purchases of materials of RM40.81 million, subcontractor and external professional costs of RM16.28 million, staff costs of RM0.40 million, project related expenses of RM0.40 million and provision for defect liabilities of RM0.58 million, representing approximately 69.81%, 27.84%, 0.68%, 0.69% and 0.98% of our total cost of sales for the FYE 2019, respectively.

For the FYE 2019, our total cost of sales increased by RM31.76 million or 118.91% to RM58.47 million (FYE 2018: RM26.71 million) in line with the increase in our revenue. This said increase in total cost of sales was mainly due to our significantly higher purchases of materials in correspondence to the progress of our EPCC services for the Seberang Perai Project. Accordingly, the cost of sales incurred for EPCC services for solar PV power plants constituted RM58.15 million or 99.46% of our total cost of sales during the financial year (FYE 2018: RM25.61 million or 95.88%). Our purchases of materials increased by RM29.96 million or 276.13% to RM40.81 million in the FYE 2019 (FYE 2018: RM10.85 million) mainly due to the delivery of solar PV modules and related equipment for the Seberang Perai Project by our suppliers during the financial year.

Our subcontractor and external professional costs increased by RM0.90 million or 5.85% to RM16.28 million (FYE 2018: RM15.38 million) mainly because more subcontractors were engaged to provide various services such as installation works and electrical works as the Seberang Perai Project progressed into its advanced stage.

Our staff costs increased by RM0.30 million or 300.00% to RM0.40 million (FYE 2018: RM0.10 million) mainly because we deployed more staff including engineers and technical personnel to monitor and supervise the progress of the installation and integration of solar PV modules and balance of system for the Seberang Perai Project to ensure compliance with project specifications and project timeline.

In addition, we made a provision for defect liabilities of RM0.58 million for the Seberang Perai Project in the FYE 2019 following its completion to cater for any defects during the defect liability period from 1 December 2018 to 30 November 2019. Nevertheless, the entire provision amount was not utilised throughout the defect liability period, which ended on 30 November 2019.

Our cost of sales for EPCC services for solar PV systems decreased by approximately RM0.42 million or 93.33% to RM0.03 million in FYE 2019 (FYE 2018: RM0.45 million) in tandem with the decrease in our revenue from EPCC services for solar PV systems.

The cost of sales incurred for provision of RE and environmental consulting services and O&M services for the FYE 2019 decreased by RM0.36 million or 55.38% to RM0.29 million (FYE 2018: RM0.65 million), which constituted 0.49% of our total cost of sales for the FYE 2019 (FYE 2018: 2.42%). This said decrease was in line with our lower revenue from provision of RE and environmental consulting services and O&M services for the FYE 2019.

Comparison between FYE 2019 and FYE 2020

Our Group incurred cost of sales of RM64.52 million for the FYE 2020 which comprised purchases of materials of RM40.70 million, subcontractor and external professional costs of RM22.80 million, staff costs of RM0.45 million and project related expenses of RM0.57 million, representing approximately 63.08%, 35.34%, 0.69% and 0.89% of our total cost of sales for the FYE 2020, respectively.

For the FYE 2020, our total cost of sales increased by RM6.05 million or 10.34% to RM64.52 million (FYE 2019: RM58.47 million) which was mainly attributable to the following:

(i) increase in cost of sales for the EPCC services which increased by RM5.65 million or 9.71% to RM63.83 million (FYE 2019: RM58.18 million), which contributed to approximately 98.94% of our total cost of sales; and

(ii) increase in cost of sales incurred for provision of RE and environmental consulting services and O&M services which increased by RM0.40 million or 137.37% to RM0.69 million (FYE 2019: RM0.29 million), which constituted 1.06% of our total cost of sales,

which was in line with higher overall revenue recorded during the FYE 2020.

The said increase was mainly due to the increase in the subcontractor and external professional costs, which increased by RM6.52 million or 40.07% to RM22.80 million (FYE 2019: RM16.28 million) as more civil and structural, installation as well as electrical and mechanical works were carried out for the Mersing Project, Kluang Project, Kuala Terengganu Project and Pasir Gudang Project (Package 1) as well as for the solar PV system projects during the financial year. Correspondingly, we also incurred higher staff costs and project related expenses in order to cater for the on-going projects which were running concurrently. Our purchases of materials decreased marginally by RM0.12 million or 0.29% to RM40.70 million in the FYE 2020 (FYE 2019: RM40.81 million).

(d) **GP and GP margin analysis**

(i) **Analysis of GP and GP margin by business activities**

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
Business Activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
EPCC services								
Solar PV power plants	-	-	3,828	82.97	9,405	95.64	9,438	80.98
Solar PV systems	1,608	78.59	162	3.51	33	0.33	460	3.94
Subcontracting services for solar PV power plants	-	-	-	-	-	-	921	7.90
	1,608	78.59	3,990	86.48	9,438	95.97	10,819	92.82
Other services								
RE and environmental consulting services								
- RE consulting	290	14.18	450	9.75	34	0.35	467	4.01
- Environmental consulting	148	7.23	174	3.77	157	1.60	104	0.89
O&M	-	-	-	-	205	2.08	265	2.28
	438	21.41	624	13.52	396	4.03	836	7.18
Total GP	**2,046**	**100.00**	**4,614**	**100.00**	**9,834**	**100.00**	**11,655**	**100.00**

	FYE 2017	FYE 2018	FYE 2019	FYE 2020
GP margin	**%**	**%**	**%**	**%**
EPCC services				
Solar PV power plants	-	13.00	13.92	13.77
Solar PV systems	27.98	26.30	55.00	22.48
Subcontracting services for solar PV power plants	-	-	-	22.74
Overall for EPCC services	**27.98**	**13.28**	**13.96**	**14.49**
Other services				
RE and environmental consulting services				
- RE consulting	52.35	48.54	30.91	69.70
- Environmental consulting	64.35	50.73	60.62	39.25
O&M	-	-	64.87	45.14
Overall for other services	**55.87**	**49.13**	**57.81**	**54.93**
Overall GP margin	**31.33**	**14.73**	**14.40**	**15.30**

Commentary:

Comparison between FYE 2017 and FYE 2018

Our overall GP for the FYE 2018 increased by RM2.56 million or 124.88% to RM4.61 million (FYE 2017: RM2.05 million) mainly due to higher GP from EPCC services, which accounted for 86.48% of our total GP for FYE 2018. Our overall GP margin decreased from 31.33% in the FYE 2017 to 14.73% in the FYE 2018 mainly due to the lower GP margin for our EPCC services despite higher GP recorded during the financial year.

Our GP from the provision of EPCC services increased by RM2.38 million or 147.83% to RM3.99 million (FYE 2017: RM1.61 million) due to higher revenue and GP contribution from the EPCC services for solar PV power plants as a result of the commencement of our EPCC services for the Seberang Perai Project.

However, our GP margin for EPCC services decreased to 13.28% in the FYE 2018 (FYE 2017: 27.98%) mainly due to the following:

(i) a lower tariff or electricity rate for the LSS programme as compared to the FiT programme had affected our pricing strategy which resulted in our lower GP margin. For illustrative purposes, the average FiT tariff rate for the solar PV systems where we provided EPCC services in the FYE 2018 was RM0.914/kWh whereas the LSS tariff for the Seberang Perai Project was RM0.408/kWh; and

(ii) EPCC of solar PV power plants required additional costs for specialised subcontractors to undertake works which are not usually required for solar PV systems such as site preparation, civil and structural works.

Our GP from provision of RE and environmental consulting services increased by RM0.18 million or 40.91% to RM0.62 million (FYE 2017: RM0.44 million) mainly due to contribution from the OE Project. However, our GP margin for provision of RE and environmental consulting services decreased to 49.13% in the FYE 2018 (FYE 2017: 55.87%), which was mainly attributable to the engagement of external parties for additional resources to be based at project sites for site supervision, and verification of completed works.

Comparison between FYE 2018 and FYE 2019

Our overall GP for the FYE 2019 increased by RM5.22 million or 113.23% to approximately RM9.83 million (FYE 2018: RM4.61 million) as a result of higher GP contribution from EPCC services. Our overall GP margin decreased marginally from 14.73% in the FYE 2018 to 14.40% in the FYE 2019. This was mainly due to lower GP contribution from the provision of RE and environmental consulting services and O&M services, which was generally of higher GP margin as compared to provision of EPCC services as the main costs involved are only salaries for in-house personnel and external consultancy fees.

Our GP from provision of EPCC services increased by RM5.45 million or 136.59% to RM9.44 million (FYE 2018: RM3.99 million) due to higher GP contribution from EPCC services for the Seberang Perai Project in tandem with its higher revenue contribution during the financial year.

Our GP margin for EPCC services increased to 13.96% in the FYE 2019 (FYE 2018: 13.28%) mainly attributable to project cost savings arising from the completion of the Seberang Perai Project within the project budget as a result of value engineering and effective project management, which resulted in design optimisation and reduction of the actual cost incurred as compared to the budgeted cost for materials and labour. Value engineering refers to a systematic method to improve the delivery of services by controlling certain factors such as optimisation of cable and wire sizing, optimisation of cable routing and orientation of solar PV panels, in order to reduce costs or time to completion. Further, our effective project management such as proactively liaising with relevant authorities and close monitoring of project progress, have resulted in timely completion of the Seberang Perai Project.

Our GP from provision of RE and environmental consulting services and O&M services decreased by approximately RM0.22 million or 35.48% to RM0.40 million (FYE 2018: RM0.62 million) mainly due to lower GP contribution from provision of RE consulting services. This was in tandem with the decrease in revenue from the OE Project and higher costs incurred in the FYE 2019 for the OE Project, which also resulted in the GP margin for provision of RE consulting services to decline in the FYE 2019 to 30.91% (FYE 2018: 48.54%). Nevertheless, our overall GP margin for provision of RE and environmental consulting services and O&M services increased to 57.81% in the FYE 2019 (FYE 2018: 49.13%) mainly attributable to the GP contribution from our O&M services of RM0.21 million (FYE 2018: Nil) which translated into a GP margin of 64.87%.

Comparison between FYE 2019 and FYE 2020

Our overall GP for the FYE 2020 increased by RM1.82 million or 18.52% to RM11.65 million (FYE 2019: RM9.83 million) as a result of higher GP contribution from both EPCC services and RE and environmental consulting services, and O&M services. Our overall GP margin also increased from 14.40% in the FYE 2019 to 15.30% in the FYE 2020 mainly due to higher GP margin for our EPCC services during the financial year.

Our GP from the provision of EPCC services increased by RM1.38 million or 14.63% to RM10.82 million (FYE 2019: RM9.44 million) due to higher GP contribution from EPCC services for the Kluang Project and Mersing Project as well as the interconnection works for the Kuala Terengganu Project in tandem with higher revenue contribution during the financial year. Our GP margin for EPCC services increased to 14.49% in the FYE 2020 (FYE 2019: 13.96%) mainly attributable to higher GP margin for the Kuala Terengganu Project as well as the solar PV system projects.

Our GP from provision of RE and environmental consulting services, and O&M services increased by RM0.44 million or 111.11% to RM0.84 million (FYE 2019: RM0.40 million) mainly due to higher GP contribution from provision of RE consulting services and O&M services which was in tandem with the increase in revenue from the RE consulting services for solar related projects such as LSS3 and NEM programmes and the renewal of contract for the O&M services for the Seberang Perai Project. Our GP margin for provision of RE and environmental consulting services and O&M services decreased to 54.93% in the FYE 2020 (FYE 2019: 57.81%) mainly due to lower GP margin accorded for the O&M services for the Seberang Perai Project as more scope of work and resources were required following the renewal of the O&M contract.

(e) Other Income

Our Group did not record any other income for the FYE 2017. Nevertheless, we recorded other income of RM0.04 million, RM0.19 million and RM0.52 million for the FYE 2018, FYE 2019 and FYE 2020, respectively. The breakdown of our other income for the Financial Years Under Review is as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest income	-	-	17	47.22	120	61.86	446	85.77
Others*	-	-	19	52.78	74	38.14	74	14.23
Total	**-**	**-**	**36**	**100.00**	**194**	**100.00**	**520**	**100.00**

Note:

* Others mainly comprise income derived from fair value gain on short-term investments.

Commentary:

Comparison between FYE 2017 and FYE 2018

For the FYE 2018, our Group recorded other income of RM0.04 million (FYE 2017: Nil) mainly from interest earned on short-term bank deposits.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, our Group recorded an increase in other income of RM0.15 million or 375.00% to RM0.19 million (FYE 2018: RM0.04 million). The higher other income was mainly due to the increase in interest income of RM0.10 million pursuant to higher placement of funds in short-term investment in money market funds, and fair value gain on short-term investment in money market fund of RM0.07 million.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded an increase in other income of RM0.33 million or 168.04% to RM0.52 million (FYE 2019: RM0.19 million). The increase in other income was due to the increase in interest income of RM0.33 million pursuant to higher placement of funds in short-term investment in money market funds.

(f) Administrative expenses

Our Group incurred administrative expenses of RM0.68 million, RM1.19 million, RM2.38 million and RM4.80 million for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively. The breakdown of our administrative expenses for the Financial Years Under Review is as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff cost	340	57.24	545	45.95	955	40.09	1,200	25.01
Directors' remuneration	-	-	148	12.48	549	23.05	798	16.63
Staff welfare	37	6.23	43	3.63	63	2.64	103	2.15
Travelling expenses	43	7.24	63	5.31	150	6.30	97	2.02
Depreciation of property, plant and equipment	25	4.21	29	2.45	94	3.95	128	2.67
Rental expenses	36	6.06	40	3.37	72	3.02	45	0.94
Legal and professional fees	58	9.76	186	15.68	156	6.55	1,622	33.81
Others^	55	9.26	132	11.13	343	14.40	805	16.77
Total	**594**	**100.00**	**1,186**	**100.00**	**2,382**	**100.00**	**4,798**	**100.00**

Note:

^ Others mainly comprise loss on foreign exchange, loss on disposal of equipment, marketing expenses, utility charges, entertainment expenses, printing and stationery, bank charges, office and sundry expenses, and recruitment charges.

Commentary:

<u>Comparison between FYE 2017 and FYE 2018</u>

For the FYE 2018, our administrative expenses increased by RM0.60 million or 101.69% to RM1.19 million (FYE 2017: RM0.59 million) due to the following factors:

(i) increase in staff costs of RM0.21 million mainly due to the increase in staff force of 8 employees from 4 employees as at 30 June 2017 to 12 employees as at 30 June 2018 to cater for the expansion of our scale of operations;

(ii) increase in directors' remuneration of RM0.15 million due to the appointment of new director namely Ir. Chow Pui Hee as director in Samaiden;

(iii) increase in legal and professional fees of RM0.13 million mainly due to legal fees for the purchase of office building, ISO consultant fees and professional recruitment fees for engineers; and

(iv) increase in other administrative expenses of RM0.11 million which was generally in line with the expansion of our scale of operations.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, our administrative expenses increased by RM1.19 million or 100.00% to RM2.38 million (FYE 2018: RM1.19 million) due to the following factors:

(i) increase in staff costs of RM0.41 million mainly due to the higher bonus payment given our improved financial performance coupled with the increase in staff force of 6 employees from 12 employees as at 30 June 2018 to 18 employees as at 30 June 2019 to cater for the continued expansion of our scale of operations;

(ii) increase in directors' remuneration of RM0.40 million due to full-year effect of remuneration paid to a director previously appointed in April 2018; and

(iii) increase in other administrative expenses by RM0.38 million which was generally in line with the expansion of our scale of operations.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our administrative expenses increased by RM2.42 million or 101.43% to RM4.80 million (FYE 2019: RM2.38 million) due to the following factors:

(i) increase in staff costs of RM0.25 million mainly due to the increase in staff force of 7 employees from 18 employees as at 30 June 2019 to 25 employees as at 30 June 2020 to cater for the continued expansion of our scale of operations;

(ii) increase in directors' remuneration of RM0.25 million due to revision to directors' remuneration;

(iii) increase in the legal and professional fees of RM1.47 million mainly in respect of Listing related expenses and the legal fees incurred for the banking facilities; and

(iv) increase in other administrative expenses by RM0.46 million mainly due to loss on foreign exchange of RM0.39 million and higher other expenses of RM0.07 million which was in line with the expansion of our scale of operations.

(g) Net impairment losses on financial assets

Our Group's net impairment losses on financial assets are in relation to impairment losses on trade receivables. Our Group did not incur any net impairment losses on financial assets in the FYE 2017. We incurred net impairment losses on financial assets of RM0.19 million, RM0.13 million and RM0.07 million for the FYE 2018, FYE 2019 and FYE 2020, respectively.

Commentary:

Comparison between FYE 2017 and FYE 2018

For the FYE 2018, our Group recorded an impairment loss on financial assets of RM0.19 million (FYE 2017: Nil) arising from expected credit loss on trade receivables in accordance with MFRS 9.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, our Group recorded an impairment loss on financial assets of RM0.13 million (FYE 2018: RM0.19 million) mainly due to specific impairment on two trade debtors for environmental consulting services and EPCC of solar PV system which were unrecoverable from the customers.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded an impairment loss on financial assets of RM0.07 million (FYE 2019: RM0.13 million) mainly due to a specific credit loss on trade receivables in accordance with MFRS 9.

(h) Finance Costs

Our Group did not incur any finance cost in the FYE 2017 and FYE 2018. We incurred finance costs of RM3,193 in the FYE 2019 and RM0.03 million in the FYE 2020. The breakdown of our finance costs for the Financial Years Under Review is as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loans	-	-	-	-	-	-	24	92.31
Hire purchase payable	-	-	-	-	3	100.00	-	-
Lease liability	-	-	-	-	-	-	2	7.69
Total	**-**	**-**	**-**	**-**	**3**	**100.00**	**26**	**100.00**

Commentary:

Our Group did not have any borrowings during the FYE 2017 and FYE 2018 and hence no finance costs were incurred during these two financial years. For the FYE 2019, our Group incurred interest cost of RM3,193 in respect of the hire purchase payable for a motor vehicle acquired by us during the financial year.

For the FYE 2020, our Group recorded an increase in finance costs of RM0.02 million to RM0.03 million as compared to RM3,193 recorded in the FYE 2019 mainly due to interest cost incurred in relation to new drawdown of term loan for the purchase of our Head Office during the financial year.

(i) Taxation

The breakdown of our income tax expense for the Financial Years Under Review is as follows:

	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Income tax expense (RM'000)	88	63	37	49
Effective tax rate (%)	6.06	1.92	0.49	0.67
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Commentary:

Our subsidiary, Samaiden, has been granted GITE which was approved under the Income Tax (Exemption) (No. 11) Order 2006 [P.U. (A) 112/2006], Income Tax Act 1967. Pursuant to the GITE, 100% of the company's statutory income generated from green technology services inclusive of RE is exempted from tax for the years of assessment 2017 (from 2 November 2016, as approved by the MIDA) to 2020. Accordingly, our effective tax rate was 6.06%, 1.92%, 0.49% and 0.67%, which is lower than the statutory tax rate, for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively.

(j) PBT and PAT

	FYE 2017	FYE 2018	FYE 2019	FYE 2020
PBT (RM'000)	1,452	3,277	7,516	7,278
PAT (RM'000)	1,364	3,214	7,479	7,229
PBT margin (%)	22.24	10.46	11.00	9.55
PAT margin (%)	20.89	10.26	10.95	9.49

Commentary:

Comparison between FYE 2017 and FYE 2018

For the FYE 2018, our Group recorded an increase in PBT of RM1.83 million or 126.21% to RM3.28 million for the FYE 2018 (FYE 2017: RM1.45 million) and increase in PAT of RM1.85 million or 136.03% to RM3.21 million for the FYE 2018 (FYE 2017: RM1.36 million). The increase in both PBT and PAT for the FYE 2018 was mainly due to the significant increase in our GP mainly contributed by our EPCC services as a result of higher revenue recorded during the financial year pursuant to the commencement of the Seberang Perai Project.

Our PBT margin decreased from 22.24% for the FYE 2017 to 10.46% for the FYE 2018. Our PAT margin also decreased from 20.89% for the FYE 2017 to 10.26% for the FYE 2018. The decrease in our PBT margin and PAT margin was mainly due to lower GP margin recorded during the financial year.

Please refer to Section 11.3.1(d) for further details on our GP analysis.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, our Group recorded an increase in PBT of RM4.24 million or 129.27% to RM7.52 million for the FYE 2019 (FYE 2018: RM3.28 million) and increase in PAT of RM4.27 million or 133.02% to RM7.48 million for the FYE 2019 (FYE 2018: RM3.21 million). The increase in both PBT and PAT for the FYE 2019 was mainly due to the increase in our GP as a result of higher revenue recorded during the financial year.

Our PBT margin increased marginally from 10.46% for the FYE 2018 to 11.00% for the FYE 2019. Our PAT margin also increased marginally from 10.26% for the FYE 2018 to 10.95% for the FYE 2019. The increase in our PBT margin and PAT margin were mainly due to a higher other income coupled with a lower proportionate increase in administrative expenses as compared to the increase in our revenue during the financial year.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a decrease in PBT of RM0.24 million or 3.17% to RM7.28 million (FYE 2019: RM7.52 million) and decrease in PAT of RM0.25 million or 3.34% to RM7.23 million (FYE 2019: RM7.48 million). The decrease in both PBT and PAT for the FYE 2020 was mainly due to the increase in our administrative expenses arising from the increased level of operations and professional fees in relation to our Listing.

Our PBT margin decreased from 11.00% for the FYE 2019 to 9.55% for the FYE 2020. Our PAT margin also decreased from 10.95% for the FYE 2019 to 9.49% for the FYE 2020. The decrease in our PBT margin and PAT margin were mainly due to higher administrative expenses incurred during the financial year.

11.3.2 Significant factors materially affecting our operations and financial results

In addition to the factors and trends set out in Section 11.5 of this Prospectus, some of the factors that may have an impact to our operations and financial results are as follows:

(i) Our operations and financial results are driven by the performance of the RE sector specifically the solar PV industry

Our Group provides EPCC services for solar PV systems and power plants, RE and environmental consulting services and O&M services and hence our operations and financial results are driven by the performance of the RE sector specifically the solar PV industry. The growth in solar PV industry will be driven by Government incentives and initiatives through the FiT, NEM and LSS programmes, as well as industry trends in Malaysia. Please refer to Section 7 of this Prospectus for further details on the incentives and initiatives. The Government is working towards increasing the use of renewable resources, including mini-hydro, biomass, biogas and solar as an initiative to reduce carbon dioxide (CO2) emission. *(Source: Industry Overview)*

Our on-going EPCC projects include solar PV systems for NEM programme and power plants for LSS programme. The LSS programme by the Energy Commission Malaysia was first launched in 2016 through approvals of fast-track contracts and three rounds of competitive biddings (LSS1, LSS2 and LSS3). In May 2020, the Ministry of Energy and Natural Resources announced the LSS@MEnTARI with a solar quota release of 1,000 MWac for Peninsular Malaysia. The bid was opened on 31 May 2020 and bids are to be submitted by 2 September 2020. The LSS@MEnTARI is the largest quota offered for bidding compared to the previous LSS1, LSS2 and LSS3 programmes which ranged between 250 MW and 500 MW.

Samaiden, together with a consortium partner, on 2 September 2020, submitted a tender document for the LSS@MEnTARI under Package 1 for capacity between 10 MW and less than 30 MW to the Energy Commission Malaysia.

As for the NEM programme for solar PV that was implemented in November 2016, there is an allocation of a quota of 500 MW under the NEM programme up to the year 2020. Effective from 1 January 2019, the NEM programme was enhanced to offer a one-on-one offset basis by off-setting every 1 kWh exported with 1 kWh consumed from the grid. As at end of August 2020, total quota allocated for solar PV under the NEM programme was 215.18 MW for 2020 compared to 30.31 MW in 2019. The higher quota allocated in 2020 was mainly due to increase in participation resulting from the introduction of the enhanced NEM programme. *(Source: Industry Overview)*

Given our experience and technical know-how in the RE sector specifically the solar PV industry, we will continue to tap on and capture vast business opportunities arising from the development in the RE sector including solar PV and biogas to grow and expand our business and in turn generate more revenue and profitability to our Group. There is no assurance that our business, performance and results of operations will not be materially and adversely affected if we are unable to do so. Please refer to Section 7 of this Prospectus for further details on the solar PV industry.

(ii) Continuity of our order book

As a provider of EPCC services for the solar PV industry and RE sector, our business is mainly project driven and our EPCC contract period generally ranges from six to 18 months, while our O&M contracts may range from one to three years. Hence, our operations and financial results are dependent on our ability to secure new projects and/or contracts and there is no assurance of continuity of order book from a financial year to the next financial year. In the event that our Group is unable to secure any new contracts and/or projects to replenish our order book, our revenue, profitability, long term sustainability and business growth will be adversely affected. Please refer to Section 11.6 of this Prospectus for further details on the order book.

(iii) Competition

According to the Industry Overview, there were 152 contractors registered as solar PV system contractor for system with capacity exceeding 72 kWp with CIDB and 152 solar PV service providers registered with the SEDA as at 3 September 2020. Our Group has to compete with both local and foreign contractors in terms of pricing, financial capability, technical and solution capabilities, track records and quality of services offered.

Nevertheless, our competitive strengths enable us to compete effectively in the industry that we are operating in, which include the following:

(i) we have experience in undertaking EPCC of solar PV power plants for LSS;

(ii) we have expertise in providing end-to-end services for solar PV power plant projects;

(iii) we have experienced technical and management team; and

(iv) we have track record in providing quality services and timely completion of our EPCC projects.

In addition, Energy Commission Malaysia has imposed that contractors for EPCC for LSS3 programme must be 100% CIDB registered local contractors. Being a G7 CIDB registered local contractor, Samaiden is eligible to be involved in LSS3 programme.

Although we will continue to take measures to maintain our competitiveness through our competitive advantages and key strengths set out in Section 6.1.2 of this Prospectus, there is no assurance that our business, profit margin, performance and results of operations will not be materially and adversely affected if we are unable to do so. Please refer to Sections 8 and 7 of this Prospectus for further details on the risk factors and the industry analysis on the solar PV industry in Malaysia respectively.

(iv) Unanticipated increase in project cost and delay in completion

Due to the nature of our business, we are subject to project management risks such as cost risk, schedule risk, performance and operational risk which would typically give rise to unanticipated increase in project cost or cost overrun and delay in completion of projects. Such risks can be due to poor project cost estimation and budgeting, change of scope of work and design, poor project administration in terms of procurement and communication, poor project site management in terms of construction and coordination works as well as factors beyond our control such as weather, fluctuation in the price of materials and equipment, fluctuation in foreign currency exchange, delay or disruption in the supply of materials or contracting services from third parties, untimely receipts of relevant licences, regulatory approvals and permits, availability of financing and accessibility to project sites.

Our Group's revenue and profitability is subject to our ability to complete and deliver our projects in accordance with the project milestones stated in the contracts and within our project budget. Any adverse development and management of our projects will result in delay in revenue recognition and project cost overrun and may also subject us to liquidated damages claims by our customers, and hence adversely affect our financial performances. Please refer to Sections 3.11 and 8 of this Prospectus for further details on the impact of COVID-19 on the implementation of our projects and risk factors.

(v) Potential defect liability claims and warranties

Being a provider of EPCC services for solar PV power plants and solar PV systems, we are exposed to the risk of defect liability claims by our customers as a result of the defects in our EPCC works during the defect liability period. Defect liability period usually ranges from 12 to 24 months after final acceptance of our EPCC works, and we are responsible to make good and rectify any defects for our EPCC works during this period. We also provide performance warranty for solar PV power plants in the form of minimum performance ratio that can be achieved as stipulated in the contract. We will be liable for any shortfall of the plant performance from its target level, for which the project owner shall receive reasonable compensation from us. Hence, in the event there are claims against our failure to meet minimum performance ratio and/or defect claims on our EPCC works, our financial performance will be adversely affected.

Generally, we are not legally and financially responsible for claims against manufacturers of the products that we use as such warranties will be covered by the product manufacturers. Please refer to Sections 6.4.2 and 8 of this Prospectus for further details on the warranties and the risk factor in relation to the risk of claims against performance and product warranty.

(vi) Impact of foreign exchange

For the Financial Years Under Review, our purchases of materials such as solar PV modules and inverters are sourced both locally and from overseas and are usually quoted in USD. We usually obtain quotes and lock in the prices with the suppliers for our projects during the bidding and/or negotiation stage with our customers. Hence, any adverse fluctuation in the foreign currency exchange after this stage up to our actual purchases of these materials may affect the cost of purchase and thus our project margin and operating profits, if we are not able to revise our bidding proposal. During FYE 2020, the purchases of materials namely solar PV modules and inverters were mainly sourced from overseas and transacted in USD.

For the FYE 2017, FYE 2018 and FYE 2019, our financial performance was not materially affected by the impact of fluctuation in foreign exchange on our purchases as our purchases were mainly transacted in RM. Nevertheless, for the FYE 2020, we incurred a loss on foreign exchange of RM0.39 million due to unfavourable foreign exchange movement for purchases made and transacted in USD amounted to RM27.82 million which represents 43.82% of the total purchases of materials and services for the FYE 2020. Our management constantly monitors the movements of USD against RM with the aim of assessing such potential exposure/risk with due regard to its payables denominated in USD and if the need arises, to enter into hedging arrangement for the same. As at the LPD, our management does not utilise any financial instruments for hedging purposes.

(vii) Impact of commodity prices

For the Financial Years Under Review, we were not directly affected by fluctuation in commodity prices.

(viii) Impact of interest rates

We incurred minimal finance costs for the Financial Years Under Review given our low outstanding borrowings position over the same period. Therefore, there was no material impact arising from fluctuation of interest rates on our operations and financial results for the Financial Years Under Review.

(ix) Impact of inflation

There was no material impact of inflation on our Group's financial results for the Financial Years Under Review.

(x) Impact of government/economic/fiscal/monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 8 of this Prospectus. Save as disclosed in Sections 6.4.1(a), 6.4.2(a)(iii), 8.1.1, 8.2.1, 8.2.4 and 11.3.2(i), 11.3.2(vii), 11.3.2(ix) and 11.3.2(xi) of this Prospectus, there are no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the Financial Years Under Review.

(xi) Impact of expiry of tax exemption

Samaiden, our subsidiary, had obtained approval from MIDA for income tax exemption under GITE. As such, Samaiden is eligible for income tax exemption of 100% of its statutory income generated from green technology services inclusive of RE for the years of assessment 2017 (from 2 November 2016, as approved by MIDA) to year of assessment 2020. The GITE granted to Samaiden has expired on 30 June 2020 and as such, it will no longer enjoy tax exemption after the FYE 2020. From the FYE 2021 onwards, Samaiden will be subject to the statutory tax rate.

For illustrative purposes, had the GITE not been in place for the FYE 2020, the taxable income of Samaiden for the FYE 2020 would have been subject to prevailing statutory tax rate of 24%.

(xii) Impact of COVID-19 outbreak and MCO on business, results of operations and/or financial performance of our Group

Whilst the MCO has suspended our on-site activities temporarily for approximately one month, as disclosed in Section 8.2.4 of this Prospectus, the impact of the MCO to our business, results of operations and financial performance were not material as at the LPD.

As at the LPD, our Group does not foresee any material adverse effect on the financial position or business of our Group arising from the MCO and the COVID-19 outbreak in view of our overall financial position and relatively lean fixed cost structure. Further, our Directors consider that the disruption caused by and the impact of the COVID-19 outbreak is not expected to be long-lasting. Therefore, it is expected that the overall impact caused by the outbreak of COVID-19 on our business, results of operations and/or financial performance will not be material, and that our Group will be able to discharge our obligations under all on-going projects.

11.3.3 Liquidity and capital resources

Our operations are funded through cash generated from our operating activities, credit extended by our suppliers, credit facilities granted by financial institutions as well as our existing cash and bank balances.

As at the LPD, our Group has cash and short-term investment in money market funds totalling RM19.76 million, and a combined limit for trade and project financing facilities of RM17.70 million, RM15.29 million of which was unutilised. Out of the RM17.70 million combined limit for trade and project financing facilities, RM15.00 million is earmarked for the Mersing Project and Kluang Project, while the remaining RM2.70 million is for general trade purposes.

Based on the above and after taking into consideration the funding requirements for our committed capital expenditure, existing level of cash and bank balances, expected cash flows to be generated from our operations, credit facilities available and the estimated net proceeds from our Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

The table below sets out the summary of our Group's historical audited combined statements of cash flows for the Financial Years Under Review:

	<------------Audited------------>			
	FYE 2017 RM'000	**FYE 2018 RM'000**	**FYE 2019 RM'000**	**FYE 2020 RM'000**
Net cash from operating activities	1,705	11,150	1,845	11,782
Net cash (for)/from investing activities	(13)	(1,074)	542	(791)
Net cash (for)/from financing activities	(589)	97	(4,954)	1,031
Net increase/(decrease) in cash and cash equivalents	**1,103**	**10,173**	**(2,567)**	**12,022**
Cash and cash equivalents at beginning of the financial year	**462**	**1,565**	**11,738**	**9,171**
Cash and cash equivalents at end of the financial year	**1,565**	**11,738**	**9,171**	**21,193**

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and compliance with financial covenants.

Commentary:

Net cash from operating activities

FYE 2017

For the FYE 2017, our operating cash flows before working capital changes were RM1.48 million. After adjusting for the following key items, our net cash from operating activities was RM1.71 million:

(i) net decrease in contract assets of RM0.22 million following milestone billing to customers for the installation of solar PV systems;

(ii) decrease in trade and other receivables of RM0.16 million due to collection of outstanding trade debts;

(iii) decrease in trade and other payables of RM0.05 million mainly due to settlement of other payables; and

(iv) payment of income tax of RM0.10 million.

FYE 2018

For the FYE 2018, our operating cash flows before working capital changes were RM3.48 million. After adjusting for the following key items, our net cash from operating activities was RM11.15 million:

(i) net increase in contract liabilities of RM18.47 million mainly due to contract liabilities amounted to RM16.41 million attributable to billings for the purchase of solar PV modules and inverters as per the billing milestones as commercially negotiated and stated in the contract of the Seberang Perai Project;

(ii) increase in contract costs of RM2.30 million mainly due to solar PV modules which have been ordered but pending delivery to the project site of the Seberang Perai Project. This is in accordance with our Group's accounting policies which conform to paragraph 95 of MFRS 15;

(iii) increase in trade and other receivables of RM11.60 million mainly due to increase in trade receivables of RM10.02 million which was in line with the increase in our revenue and billings during the financial year pursuant to the commencement of the Seberang Perai Project. Other receivables also increased by RM1.58 million mainly due to payment made on behalf of a customer for security deposit to TNB amounting to RM0.75 million, down payment to suppliers for the purchase of materials of RM0.22 million and advanced payment to suppliers amounting to RM0.36 million of which the goods were received in the following financial year;

(iv) increase in trade and other payables of RM3.19 million mainly due to increase in trade payables of RM2.51 million which was in line with our higher purchases of materials and services during the financial year following the commencement of the Seberang Perai Project. Other payables also increased by RM0.69 million mainly due to higher Goods and Services Tax payable in line with our higher billings; and

(v) payment of income tax of RM0.09 million.

FYE 2019

For the FYE 2019, our operating cash flows before working capital changes were RM7.56 million. After adjusting for the following key items, our net cash from operating activities was RM1.85 million:

(i) net decrease in contract liabilities of RM14.50 million mainly due to completion of the Seberang Perai Project in November 2018, where contract liabilities attributable to the Seberang Perai Project as at 30 June 2018 have been recognised as revenue during the FYE 2019 in line with the progression of the project;

(ii) decrease in contract costs of RM1.97 million mainly due to the delivery of the solar PV modules for the Seberang Perai Project;

(iii) decrease in trade and other receivables of RM6.22 million mainly due to decrease in trade receivables of RM4.91 million following progress payment received from the Seberang Perai Project customer. Other receivables decreased by RM1.31 million mainly due to repayment from the customer of security deposit to TNB previously paid by us on their behalf, and the reversal of down payments and advanced payments following the receipts of goods from suppliers;

(iv) increase in trade and other payables of RM0.63 million mainly due to increase in trade payables of RM0.32 million in line with our higher purchases of materials and services for FYE 2019. Other payables also increased by RM0.30 million mainly due to provision for staff bonus and accruals related to provision for defect liabilities; and

(v) payment of income tax of RM0.03 million.

FYE 2020

For the FYE 2020, our operating cash flows before working capital changes were RM6.99 million. After adjusting for the following key items, our net cash from operating activities was RM11.78 million:

(i) decrease in contract costs of RM0.33 million mainly due to the delivery of the solar PV modules for the Kluang Project;

(ii) increase in trade and other payables of RM7.75 million mainly due to increase in trade payables of RM8.11 million in line with higher subcontractors cost incurred for the FYE 2020 which was partly offset with the decrease in other payables of RM0.36 million mainly due to reversal of the provision for defect liabilities;

(iii) net increase in contract assets of RM0.47 million mainly due to work completed pending certification for billings;

(iv) increase in trade and other receivables of RM2.74 million mainly due to increase in trade receivables of RM2.72 million in line with the higher progress billings during the FYE 2020;

(v) increase in inventory of RM0.03 million mainly due to the purchase of solar PV modules for our solar PV system projects; and

(vi) net payment of income tax of RM0.04 million.

Net cash (for)/from investing activities

FYE 2017

Our Group recorded net cash for investing activities of RM0.01 million for the FYE 2017. This was attributable to the purchase of office equipment amounting to RM0.01 million during the financial year.

FYE 2018

Our Group recorded net cash for investing activities of RM1.07 million for the FYE 2018. This was mainly attributable to purchases of motor vehicle and office equipment, furniture and fittings amounting to RM0.09 million and an advance to a director of RM1.00 million.

However, the outflow was partially offset by interest received from short-term investment in money market funds amounting to RM0.02 million.

FYE 2019

Our Group recorded net cash from investing activities of RM0.54 million for the FYE 2019. This was mainly attributable to the repayment of amount owing by director of RM1.00 million, and interest received from short-term investment in money market funds amounting to RM0.12 million.

However, the inflow was partially offset by the following:

(i) purchases of motor vehicle, project equipment and office equipment, furniture and fittings as well as office renovation amounting to RM0.29 million; and

(ii) pledging of fixed deposits of RM0.40 million with a bank as security for banking facilities granted to our Group.

FYE 2020

Our Group recorded net cash for investing activities of RM0.79 million for the FYE 2020. This was mainly attributable to the interest received from short-term investment in money market funds amounting to RM0.45 million. However, the inflow was partially offset by the following:

(i) purchases of project equipment and Head Office amounted to RM1.29 million; and

(ii) pledging of fixed deposits of RM0.02 million with a bank as security for banking facilities granted to our Group.

Net cash (for)/from financing activities

FYE 2017

Our Group recorded net cash for financing activities of RM0.59 million mainly arising from dividend payment of RM0.40 million and repayment of amount owing to directors of RM0.19 million for advances and payments made by the directors on our behalf.

FYE 2018

Our Group recorded net cash from financing activities of RM0.10 million mainly due to proceeds received from Samaiden's increase in share capital of RM0.65 million. The inflow was offset by dividend payment of RM0.50 million, and repayment of amount owing to directors of RM0.05 million for advances and payments made on behalf.

FYE 2019

Our Group recorded net cash for financing activities of RM4.95 million mainly arising from dividend payment of RM5.20 million, and repayment of term loan and hire purchase payable of RM0.02 million.

The outflow was partially offset by the proceeds received arising from Samaiden's increase in share capital of RM0.25 million.

FYE 2020

Our Group recorded net cash from financing activities of RM1.03 million arising from the drawdown of a term loan.

11.3.4 Borrowings and financial instruments

The short-term banking facilities available to our Group include revolving credit, letter of credit, trust receipt and bank guarantee, which are to be used by us for project financing and working capital purposes. The long-term banking facilities of our Group include lease liability and term loan for the purchase of motor vehicle and our Head Office, respectively.

11. FINANCIAL INFORMATION (Cont'd)

As at 30 June 2020, our total outstanding borrowings amounted to RM1.10 million comprising term loan and lease liability, which are as follows:

Type of borrowings	Tenure	Interest rates (per annum)	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loans	10 to 20 years ending in January 2029 and October 2039, respectively	3.15% to 5.81%#	37	995	1,032
Lease liability	5 years ending in August 2023	4.59%	18	46	64
Total borrowings			**55**	**1,041**	**1,096**
Gearing ratio as at 30 June 2020 (times)*					0.07

Notes:

\# Computed based on the relevant financial institution's base lending rate as at 30 June 2020.

* Computed based on total borrowings over our pro forma shareholders' equity (after the Acquisitions but before our Public Issue and utilisation of proceeds) as at 30 June 2020 of RM14.69 million.

As at 30 June 2020, in addition to the term loans and lease liability as disclosed above, we also have revolving credit facility of RM15.00 million, which has been earmarked for the Mersing Project and the Kluang Project, overdraft and trade facilities comprising letter of credit, trust receipt and bank guarantee with total facility limit of RM2.70 million for general trade purposes. As at the LPD, RM15.29 million of the total combined limit of RM17.70 million for these banking facilities were unutilised.

All our bank borrowings are secured, interest bearing and denominated in RM. Our banking facilities are secured by legal charge over our Head Office, placement of fixed deposit and/or joint and several guarantees by our Promoters. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during the Financial Years Under Review and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there are no restrictions on our committed borrowing facilities.

As at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank borrowings, which can materially affect our business operations, financial position or results of operations or the investment by holders of securities in our Group.

11.3.5 Type of financial instruments used

As at the LPD, save for bank borrowings as disclosed in Section 11.3.4 of this Prospectus, we do not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and cash equivalents, short-term investments, fixed deposits with licensed banks and trade and other receivables, as well as financial liabilities such as borrowings, and trade and other payables. These are shown in the combined statements of financial position of our Group.

As at the LPD, we do not use any financial instruments for hedging purposes.

11.3.6 Treasury policies and objectives

We finance our operations through a combination of internally and externally generated funds. Internally generated funds mainly comprise cash generated from operations and shareholders' funds, while externally generated funds mainly comprise credit term from suppliers, short-term and long-term bank borrowings.

The primary objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain its debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

Our Group has not entered into any interest rate swap to hedge against fluctuations in interest rates. Our Group manage its exposure to interest rate movements by maintaining a combination of both fixed-rate and floating-rate borrowings.

11.3.7 Material commitment

As at the LPD, our Group has not incurred any material commitment for capital expenditure that may have a material and adverse impact on the financial position of our Group.

11.3.8 Material contingent liabilities

Save for the tender bond amounting to RM1.90 million, as at the LPD, there are no material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group.

11.3.9 Material litigation

As at the LPD, our Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on the financial position or business of our Group.

11.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group are as follows:

	<------Audited------>			
	<------FYE------>			
	2017	**2018**	**2019**	**2020**
Trade receivables turnover period (days) [(1)]	28	62	41	32
Trade payables turnover period (days) [(2)]	19	21	18	41
Current ratio (times) [(3)]	3.48	1.21	1.84	1.87
Gearing ratio (times) [(4)]	-	-	0.01	0.07

Notes:

(1) Computed based on average trade receivables as at the end of the respective financial years over the revenue of the respective financial years, multiplied by 365 days for the FYE 2017 up to FYE 2019, and 366 days for the FYE 2020.

(2) Computed based on average trade payables as at the end of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days for the FYE 2017 up to FYE 2019, and 366 days for the FYE 2020.

(3) Computed based on current assets over current liabilities.

(4) Computed based on total interest-bearing borrowings over total equity.

Given our inventories of RM0.03 million as at 30 June 2020 and our cost of sales of RM64.52 million for the FYE 2020, our inventories turnover period for the FYE 2020 is insignificant. We did not have any inventories for the FYE 2017, FYE 2018 and FYE 2019.

Trade receivables turnover period

As at 30 June 2020, the trade receivables of our Group amounted to RM7.95 million, the ageing of which are analysed as follows:

	Within credit period	**<----Exceed credit period by----> 1 – 30 days**	**31 – 60 days**	**61 – 90 days**	**> 90 days**	**Total**
Trade receivables (RM'000)	5,413	329	1,841	558	179	8,320
Less: Impairment losses (RM'000)	(19)	(6)	(109)	(53)	(179)	(366)
Net trade receivables (RM'000)	5,394	323	1,732	505	-	7,954
% of total net trade receivables	67.81	4.06	21.78	6.35	-	100.00
Subsequent collections as at the LPD (RM'000)	2,623	277	1,732	306	-	4,938
Outstanding net trade receivables as at the LPD (RM'000)	2,771	46	-	199	-	3,016

The normal credit period granted to our customers is 30 days from the date of invoice. Other credit terms to our customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as background and creditworthiness of customers, the business relationships with our customers. For solar PV power plant projects under the LSS programme that we secured, our customers who are the project owners and/or developers had secured project financing from financial institutions and thus payments for our EPCC services are/were disbursed directly by the project owner's financier to us based on project milestone and progress claims.

Our trade receivables turnover period for the FYE 2017 was 28 days and increased to 62 days in the FYE 2018 mainly as a result of our high trade receivables outstanding of RM10.27 million as at 30 June 2018. This was mainly due to progress billings totalling RM9.98 million issued to our customer for the Seberang Perai Project in June 2018 as per the billing milestones stated in the contract of the Seberang Perai Project. Hence, this contributed to the increase of our trade receivables as at 30 June 2018. The said progress billing was subsequently repaid directly by the project owner's financier. For the FYE 2019, our trade receivables turnover period decreased to 41 days but exceeded our normal credit period of 30 days mainly due to the time required for verification and payment processing by our customer's financier, which generally takes four to five weeks from the date of invoice. In addition, there was an outstanding payment totalling RM1.54 million as at 30 June 2019 from our customer for the Seberang Perai Project whereby we have concurred to the customer's request for settlement to be made after the expiry of the defect liability period in November 2019. Such outstanding amount was subsequently repaid in full in the FYE 2020. Hence, our trade receivables turnover period improved from 41 days to 32 days.

As at the LPD, we have collected RM4.94 million or 62.09% of the total net trade receivables outstanding as at 30 June 2020 and we continued to be in the process of collecting the remaining amount of RM3.02 million, of which RM0.19 million was pertaining to retention sum that has yet to be due.

As part of our credit control policy, we closely monitor our aging report and assess the collectability of trade receivables on an individual customer basis regularly. For any trade receivables which have exceeded the normal credit period granted by more than 30 days, we will follow up with calls and examine the delay in payment with relevant parties including financial institutions. We will send reminders and where appropriate, provide for specific impairment on those trade receivables where recoverability is doubtful. We do not charge any interests on the overdue trade receivables.

As at 30 June 2020, allowance for impairment losses consists of an amount of RM0.18 million due from two customers which had been outstanding for more than 12 months and were deemed unrecoverable by our Directors, and the remaining RM0.19 million for general allowance on the remaining trade receivables.

Notwithstanding the above, our Board is of the opinion that the remaining amount of RM3.02 million outstanding as at the LPD is recoverable and no further impairment of trade receivables is required after taking into consideration these customers' credentials, payment track record as well as our relationship with them.

Trade payables turnover period

As at 30 June 2020, the trade payables of our Group amounted to RM11.20 million, the ageing of which are analysed as follows:

	Within credit period	<---------Exceed credit period by---------> 1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	Total
Trade payables (RM'000)	7,657	2,833	111	*	598	11,199
% of total trade payables (RM'000)	68.37	25.30	0.99	-	5.34	100.00
Subsequent payments as at the LPD (RM'000)	3,264	1,369	111	*	571	5,315
Outstanding trade payables as at the LPD (RM'000)	4,393	1,464	-	-	27	5,884

Note:

* Less than RM500

The normal credit period extended by our suppliers and subcontractors ranges from 45 days to 60 days. Our trade payables turnover period for the FYE 2017 to FYE 2019 ranged between 18 days to 21 days and within the credit period granted by our suppliers and subcontractors. This was because the purchase of solar PV modules and inverters usually require an upfront down payment or deposit upon placement of purchase order and the invoice to be fully settled once the goods have been delivered. We make prompt payments to our subcontractors in order to strengthen our business relationships with them, and garner stronger commitment and support from them with the aim to ensure they deliver their subcontracted works with quality and in a timely manner. For the FYE 2020, the trade payables turnover period increased to 41 days mainly due to our prudent cash flow management amidst the COVID-19 impact.

As at 30 June 2020, 68.37% of our total trade payables were within the credit period. Past due trade payables totalling RM3.54 million as at 30 June 2020 were mainly those owed to suppliers and/or subcontractors with regular business transactions with us. As at the LPD, we have settled RM5.32 million or 47.46% of our outstanding trade payables as at 30 June 2020, leaving an outstanding balance of RM5.88 million remained to be settled. Out of the said RM5.88 million, RM1.24 million is pertaining to retention sum which was not due as at the LPD. Save for the retention sum of RM1.24 million, our outstanding trade payables as at 30 June 2020 are expected to be settled progressively over the next three months.

As at the LPD, there has been no dispute in respect of our trade payables and no legal action has been initiated by our suppliers to demand for payment from us during the Financial Years Under Review.

Current ratio

Our current ratio decreased from 3.48 times as at 30 June 2017 to 1.21 times as at 30 June 2018 mainly due to substantial increase in the scale of our operations and the significantly higher resultant current liabilities position as at 30 June 2018 arising from the commencement of the Seberang Perai Project, which is our first solar PV power plant project, in the FYE 2018 as compared to solar PV system projects in the FYE 2017.

Our current ratio increased from 1.21 times as at 30 June 2018 to 1.84 times as at 30 June 2019 mainly due to improvement in our current assets position comprising mainly trade receivables and cash and bank balances due to business growth and higher profit earned during the financial year.

Our current ratio increased from 1.84 times as at 30 June 2019 to 1.87 times as at 30 June 2020 mainly due to improvement in our current assets position comprising mainly trade receivables, short-term investment as well as cash and bank balances during the financial year.

Gearing ratio

Our Group did not have any borrowings for the FYE 2017 and FYE 2018. Our gearing ratio stood at 0.01 times as at 30 June 2019 where our borrowing was in relation to lease liability for motor vehicle.

Our gearing ratio has increased from 0.01 times as at 30 June 2019 to 0.07 times as at 30 June 2020 mainly due to new drawdown of term loan to finance the purchase of our Head Office.

11.5 TREND INFORMATION

The financial performance of our Group for the Financial Years Under Review has so far been and/or is expected to be mainly influenced by the significant factors affecting our Group's financial performance as described in Section 11.3.2 of this Prospectus. Except as disclosed in this section, Sections 6.4.12, 6.4.13, 7 and 8 of this Prospectus, and as at the LPD, to the best of the knowledge and belief of our Board, the financial conditions and operations of our Group have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this section and Sections 6 and 8 of this Prospectus;

(ii) material commitments for capital expenditure, save as disclosed in Section 11.3.7 of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group;

(iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue and/or profits, save for those that had been disclosed in this section and in Section 8 of this Prospectus; and

(v) known trends, demands, commitments, events or uncertainties that have had or that our Group reasonably expects to have, a material favourable or unfavourable impact on our liquidity and capital resources.

11.6 ORDER BOOK

As the revenue from our EPCC services are recognised based on the stage of completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised in revenue.

As at the LPD, the status of our order book is set out below:

Project details	**As at the LPD RM'000**
EPCC services	
- Solar PV power plants	6,722
- Solar PV systems	17,115
- Others(1)	4,937
	28,774
Other services	
- RE and environmental consulting services	26
- O&M services	2,552
Total	**31,352(2)**

Notes:

(1) Others comprise supply of solar PV modules and balance of system for a commercial building in Bac Lieu province, Vietnam, subcontracting services of interconnection facility works for solar PV power plants and other EPCC related services.

(2) Out of the RM31.35 million of order book as at the LPD, RM30.93 million is expected to be recognised as follows:

Project details	**To be recognised in FYE 2021 RM'000**	**To be recognised in FYE 2022 RM'000**
EPCC services		
- Solar PV power plants	6,722	-
- Solar PV systems	17,115	-
- Others	4,937	-
	28,774	-
Other services		
- RE and environmental consulting services	26	-
- O&M services	950	1,176
Total	**29,750**	**1,176**

Due to the nature of our business, our projects and/or contracts will usually be completed within six to 18 months depending on the size, type of EPCC services (solar PV power plants or solar PV systems) and complexity of the design.

We envisage that approximately 98.64% of our total order book as at the LPD to be fully recognised by the FYE 2022, of which approximately 94.89% and 3.75% to be recognised in the FYE 2021 and FYE 2022 respectively. The remaining order book as at the LPD of RM0.43 million or 1.36% relates to our O&M services, which will be recognised in the FYE 2023.

As a local EPCC service provider, we have the expertise and experience in undertaking solar PV power plant projects given our past experience in LSS1 and LSS2 programmes. Accordingly, our Group is well-poised to participate in LSS3 programme. Following the announcement on 23 December 2019 by the Energy Commission Malaysia of the shortlisted entities for LSS3, we intend to approach the successful bidders to secure LSS3 projects to further strengthen our order book.

Following the enhancement of NEM programme in January 2019, we have expanded our sales and marketing team to secure new solar PV system projects under this programme. As at the LPD, our order book from solar PV system under NEM programme amounts to RM17.12 million.

11.7 SIGNIFICANT CHANGES

Save as disclosed in Sections 6.4.2(c) and 8.2.4 of this Prospectus, there are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2020 and up to the LPD.

11.8 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Samaiden declared dividends of approximately RM0.40 million, RM1.70 million and RM4.00 million in the FYE 2017, FYE 2018 and FYE 2019, respectively, which represented approximately 29.33%, 52.89% and 53.49% of the Group's PAT in the respective FYE. Samaiden did not declare any dividend during the FYE 2020.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our ability to declare and pay dividends is subject to the discretion of our Board. Our Directors will take into consideration, among others, the following factors when recommending or declaring any dividends:

(i) The availability of adequate reserves and cash flows. As an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends or other distributions received from our subsidiaries;

(ii) Our operating cash flow requirements and financing commitments;

(iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;

(iv) Our Company is solvent as required under Section 132 of the Act;

(v) Any material impact of tax laws and other regulatory requirements; and

(vi) Prior written consent from financial institutions, where required.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Group to do so. The level of dividends should also not be treated as an indication of our Group's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. There is no dividend restriction being imposed on our Group currently.

No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

11.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION
(Prepared for inclusion in this Prospectus)

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka
Malaysia
Main +6 06 2825 995
Fax +6 06 2836 449
www.crowe.my

01 SEP 2020

The Board of Directors
Samaiden Group Berhad
C-15-02, Sunway Nexis Office Suite
No. 1, Jalan PJU 5/1
Kota Damansara
47810 Petaling Jaya
Selangor

Dear Sirs

SAMAIDEN GROUP BERHAD ("SAGB" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

We have completed our assurance engagement to report on the compilation of Pro Forma Statements of Financial Position of SAGB and its subsidiaries (the "Group") as at 30 June 2020 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the listing of and quotation for the entire issued share capital of SAGB on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Statements of Financial Position are described in the notes thereon to the Pro Forma Statements of Financial Position, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines").

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions set out in the notes thereon to the Pro Forma Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of the Company from the Group's audited combined statements of financial position as at 30 June 2020.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Statements of Financial Position as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Crowe

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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

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

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REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

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

OPINION

In our opinion, the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Crowe

OTHER MATTER

This report has been prepared solely for the purpose of inclusion in the Prospectus of SAGB in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Piong Yew Peng
03070/06/2021 J
Chartered Accountant

Melaka
01 SEP 2020

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Crowe
Crowe Malaysia PLT
201906000005 (LLP[illegible]817-LCA) & AF1018
Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	As At 30.06.2020* RM'000	Adjustment for Acquisition of Subsidiaries RM'000	Pro Forma I After Acquisition of Subsidiaries RM'000	Adjustment for Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustment for Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
ASSETS								
NON-CURRENT ASSET								
Property, plant and equipment		1,539	-	1,539	-	1,539	-	1,539
CURRENT ASSETS								
Inventories		28	-	28	-	28	-	28
Trade receivables		7,954	-	7,954	-	7,954	-	7,954
Other receivables, deposits and prepayments		230	-	230	-	230	-	230
Contract assets		673	-	673	-	673	-	673
Short-term investments		14,498	-	14,498	-	14,498	-	14,498
Fixed deposit with a licensed bank		421	-	421	-	421	-	421
Cash and bank balances	6.1	6,695	-	6,695	29,354	36,049	(1,737)	34,312
		30,499		30,499		59,853		58,116
TOTAL ASSETS		32,038		32,038		61,392		59,655
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6.2	#	7,442	7,442	29,354	36,796	(1,215)	35,581
Invested capital	6.3	1,030	(1,030)	-	-	-	-	-
Merger reserve	6.4	-	(6,412)	(6,412)	-	(6,412)	-	(6,412)
Retained profits	6.5	13,660	-	13,660	-	13,660	(522)	13,138
Equity attributable to owners of the Company		14,690		14,690		44,044		42,307
Non-controlling interests		(7)		(7)		(7)		(7)
TOTAL EQUITY		14,683		14,683		44,037		42,300

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial year ended 30 June 2020
(#) – Denote RM100

11. FINANCIAL INFORMATION (Cont'd)

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Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

	Note	As At 30.06.2020* RM'000	Adjustment for Acquisition of Subsidiaries RM'000	Pro Forma I After Acquisition of Subsidiaries RM'000	Adjustment for Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustment for Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES (CONT'D)								
NON-CURRENT LIABILITIES								
Lease liabilities		46	-	46	-	46	-	46
Term loans		995	-	995	-	995	-	995
		1,041		1,041		1,041		1,041
CURRENT LIABILITIES								
Trade payables		11,199	-	11,199	-	11,199	-	11,199
Other payables and accruals		746	-	746	-	746	-	746
Contract liabilities		4,312	-	4,312	-	4,312	-	4,312
Lease liabilities		18	-	18	-	18	-	18
Term loans		37	-	37	-	37	-	37
Current tax liabilities		2	-	2	-	2	-	2
		16,314		16,314		16,314		16,314
TOTAL LIABILITIES		17,355		17,355		17,355		17,355
TOTAL EQUITY AND LIABILITIES		32,038		32,038		61,392		59,655
Number of ordinary shares ('000)		2		148,845		210,000		210,000
Net assets ("NA") attributable to owners of the Company (RM'000)		14,690		14,690		44,044		42,307
NA per ordinary share (RM)		7,345.00		0.10		0.21		0.20

Note:
(*) – Extracted from the Group's audited combined financial statements for the financial year ended 30 June 2020

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Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD
NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

1. ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:-

Abbreviations

SAGB or the Company	Samaiden Group Berhad Registration No: 201901037874 (1347204-V)
SAGB Group or the Group	SAGB, Samaiden, Samaiden Consultancy and SC Green collectively
Samaiden	Samaiden Sdn. Bhd. Registration No: 201301016493 (1046326-H)
Samaiden Consultancy	Samaiden Consultancy Sdn. Bhd. Registration No: 201901007735 (1317062-H)
SC Green	SC Green Solutions Sdn. Bhd. Registration No: 201901021278 (1330607-X)
Listing	Listing of and quotation for the entire issued share capital of SAGB on the ACE Market of Bursa Malaysia Securities Berhad
SAGB Shares or Shares	Ordinary shares in Samaiden Group Berhad
RM and Sen	Ringgit Malaysia and sen, respectively

2. INTRODUCTION

The Pro Forma Statements of Financial Position of the Group as at 30 June 2020 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

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201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD
NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

3. BASIS OF PREPARATION

The Pro Forma Statements of Financial Position of the Group as at 30 June 2020 is prepared based on the audited combined statements of financial position of the Group as at 30 June 2020, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The combined financial statements used in the preparation of these Pro Forma Statements of Financial Position were not subject to any audit qualification or emphasis of matter.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs.

The Pro Forma Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 5 to the Pro Forma Statements of Financial Position had the events occurred or transactions been undertaken on 30 June 2020. The Pro Forma Statements of Financial Position are not necessarily indicative of the financial position that would have been attained had the Listing actually occurred at the respective dates.

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Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD
NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

4. LISTING SCHEME

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:-

4.1 Acquisition of subsidiaries

SAGB had on 29 November 2019, entered into conditional share sale and purchase agreements with Fong Yeng Foon and Chow Pui Hee to acquire the equity interest in the following companies:-

	Equity Interest (%)	Purchase consideration RM	No. of shares issued by SAGB
Samaiden	100	7,415,268	148,305,360
Samaiden Consultancy	100	2	40
SC Green	60	26,880	537,600
		7,442,150	148,843,000

The purchase consideration of Samaiden and Samaiden Consultancy were arrived on a willing-buyer willing-seller basis, after taking into consideration the audited net assets and audited net liabilities of Samaiden and Samaiden Consultancy respectively, as at 30 June 2019. The acquisition was completed on 19 August 2020 and Samaiden and Samaiden Consultancy became wholly-owned subsidiaries of SAGB.

The purchase consideration of SC Green was arrived on a willing-buyer willing-seller basis, after taking into consideration the adjusted net assets of SC Green, computed based on the audited net liability of SC Green as at 30 June 2019 and subsequent increase in the share capital of SC Green on 15 July 2019. The acquisition was completed on 19 August 2020 and SC Green became a 60%-owned subsidiary of SAGB.

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Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD
NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

4. LISTING SCHEME (CONT'D)

The following proposals were undertaken in conjunction with, and as an integral part of the Listing (Cont'd):-

4.2 Public Issue

The Public Issue of 61,155,000 new Shares, representing approximately 29.1% of the enlarged share capital of SAGB at an issue price of RM0.48 per Share allocated in the following manner:-

- 10,500,000 Public Issue Shares will be made available for application by the Malaysian Public by way of balloting;
- 6,300,000 Public Issue Shares will be made available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
- 23,355,000 Public Issue Shares will be made available for application by way of private placement to selected investors; and
- 21,000,000 Public Issue Shares will be made available for application by way of placement to identified Bumiputera investors approved by MITI.

4.3 Proposed Listing

The admission of the listing of and quotation for the entire enlarged issued and paid-up share capital of SAGB of RM36,796,650 comprising 210,000,000 Shares on the ACE Market of Bursa Malaysia Securities Berhad will be sought.

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Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD
NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

5.1 Pro Forma I

Pro Forma I incorporates the effects of the acquisition of subsidiaries set out in Note 4.1 to the Pro Forma Statements of Financial Position.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue set out in Note 4.2 to the Pro Forma Statements of Financial Position.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from Public Issue. The proceeds from the Public Issue will be utilised as follows:-

Purposes	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Business expansion and marketing activities in Malaysia and Vietnam #	2,540	8.65	Within 24 months
Purchase of corporate office #	7,000	23.85	Within 24 months
Capital expenditures #	1,168	3.98	Within 24 months
Working capital	15,446	52.62	Within 30 months
Estimated listing expenses *^	3,200	10.90	Within 3 months
Total	29,354	100.00	

Notes:-

\# - *These utilised of proceeds are not adjusted in the Pro Forma III to the Pro Forma Statements of Financial Position as they are not factually supportable and hence, they are remained in the cash and bank balances.*

* - *If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds.*

^ - *The estimated listing expenses of RM1,215,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM1,985,000 that attributable to Listing will be expensed off to profit or loss. The Group has recognised RM90,000 of listing expenses in the financial year ended 30 June 2019 and RM1,373,000 of listing expenses during the financial year ended 30 June 2020 to the profit or loss.*

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Appendix A

SAMAIDEN GROUP BERHAD
NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

6.1 Cash and bank balances

	RM'000
As at 30 June 2020/As per Pro Forma I	6,695
Add: Proceeds from public issue	29,354
As per Pro Forma II	36,049
Less: Estimated listing expenses	(1,737)
As per Pro Forma III	34,312

6.2 Share capital

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
As at 30 June 2020	2	#
Add: Ordinary shares issued pursuant to the acquisition of subsidiaries	148,843	7,442
As per Pro Forma I	148,845	7,442
Add: Public issue	61,155	29,354
As per Pro Forma II	210,000	36,796
Less: Estimated listing expenses ^	-	(1,215)
As per Pro Forma III	210,000	35,581

Note:-
 # - Denote RM100

^ - The estimated listing expenses of RM1,215,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM1,985,000 that attributable to Listing will be expensed off to profit or loss.

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Appendix A

SAMAIDEN GROUP BERHAD
NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.3 Invested capital

	RM'000
As at 30 June 2020	1,030
Less: Acquisition of subsidiaries	(1,030)
As per Pro Forma I, II and III	-

6.4 Merger reserve

	RM'000
As at 30 June 2020	-
Add: Acquisition of subsidiaries	(6,412)
As per Pro Forma I, II and III	(6,412)

6.5 Retained profits

	RM'000
As at 30 June 2020/As per Pro Forma I and II	13,660
Less: Estimated listing expenses ^	(522)
As per Pro Forma III	13,138

Note:-

^ - *The estimated listing expenses of RM1,215,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM1,985,000 that attributable to Listing will be expensed off to profit or loss. The Group has recognised RM90,000 of listing expenses in the financial year ended 30 June 2019 and RM1,373,000 of listing expenses during the financial year ended 30 June 2020 to the profit or loss.*

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Chartered Accountants

Appendix A

SAMAIDEN GROUP BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated
01 SEP 2020

On behalf of the Board of Directors,

Fong Yeng Foon | **Chow Pui Hee**

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka
Malaysia
Main +6 06 2825 995
Fax +6 06 2836 449
www.crowe.my

01 SEP 2020

The Board of Directors
Samaiden Group Berhad
C-15-02, Sunway Nexis Office Suite
No. 1, Jalan PJU 5/1
Kota Damansara
47810 Petaling Jaya
Selangor

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF SAMAIDEN GROUP BERHAD ("SAGB" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group"). The financial information comprise:-

i) The combined statements of financial position as at 30 June 2017, 2018, 2019 and 2020, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 30 June 2017, 2018, 2019 and 2020;
ii) Notes to the financial information; and
iii) A summary of significant accounting policies and other explanatory information, as set out in pages 5 to 70.

This historical financial information has been prepared for inclusion in the prospectus of SAGB in connection with the listing of and quotation for the entire issued share capital of SAGB on the ACE Market of Bursa Malaysia Securities Berhad. This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10.03 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 30 June 2017, 2018, 2019 and 2020 and of their financial performance and their cash flows for each of the financial years ended 30 June 2017, 2018, 2019 and 2020 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

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

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INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

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

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

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

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REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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OTHER MATTER

The significant event during the financial year ended 30 June 2020 has been disclosed in Note 34 to the combined financial statements.

The significant events occurring after the end of the financial year ended 30 June 2020 have been disclosed in Note 35 to the combined financial statements.

RESTRICTION ON DISTRIBUTION AND USE

We understand that this report will be used solely for the purpose of inclusion in the Prospectus of SAGB in connection with the listing of and quotation for the entire issued share capital of SAGB on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Crowe Malaysia PLT
20190600005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Piong Yew Peng
03070/06/2021 J
Chartered Accountant

Melaka
01 SEP 2020

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 30 June			
		2017	2018	2019	2020
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	5	79	141	378	1,539
CURRENT ASSETS					
Contract costs	6	-	2,298	331	-
Inventories	7	-	-	-	28
Trade receivables	8	430	10,266	5,232	7,954
Other receivables, deposits and prepayments	9	23	1,599	283	230
Contract assets	10	-	122	154	673
Amount owing by a director	11	-	1,000	-	-
Short-term investments	12	-	1,018	4,172	14,498
Current tax assets		-	19	15	-
Fixed deposit with a licensed bank	13	-	-	400	421
Cash and bank balances		1,565	10,720	4,999	6,695
		2,018	27,042	15,586	30,499
TOTAL ASSETS		2,097	27,183	15,964	32,038
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14(a)	-	-	-	*
Invested capital	14(b)	100	750	1,000	1,030
Retained profits		1,411	4,125	6,406	13,660
Equity attributable to owners of the Company		1,511	4,875	7,406	14,690
Non-controlling interests	14(c)	-	-	(2)	(7)
TOTAL EQUITY		1,511	4,875	7,404	14,683
NON-CURRENT LIABILITIES					
Hire purchase payable	15	-	-	59	-
Term loan	16	-	-	12	995
Lease liability	17	-	-	-	46
Deferred tax liabilities	18	6	13	13	-
		6	13	84	1,041
CURRENT LIABILITIES					
Trade payables	19	261	2,767	3,090	11,199
Other payables and accruals	20	109	796	1,103	746
Contract liabilities	10	141	18,732	4,265	4,312
Amount owing to directors	11	53	-	-	-
Hire purchase payable	15	-	-	17	-
Term loan	16	-	-	1	37
Lease liability	17	-	-	-	18
Current tax liabilities		16	-	-	2
		580	22,295	8,476	16,314
TOTAL LIABILITIES		586	22,308	8,560	17,355
TOTAL EQUITY AND LIABILITIES		2,097	27,183	15,964	32,038
Number of ordinary shares ('000) #		148,845	148,845	148,845	148,845
Net assets ("NA") attributable to owners of the Company (RM'000)		1,511	4,875	7,406	14,690
NA per ordinary share attributable to owners of the Company (sen)		1.02	3.28	4.98	9.87

Note : (#) – It is assumed to be the number of ordinary shares before public issue.
(*) – Denote RM100

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		FYE 30 June			
	NOTE	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
REVENUE	21	6,530	31,322	68,301	76,170
COST OF SALES		(4,484)	(26,708)	(58,467)	(64,515)
GROSS PROFIT ("GP")		2,046	4,614	9,834	11,655
OTHER INCOME		-	36	194	520
		2,046	4,650	10,028	12,175
ADMINISTRATIVE EXPENSES		(594)	(1,186)	(2,382)	(4,798)
FINANCE COST		-	-	(3)	(26)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	22	-	(187)	(127)	(73)
PROFIT BEFORE TAXATION ("PBT")	23	1,452	3,277	7,516	7,278
INCOME TAX EXPENSE	24	(88)	(63)	(37)	(49)
PROFIT AFTER TAXATION ("PAT")		1,364	3,214	7,479	7,229
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,364	3,214	7,479	7,229
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
Owners of the Company		1,364	3,214	7,481	7,254
Non-controlling interests		-	-	(2)	(25)
		1,364	3,214	7,479	7,229
GP Margin (%)		31.33	14.73	14.40	15.30
PBT Margin (%)		22.24	10.46	11.00	9.55
PAT Margin (%)		20.89	10.26	10.95	9.49
Effective tax rate (%)		6.06	1.92	0.49	0.67
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		1,477	3,289	7,493	6,986
Number of ordinary shares ('000) #		148,845	148,845	148,845	148,845
Basic and diluted earnings per share ("EPS") (sen)	25	0.92	2.16	5.03	4.87

Note :
(#) – It is assumed to be the number of ordinary shares before public issue.

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	NOTE	Share Capital RM'000	Invested Capital RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1.7.2016		-	100	447	547	-	547
Profit after taxation/Total comprehensive income for the financial year		-	-	1,364	1,364	-	1,364
Dividend paid	26	-	-	(400)	(400)	-	(400)
Balance at 30.6.2017/1.7.2017		-	100	1,411	1,511	-	1,511
Profit after taxation/Total comprehensive income for the financial year		-	-	3,214	3,214	-	3,214
Issuance of shares	14	-	650	-	650	-	650
Dividend paid	26	-	-	(500)	(500)	-	(500)
Balance at 30.6.2018/1.7.2018		-	750	4,125	4,875	-	4,875
Profit after taxation/Total comprehensive income for the financial year		-	-	7,481	7,481	(2)	7,479
Issuance of shares	14	-	250	-	250	-	250
Dividends paid	26	-	-	(5,200)	(5,200)	-	(5,200)
Balance at 30.6.2019/1.7.2019		-	1,000	6,406	7,406	(2)	7,404
Profit after taxation/Total comprehensive income for the financial year		-	-	7,254	7,254	(25)	7,229
Issuance of shares	14	*	30	-	30	20	50
Balance at 30.6.2020		*	1,030	13,660	14,690	(7)	14,683

Note : (*) – Denote RM100

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

COMBINED STATEMENTS OF CASH FLOWS

		FYE 30 June			
	NOTE	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,452	3,277	7,516	7,278
Adjustment for:-					
Deposit forfeited		-	5	-	-
Depreciation of property, plant and equipment		25	29	94	128
Allowance for impairment losses on trade receivables		-	187	127	73
Interest expense on lease liability		-	-	-	2
Other interest expense		-	-	3	24
Interest income		-	(17)	(120)	(446)
Fair value gain on short-term investments		-	-	(73)	(73)
Loss on disposal of equipment		-	-	10	-
Operating income before working capital changes		1,477	3,481	7,557	6,986
Increase in inventories		-	-	-	(28)
(Increase)/Decrease in contract costs		-	(2,298)	1,967	331
Decrease/(Increase) in trade and other receivables		160	(11,604)	6,223	(2,742)
Decrease/(Increase) in contract assets		307	(122)	(32)	(519)
(Decrease)/Increase in trade and other payables		(54)	3,193	630	7,751
(Decrease)/Increase in contract liabilities		(88)	18,591	(14,467)	47
CASH FROM OPERATIONS		1,802	11,241	1,878	11,826
Income tax paid		(97)	(91)	(33)	(51)
Income tax refunded		-	-	-	7
NET CASH FROM OPERATING ACTIVITIES		1,705	11,150	1,845	11,782

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

		FYE 30 June			
	NOTE	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Increase in pledged fixed deposit with a licensed bank		-	-	(400)	(21)
Interest received		-	17	120	446
Fair value gain on short-term investments		-	-	73	73
(Advances to)/Repayment from a director		-	(1,000)	1,000	-
Proceeds from disposal of equipment		-	-	36	-
Purchase of property, plant and equipment	27(a)	(13)	(91)	(287)	(1,289)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(13)	(1,074)	542	(791)
CASH FLOW (FOR)/FROM FINANCING ACTIVITIES					
Drawdown of term loan	27(b)	-	-	15	1,031
Dividends paid	26	(400)	(500)	(5,200)	-
Interest paid	27(b)	-	-	(3)	(26)
Proceeds from issuance of ordinary shares		-	650	250	50
Repayment to directors		(189)	(53)	-	-
Repayment of hire purchase payable	27(b)	-	-	(14)	-
Repayment of lease liabilility	27(b)	-	-	-	(12)
Repayment of term loan	27(b)	-	-	(2)	(12)
NET CASH (FOR)/FROM financing ACTIVITIES		(589)	97	(4,954)	1,031
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,103	10,173	(2,567)	12,022
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		462	1,565	11,738	9,171
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(c)	1,565	11,738	9,171	21,193

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

Abbreviations	
SAGB or the Company	Samaiden Group Berhad Registration No: 201901037874 (1347204-V)
SAGB Group or the Group	SAGB, Samaiden, Samaiden Consultancy and SC Green collectively
Samaiden	Samaiden Sdn. Bhd. Registration No: 201301016493 (1046326-H)
Samaiden Consultancy	Samaiden Consultancy Sdn. Bhd. Registration No: 201901007735 (1317062-H)
SC Green	SC Green Solutions Sdn. Bhd. Registration No: 201901021278 (1330607-X)
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
MPERS	Malaysian Private Entity Reporting Standard
FPE	Financial Period Ended
FYE	Financial Year Ended
SAGB Shares or Shares	Ordinary shares in Samaiden Group Berhad
RM and Sen	Ringgit Malaysia and sen, respectively
CA 2016	Companies Act 2016
EPCC	Engineering, procurement, construction and commissioning

2. GENERAL INFORMATION

2.1 INCORPORATION AND PRINCIPAL ACTIVITIES

SAGB was incorporated in Malaysia under the Companies Act 2016 on 18 October 2019 as a private limited company. Subsequently on 9 December 2019, the Company was converted to a public limited company under the name of Samaiden Group Berhad.

For the purpose of listing the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company undertook a restructuring exercise via the acquisition of subsidiaries as disclosed in Note 2.2 to the combined financial statements.

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

2. GENERAL INFORMATION (CONT'D)

2.1 INCORPORATION AND PRINCIPAL ACTIVITIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of subsidiary	Date and place of incorporation	Effective equity interest %	Issued share capital RM	Principal activities
Samaiden	16 May 2013 Malaysia	100	1,000,000	EPCC of solar photovoltaic systems and power plants and provision of operation and maintenance services^
Samaiden Consultancy	7 March 2019 Malaysia	100	100	Provision of renewable energy and environmental consulting services
SC Green	19 June 2019 Malaysia	60	50,000	Dormant

Notes :
^ - *The provision of renewable energy and environmental consulting services was previously undertaken by Samaiden. With effect from July 2019, the provision of renewable energy and environmental consulting services is undertaken by Samaiden Consultancy.*

2.2 RESTRUCTURING EXERCISE

The Company entered into three conditional Share Sale and Purchase Agreements on 29 November 2019 to acquire the equity interests in the following companies:-

i) Acquisition of the entire equity interest in Samaiden for a purchase consideration of RM7,415,268, to be satisfied by the issuance of 148,305,360 ordinary shares in SAGB at an issue price of RM0.05 per Share.

ii) Acquisition of the entire equity interest in Samaiden Consultancy for a purchase consideration of RM2, to be satisfied by the issuance of 40 ordinary shares in SAGB at an issue price of RM0.05 per Share.

iii) Acquisition of 60% equity interest in SC Green for a purchase consideration of RM26,880, to be satisfied by the issuance of 537,600 ordinary shares in SAGB at an issue price of RM0.05 per Share.

The acquisitions of the above companies were completed on 19 August 2020 and consolidated using merger method of accounting.

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

2. GENERAL INFORMATION (CONT'D)

2.3 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire issued share capital of SAGB on the ACE market of Bursa Malaysia Securities Berhad ("the Listing Scheme"), SAGB will implement the following:-

(i) **Public Issue**

The Public Issue of 61,155,000 new Shares, representing approximately 29.1% of the enlarged share capital of SAGB at an issue price of RM0.48 per Share allocated in the following manner:-

- 10,500,000 Public Issue Shares will be made available for application by the Malaysian Public by way of balloting;
- 6,300,000 Public Issue Shares will be made available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
- 23,355,000 Public Issue Shares will be made available for application by way of private placement to selected investors; and
- 21,000,000 Public Issue Shares will be made available for application by way of placement to identified Bumiputera investors approved by MITI.

(ii) **Proposed Listing**

The admission of the listing of and quotation for the entire enlarged issued and paid-up share capital of SAGB of RM36,796,650 comprising 210,000,000 Shares on the ACE Market of Bursa Malaysia Securities Berhad will be sought.

2.4 SHARE CAPITAL

As at the date of this report, the share capital of SAGB is RM7,442,250 comprising 148,845,000 shares.

The details of the changes in the issued share capital of SAGB since its incorporation are as follows:-

Date of allotment	No of shares allotted	Cumulative no of shares allotted	Consideration	Cumulative issued share capital RM
18 October 2019	2,000	2,000	Cash	100
19 August 2020	148,305,360	148,307,360	Acquisition of Samaiden	7,415,368
19 August 2020	40	148,307,400	Acquisition of Samaiden Consultancy	7,415,370
19 August 2020	537,600	148,845,000	Acquisition of SC Green	7,442,250
Upon listing	61,155,000	210,000,000	Public issue	36,796,650

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. DIVIDENDS

No dividend has been declared by SAGB since the date of its incorporation.

Details of dividends paid by the subsidiary company during the financial years under review are as follows:

Company	Related to	Paid on	Type of dividend	Dividend rate (RM/Share)	Net amount (RM'000)
Samaiden	FYE 30 June 2017	15 May 2017	Interim single tier dividend	4.00	400
Samaiden	FYE 30 June 2018	22 January 2018	Interim single tier dividend	5.00	500
Samaiden	FYE 30 June 2018	29 November 2018	Final single tier dividend	1.60	1,200
Samaiden	FYE 30 June 2019	31 May 2019	Interim single tier dividend	5.33	4,000

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

For the purposes of inclusion of combined financial statements in the prospectus of SAGB in connection with the listing of and quotation for the entire share capital on the ACE Market of Bursa Malaysia Securities Berhad, the combined financial statements comprise the combined statements of financial position as at 30 June 2017, 2018, 2019 and 2020, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 30 June 2017, 2018, 2019 and 2020.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the financial statements for the relevant financial years as follows:

Company	Relevant financial years/periods	Accounting standards applied	Auditors
SAGB	FPE from 18 October 2019 (date of incorporation) to 30 June 2020	MFRS	Crowe Malaysia PLT
Samaiden	FYE 30 June 2017	MPERS	AKC & Co.
	FYE 30 June 2018	MPERS	AKC & Co.
	FYE 30 June 2019	MFRS	Crowe Malaysia PLT
	FYE 30 June 2020	MFRS	Crowe Malaysia PLT
Samaiden Consultancy	FPE from 7 March 2019 (date of incorporation) to 30 June 2019	MFRS	Crowe Malaysia PLT
	FYE 30 June 2020	MFRS	Crowe Malaysia PLT
SC Green	FPE from 19 June 2019 (date of incorporation) to 30 June 2019	MFRS	Crowe Malaysia PLT
	FYE 30 June 2020	MFRS	Crowe Malaysia PLT

The financial statements of Samaiden for FYE 30 June 2017 and 2018 have been re-audited by Crowe Malaysia PLT, prepared in accordance with MFRS and International Financial Reporting Standards for inclusion in these combined financial statements.

The audited financial statements of SAGB, Samaiden, Samaiden Consultancy and SC Green were not subject to any modified audit opinions.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023*
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023**
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

* The effective date has been deferred from annual reporting periods beginning on or after 1 January 2021 to 1 January 2023 pursuant to the amendments to MFRS 17 issued by the MASB, namely 'Amendments to MFRS 17 Insurance Contracts'.

** The effective date has been deferred from annual reporting periods beginning on or after 1 January 2022 to 1 January 2023 pursuant to the amendments to MFRS 101 issued by the MASB, namely 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date'.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the combined financial statements of the Group upon their initial application.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets, liabilities, within the next financial year other than as disclosed below:-

(a) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the historical credit losses experienced, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 8 to the combined financial statements.

(b) Revenue Recognition for EPCC Services

The Group recognises revenue from EPCC services by reference to the progress using the input method, determined based on the proportion of costs incurred for work performed todate over the estimated total costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 10 to the combined financial statements.

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities (2019 – current tax assets, 2018 – current tax assets and 2017 – current tax liabilities) as at the reporting date is RM2,000 (2019 – RM15,000, 2018 – RM19,000 and 2017 – RM16,000).

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgement Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the combined financial statements other than as disclosed below:-

(a) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting experts for matters in the ordinary course of business.

(b) Basis of Combination

The Group resulting from the restructuring exercise, as disclosed in Note 2.2 above, comprises entities under common control. Accordingly, the combined financial statements have been accounted for using principles of merger accounting.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup transactions, balances, income and expenses are eliminated on combination. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Combination (Cont'd)

(i) Business Combinations (Cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

However, an acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited combined financial statements of the Group.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the combined statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Combination (Cont'd)

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The combined financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into RM on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

Financial assets and financial liabilities are recognised in the combined statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the combined statements of financial position are disclosed in the individual policy statement associated with each item.

a. Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

a. Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

a. Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

b. Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

b. Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

c. Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

d. Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	2%
Office equipment, furniture and fittings	20%
Motor vehicles	20%
Project equipment	20%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leased Assets

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Company present the right-of-use asset in property, plant and equipment and associated lease liabilities as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful live of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leased Assets (Cont'd)

Accounting Policies Applied Until 30 June 2019

(i) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the combined statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(ii) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the combined statements of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(g) Contract Costs

(i) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Contract Costs (Cont'd)

(ii) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(h) Contract Asset And Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 – Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Cash And Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidental incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) Impairment of Non-financial Assets (Cont'd)

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(m) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contributions Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the combined financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(p) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the combined profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the combined profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(t) Revenue From Contracts With Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue From Contracts With Customers (Cont'd)

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

(i) EPCC Services

Revenue from EPCC services related to solar photovoltaic systems and power plants is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of costs incurred for work performed todate over the estimated total costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(ii) Other Services

Revenue from providing other services is recognised over time in the period in which the services are rendered.

(u) Revenue From Other Operating Income

Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Carrying Amount	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
At 1 July 2016	26	51	7	7	91
Additions (Note 27(a))	13	-	-	-	13
Depreciation Charges	(9)	(11)	(2)	(3)	(25)
At 30 June 2017	30	40	5	4	79

Carrying Amount	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
At 1 July 2017	30	40	5	4	79
Additions (Note 27(a))	35	56	*	-	91
Depreciation Charges	(13)	(12)	(1)	(3)	(29)
At 30 June 2018	52	84	4	1	141

Carrying Amount	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
At 1 July 2018	52	84	4	1	141
Additions (Note 27(a))	121	100	58	98	377
Disposal	-	(46)	-	-	(46)
Depreciation Charges	(33)	(36)	(8)	(17)	(94)
At 30 June 2019	140	102	54	82	378

Note :
(*) – Amount is less than RM500

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Carrying Amount	Building RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
Owned assets						
As previously reported	-	140	102	54	82	378
Initial application of MFRS 16	-	-	(85)	-	-	(85)
As restated	-	140	17	54	82	293
Additions (Note 27(a))	1,211	60	-	18	-	1,289
Depreciation Charges	(18)	(45)	(11)	(14)	(20)	(108)
	1,193	15	(11)	4	(20)	1,181
Right-of-use asset						
As previously reported	-	-	-	-	-	-
Initial application of MFRS 16	-	-	85	-	-	85
As restated	-	-	85	-	-	85
Depreciation Charges	-	-	(20)	-	-	(20)
	-	-	(20)	-	-	(20)
At 30 June 2020	1,193	155	71	58	62	1,539

	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
At 30 June 2017					
Cost	52	56	7	16	131
Accumulated Depreciation	(22)	(16)	(2)	(12)	(52)
Carrying Amount	30	40	5	4	79

	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
At 30 June 2018					
Cost	87	112	7	16	222
Accumulated Depreciation	(35)	(28)	(3)	(15)	(81)
Carrying Amount	52	84	4	1	141

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
At 30 June 2019					
Cost	208	156	65	98	527
Accumulated Depreciation	(68)	(54)	(11)	(16)	(149)
Carrying Amount	140	102	54	82	378

	Building RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Project Equipment RM'000	Renovation RM'000	Total RM'000
Owned assets						
At 30 June 2020						
Cost	1,211	268	56	83	98	1,716
Accumulated Depreciation	(18)	(113)	(50)	(25)	(36)	(242)
Carrying Amount	1,193	155	6	58	62	1,474
Right-of-use asset						
At 30 June 2020						
Cost	-	-	100	-	-	100
Accumulated Depreciation	-	-	(35)	-	-	(35)
	-	-	65	-	-	65
Carrying Amount	1,193	155	71	58	62	1,539

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) In the previous financial year, the following asset was acquired under hire purchase terms:-

	As at 30 June			
Carrying Amount	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Motor vehicle	-	-	85	65

This leased asset has been pledged as security for the related finance lease liability of the Group as disclosed in Note 17 to the combined financial statements.

(b) The building of the Group has been pledged to licensed bank as security for banking facilities granted to the Group as disclosed in Note 16 to the combined financial statements.

6. CONTRACT COSTS

	As at 30 June			
Carrying Amount	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Costs to fulfil contracts	-	2,298	331	-

The costs to fulfil contracts represent costs incurred to fulfil contracts in future. The costs are to be amortised, consistent with the pattern of recognition of the associated revenue.

7. INVENTORIES

	As at 30 June			
Carrying Amount	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Project materials	-	-	-	28

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

8. TRADE RECEIVABLES

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Trade receivables	323	10,453	5,546	8,130
Retention sum	107	-	-	190
Allowance for impairment losses	-	(187)	(314)	(366)
	430	10,266	5,232	7,954

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Allowance for impairment losses:-				
At 1 July	-	-	187	314
Addition during the financial year (Note 22)	-	187	127	73
Written off during the financial year	-	-	-	(21)
At 30 June	-	187	314	366

The Group's normal trade credit term is 30 days.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Other receivables	4	970	50	2
Deposits	14	194	134	96
Prepayments	5	435	99	132
	23	1,599	283	230

(a) Included in the other receivables as at 30 June 2017 were cash deposit of RM4,000 placed with a licensed bank for a banking facility granted to the Group as disclosed in Note 31 to the combined financial statements.

(b) Included in prepayments as at 30 June 2018 was advanced payment to suppliers amounted to RM363,000 of which the goods were received in the following financial year.

(c) Included in prepayments as at 30 June 2020 was advanced payment to suppliers amounted to RM112,000 of which the goods were received in the following financial year.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

10. CONTRACT ASSETS/(LIABILITIES)

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Contract Assets	-	122	154	673
Contract Liabilities	(141)	(18,732)	(4,265)	(4,312)

(a) The contract assets primarily relate to the Group's right to consideration for work completed on contracts but not yet billed as at the reporting date. This balance will be invoiced progressively upon the acceptance of completed works by customers.

(b) The contract liabilities primarily relates to advanced considerations received/receivable from few customers of which the revenue will be recognised over the remaining contract period.

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
At 1 July	78	(141)	(18,610)	(4,111)
Revenue recognised in profit or loss during the financial year	5,898	31,134	67,973	74,867
Billings to customers during the financial year	(6,117)	(49,603)	(53,474)	(74,395)
At 30 June	(141)	(18,610)	(4,111)	(3,639)

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Represented by:-				
Contract assets	-	122	154	673
Contract liabilities	(141)	(18,732)	(4,265)	(4,312)
At 30 June	(141)	(18,610)	(4,111)	(3,639)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

10. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of contracts is RM14,678,000 (2019 – RM26,189,000, 2018 – RM68,872,000 and 2017 – RM526,000). These remaining performance obligations are expected to be recognised as below:-

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Within 1 year	270	67,541	26,189	14,678
Between 1 and 5 years	256	1,331	-	-
At 30 June	526	68,872	26,189	14,678

11. AMOUNT OWING BY/(TO) DIRECTORS

The amount owing by/(to) directors represents unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

12. SHORT-TERM INVESTMENTS

	As at 30 June			
	2017		2018	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market fund, at fair value	-	-	1,018	1,018

	As at 30 June			
	2019		2020	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market fund, at fair value	4,172	4,172	14,498	14,498

The weighted average effective interest rates of money market funds at the end of the reporting period were 3.96% (2019 – 3.70%, 2018 – 3.60% and 2017 – Nil) per annum.

There is no maturity period for money market funds as these monies are callable on demand.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

13. FIXED DEPOSIT WITH A LICENSED BANK

(a) The fixed deposit with a licensed bank of the Group at the end of the reporting period bore effective interest rates of 3.70% (2019 – 4.25%, 2018 – Nil and 2017 – Nil) per annum. The fixed deposit has maturity periods of 15 (2019 – 15, 2018 – Nil and 2017 – Nil) months.

(b) The fixed deposit with a licensed bank of the Group at the end of the reporting period has been pledged to a licensed bank as security for banking facilities granted to the Group.

14. SHARE CAPITAL, INVESTED CAPITAL AND NON-CONTROLLING INTERESTS

(a) Share Capital

	As at 30 June			
	2017	2018	2019	2020
	NUMBER OF SHARES ('000)			
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 July/date of incorporation	-	-	-	2
At the end of the financial year	-	-	-	2

	As at 30 June			
	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 July/date of incorporation	-	-	-	*
At the end of the financial year	-	-	-	*

Note :
(*) – Denote RM100

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

14. SHARE CAPITAL, INVESTED CAPITAL AND NON-CONTROLLING INTERESTS (CONT'D)

(b) Invested Capital

	As at 30 June			
	2017	2018	2019	2020
	NUMBER OF SHARES ('000)			
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 July	100	100	750	1,000
Issuance of new shares for cash	-	650	250	30
At 30 June	100	750	1,000	1,030

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 July	100	100	750	1,000
Issuance of new shares for cash	-	650	250	30
At 30 June	100	750	1,000	1,030

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group, and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.

(ii) For the purpose of this report, the total number of ordinary shares as at 30 June 2017, 2018, 2019 and 2020 represent the aggregate number of issued and fully paid-up ordinary shares of all combining entities within the Group, net of ordinary shares held by non-controlling interests.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

14. SHARE CAPITAL, INVESTED CAPITAL AND NON-CONTORLLING INTERESTS (CONT'D)

(c) Non-controlling Interests

(i) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interests %	As at 30 June 2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
SC Green	40	-	-	(2)	(7)

(ii) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiary are not material to the Group.

15. HIRE PURCHASE PAYABLE

	As at 30 June 2017 RM'000	2018 RM'000	2019 RM'000
Minimum hire purchase payments:			
- not later than 1 year	-	-	20
- later than 1 year but not later than 5 years	-	-	64
	-	-	84
Less: Future finance charges	-	-	(8)
Present value of hire purchase payable	-	-	76
Analysed by:-			
Current liabilities	-	-	17
Non-current liabilities	-	-	59
	-	-	76

(a) For financial year ended 2020, the hire purchase payables have been presented as 'lease liabilities' as shown in Note 17 to the financial statement following the application of MFRS 16 by the Group using the modified retrospective approach.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

15. HIRE PURCHASE PAYABLE (CONT'D)

(b) The hire purchase payable is secured by the following:-

(i) the Group's motor vehicle under finance lease as disclosed in Note 5(a) to the combined financial statements; and

(ii) guaranteed by a director of the Group.

(c) The hire purchase payable of the Group bore effective interest rates of 4.59% per annum as at the end of the financial year 2019. The interest rate is fixed at the inception of the hire purchase arrangement.

16. TERM LOAN

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Current liabilities	-	-	1	37
Non-current liabilities	-	-	12	995
	-	-	13	1,032

(a) The term loan is secured by the following:-

(i) pledge of fixed deposit with a licensed bank as disclosed in Note 13 to the combined financial statements;

(ii) joint and several guarantee by certain directors of the Group; and

(iii) secured by a first party legal charge over the Group's building as disclosed in Note 5(b) to the combined financial statements.

(b) This floating-rate term loan bore effective interest rate of 3.18% (2019 – 6.81%, 2018 – Nil and 2017 – Nil) per annum.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

17. LEASE LIABILITY

	As at 30 June 2020 RM'000
At 1 July	
- As previously reported	-
- Initial application of MFRS 16	76
As restated	76
Interest expense recognised in profit or loss	2
Repayment of principal	(12)
Repayment of interest expense	(2)
	64

	FYE 30 June 2020 RM'000
Analysed by:	
Current liability	18
Non-current liability	46
	64

(a) The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

(b) Lease liability of the Group are secured by the Group's motor vehicle under the hire purchase arrangements as disclosed in Note 5(a) to the financial statements, with lease terms not more than 3 years and bear effective interest rates of 4.59%.

18. DEFERRED TAX LIABILITIES

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
At 1 July	7	6	13	13
Recognised in Profit or Loss (Note 24)	(1)	7	-	(13)
At 30 June	6	13	13	-

Deferred tax liabilities represent excess of net carrying amount over tax written down value of plant and equipment.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

19. TRADE PAYABLES

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Trade payables	261	2,608	2,148	9,964
Retention sum	-	159	942	1,235
	261	2,767	3,090	11,199

The normal trade credit terms granted to the Group range from 45 to 90 (2019 – 45 to 60, 2018 – 30 and 2017 – 30) days.

20. OTHER PAYABLES AND ACCRUALS

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Other payables	65	51	125	261
Goods and services tax payable	13	728	-	-
Sales and services tax payable	-	-	-	13
Accruals	8	17	686	42
Payroll liabilities	23	-	277	424
Deposits received	-	-	15	6
	109	796	1,103	746

21. REVENUE

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
<u>Revenue from Contracts with Customers recognised over time</u>				
EPCC services	5,746	30,052	67,616	74,648
Other services	784	1,270	685	1,522
	6,530	31,322	68,301	76,170

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

22. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Impairment losses during the financial year (Note 8)	-	187	127	73

23. PROFIT BEFORE TAXATION

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration				
- current financial year	3	10	45	52
- over provision in the previous financial year	-	-	-	(2)
Deposit forfeited	-	5	-	-
Depreciation of plant and equipment	25	29	94	128
Interest expense on:				
- hire purchase payable	-	-	3	-
- lease liability	-	-	-	2
- term loan	-	-	-	24
Loss on disposal of equipment	-	-	10	-
Loss on foreign exchange - realised	-	-	-	390
Lease expenses on:				
- short-term leases	-	-	-	55
- office	36	36	63	-
- hostels	-	4	21	-
- motor vehicle	-	*	-	-
- equipment	2	3	1	-
Listing expenses	-	-	90	1,373
Staff costs (including key management personnel as disclosed in Note 28(c)):				
- short-term employee benefits	387	597	1,259	1,545
- defined contribution benefits	47	67	136	171
Fair value gain on short-term investments	-	-	(73)	(73)
Interest income	-	(17)	(120)	(446)

Note :
(*) – Amount is less than RM500

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24. INCOME TAX EXPENSE

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Current tax expenses	89	42	37	51
Under provision in the previous financial year	*	14	-	11
	89	56	37	62
Deferred tax (Note 18):				
- Origination or reversal of temporary differences	(1)	6	-	-
- Under/(Over) provision in the previous financial year	*	1	-	(13)
	(1)	7	-	(13)
Total income tax expense	88	63	37	49

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group is as follows:-

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Profit before taxation	1,452	3,277	7,516	7,278
Tax at the statutory tax rate of 24%	348	786	1,804	1,747
Tax effects of:-				
Non-deductible expenses	12	90	313	318
Non-taxable income	-	(4)	(45)	(81)
Tax incentive	(242)	(811)	(2,021)	(1,945)
Effect of change in corporate income tax rate	(30)	(13)	(14)	(20)
Under provision of current tax expense in the previous financial year	*	14	-	11
Under/(Over) provision of deferred tax expense in the previous financial year	*	1	-	(13)
Deferred tax asset not recognised during the year	-	-	-	32
	88	63	37	49

Note :
(*) – Amount is less than RM500

Samaiden has been granted income tax exemption for Green Technology Services which was approved under the Income Tax (Exemption) (No.11) Order 2006 [P.U. (A) 112/2006], Income Tax Act 1967. Accordingly, the income generated from the related activity is exempted from tax for the years of assessment from 2017 to 2020.

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25. EARNINGS PER SHARE

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Profit attributable to owners of the Company	1,364	3,214	7,481	7,254
Number of ordinary shares ('000) #	148,845	148,845	148,845	148,845
Basic and diluted earnings per share (sen)	0.92	2.16	5.03	4.87

Note :
(#) – It is assumed to be the number of ordinary shares before public issue.

26. DIVIDENDS

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
In respect of the financial year ended 30 June 2017				
Interim single tier dividend of RM4.00 per ordinary share	400	-	-	-
In respect of the financial year ended 30 June 2018				
Interim single tier dividend of RM5.00 per ordinary share	-	500	-	-
Final single tier dividend of RM1.60 per ordinary share	-	-	1,200	-
In respect of the financial year ended 30 June 2019				
Interim single tier dividend of approximately RM5.33 per ordinary share	-	-	4,000	-
	400	500	5,200	-

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27. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Cost of property, plant and equipment purchased (Note 5)	13	91	377	1,289
Less: Amount financed through hire purchase (Note (b) below)	-	-	(90)	-
Cash disbursed for purchase of property, plant and equipment	13	91	287	1,289

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loan	Hire Purchase Payable	Lease Liabilities	Total
2020				
At 1 July	13	76	-	89
Effects on adoption of MFRS 16	-	(76)	76	-
At 1 July, as restated	13	-	76	89
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	1,031	-	-	1,031
Repayment of borrowing principal	(12)	-	(12)	(24)
Repayment of borrowing interests	(24)	-	(2)	(26)
	995	-	(14)	981
<u>Non-cash Changes</u>				
Finance charges recognized in profit or loss	24	-	2	26
At 30 June	1,032	-	64	1,096

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	Term Loan RM'000	Hire Purchase Payable RM'000	Total RM'000
2019			
At 1 July	-	-	-
Changes in Financing Cash Flows			
Proceeds from drawdown	15	-	15
Repayment of borrowing principal	(2)	(14)	(16)
Repayment of borrowing interests	-	(3)	(3)
	13	(17)	(4)
Non-cash Changes			
New hire purchase (Note (a) above)	-	90	90
Finance charges recognised in profit or loss	-	3	3
	-	93	93
At 30 June	13	76	89

(c) The cash and cash equivalents comprise the followings:-

	FYE 30 June 2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Fixed deposit with a licensed bank (Note 13)	-	-	400	421
Cash and bank balances	1,565	10,720	4,999	6,695
Money market funds, at fair value (Note 12)	-	1,018	4,172	14,498
	1,565	11,738	9,571	21,614
Less: Fixed deposit pledged to a licensed bank (Note 13)	-	-	(400)	(421)
	1,565	11,738	9,171	21,193

(d) The total cash outflows for leases as a lessee are as follows:-

	FYE 30 June 2020 RM'000
Payment of short-term leases	55
Interest paid on lease liabilities	2
Payment of lease liabilities	12
	69

The comparative information is not presented as the Group has applied MFRS 16 using the modified restrospective approach.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:-

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Director of the Group				
Lease expenses paid/payable	-	-	-	25
Family members of directors of the Group				
Accounting fee paid/payable	16	26	-	-
Upkeep of office paid/payable	30	30	30	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

(c) Key management personnel compensation

	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Directors of the Group				
Short-term employee benefits				
- fees	-	-	80	120
- salaries, bonuses and other benefits	-	155	426	604
Defined contribution benefits	-	13	51	72
	-	168	557	796
Other key management personnel				
Short-term employee benefits				
- salaries, bonuses and other benefits	270	283	207	385
Defined contribution benefits	32	34	24	45
	302	317	231	430

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29. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the provision of services related to renewable energy and environmental sectors in Malaysia.

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue			
	FYE 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Customer A	2,798	-	-	-
Customer B	2,150	-	-	-
Customer C	-	29,436	67,439	-
Customer D	-	-	-	67,409

30. CAPITAL COMMITMENTS

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Purchase of a property	-	1,064	1,064	-

31. CONTINGENT LIABILITIES (SECURED)

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Performance guarantee for a contract in favour of a customer	4	-	-	-
Tender guarantee for a contract in favour of prospective customers	-	-	10	100

(a) The guarantees were issued by licensed banks in the form of bank guarantee.

(b) The performance guarantee was secured by cash deposit as disclosed in Note 9 to the combined financial statements.

(c) The tender guarantee is secured in the same manner of term loan as disclosed in Note 16 to the combined financial statements.

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32. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach effective from 1 July 2019. As a result, the following information are disclosure required by MFRS 117 "Lease".

Leases as Lessee

The Group leased an office under non-cancellable operating lease. The lease period was 24 months with an option to renew after that date. Lease payments were increased every year to reflect market rental and none of the lease included contingent rentals.

The future minimum lease payments under the non-cancellable operating lease are as follows:-

	As at 30 June		
	2017 RM'000	2018 RM'000	2019 RM'000
Not more than 1 year	6	-	-

33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

33.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows (Cont'd):-

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group exposure to foreign currency risk that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

United States Dollar

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Financial Asset				
Other receivable	-	159	-	-

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against RM does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposit with a licensed bank and hire purchase payable are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 16 to the combined financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rate of floating rate term loan at the end of reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(iii) Price Risk

The Group's principal exposure to price risk arises mainly from changes in prices of money market fund.

Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of money market fund at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term investment and cash and bank balances), the Group minimises credit risk by monitoring receivables regularly and by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 customers (2019 – 2, 2018 – 1 and 2017 – 4) which constituted approximately 75% (2019 – 99%, 2018 – 97% and 2017 – 87%) of its trade receivables at the end of the reporting period.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit loss, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having significant balances, more than a year are deemed credit impaired.

The expected loss rates are based on the historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

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33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

For services rendered under contracts with customers, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

The information about the exposure to credit risk and the loss allowances for both trade receivables and contract assets are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
30.6.2017			
Current (not past due)	266	-	266
1 to 90 days past due	93	-	93
91 to 180 days past due	40	-	40
More than 180 days past due	31	-	31
	430	-	430
Credit impaired:			
- individually impaired	-	-	-
Trade receivables	430	-	430
Contract assets	-	-	-
	430	-	430

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contracts Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances for both trade receivables and contract assets are summarised below (Cont'd):-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
30.6.2018			
Current (not past due)	10,326	(60)	10,266
1 to 90 days past due	-	-	-
91 to 180 days past due	-	-	-
More than 180 days past due	127	(127)	-
	10,453	(187)	10,266
Credit impaired:			
- individually impaired	-	-	-
Trade receivables	10,453	(187)	10,266
Contract assets	122	-	122
	10,575	(187)	10,388

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
30.6.2019			
Current (not past due)	1,117	(3)	1,114
1 to 90 days past due	2,592	(33)	2,559
91 to 180 days past due	20	(2)	18
More than 180 days past due	1,690	(149)	1,541
	5,419	(187)	5,232
Credit impaired:			
- individually impaired	127	(127)	-
Trade receivables	5,546	(314)	5,232
Contract assets	154	-	154
	5,700	(314)	5,386

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contracts Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances for both trade receivables and contract assets are summarised below (Cont'd):-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
30.6.2020			
Current (not past due)	5,413	(19)	5,394
1 to 90 days past due	2,728	(168)	2,560
91 to 180 days past due	-	-	-
More than 180 days past due	-	-	-
	8,141	(187)	7,954
Credit impaired:			
- individually impaired	179	(179)	-
Trade receivables	8,320	(366)	7,954
Contract assets	673	-	673
	8,993	(366)	8,627

The movements in the loss allowances in respect of trade receivables are disclosed in Note 8 to the combined financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposit with A Licensed Bank, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
30.6.2017						
Non-derivative Financial Liabilities						
Trade payables	-	261	261	261	-	-
Other payables and accruals	-	96	96	96	-	-
Amount owing to directors	-	53	53	53	-	-
		410	410	410	-	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
30.6.2018						
Non-derivative Financial Liabilities						
Trade payables	-	2,767	2,767	2,767	-	-
Other payables and accruals	-	68	68	68	-	-
		2,835	2,835	2,835	-	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
30.6.2019						
Non-derivative Financial Liabilities						
Hire purchase payable	4.59	76	84	20	64	-
Term loan	6.81	13	20	2	8	10
Trade payables	-	3,090	3,090	3,090	-	-
Other payables and accruals	-	1,088	1,088	1,088	-	-
		4,267	4,282	4,200	72	10

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
30.6.2020						
Non-derivative Financial Liabilities						
Lease liability	4.59	64	68	20	48	-
Term loan	3.18	1,032	1,638	85	339	1,214
Trade payables	-	11,199	11,199	11,199	-	-
Other payables and accruals	-	727	727	727	-	-
		13,022	13,632	12,031	387	1,214

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. As the Group has insignificant borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Financial assets				
Fair Value Through Profit or Loss				
Short-term investments	-	1,018	4,172	14,498
Amortised Cost				
Trade receivables	430	10,266	5,232	7,954
Other receivables	4	970	50	2
Cash and bank balances	1,565	10,720	4,999	6,695
Fixed deposit with a licensed bank	-	-	400	421
Amount owing by a director	-	1,000	-	-
	1,999	22,956	10,681	15,072
Financial liabilities				
Amortised Cost				
Hire purchase payable	-	-	76	-
Lease liability	-	-	-	64
Term loan	-	-	13	1,032
Trade payables	261	2,767	3,090	11,199
Other payables and accruals	96	68	1,088	727
Amount owing to directors	53	-	-	-
	410	2,835	4,267	13,022

SAMAIDEN GROUP BERHAD
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 GAIN OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	As at 30 June			
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Financial assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	-	17	187	327
Amortised Cost				
Net (losses)/gains recognised in profit or loss	-	(187)	(121)	119
Financial liabilities				
Amortised Cost				
Net losses recognised in profit or loss	*	-	(3)	(416)

Note :
(*) – Amount is less than RM500

33.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group that are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following tables sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
30.6.2018								
Financial Asset								
Short-term investments:								
- money market fund	-	1,018	-	-	-	-	1,018	1,018
30.6.2019								
Financial Asset								
Short-term investments:								
- money market fund	-	4,172	-	-	-	-	4,172	4,172
Financial Liabilities								
Hire purchase payable	-	-	-	-	76	-	76	76
Term loan - floating rate	-	-	-	-	13	-	13	13

SAMAIDEN GROUP BERHAD
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following tables sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
30.6.2020								
Financial Asset								
Short-term investments:								
- money market fund	-	14,498	-	-	-	-	14,498	14,498
Financial Liability								
Term loan - floating rate	-	-	-	-	1,032	-	1,032	1,032

SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The above fair values have been determined using the following basis:-

(aa) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of the Group's term loan that carries floating interest rates approximated its carrying amount as it is repriced to market interest rate on or near the reporting date.

(ii) The fair value of hire purchase payable that carries fixed interest rates is determined by discounting the relevant future contractual cash flows using current market interest rate for similar instrument at the end of the reporting period. The interest rate used to discount the estimated cash flows is as follows:-

	As at 30 June		
	2017	2018	2019
	%	%	%
Hire purchase payable	-	-	4.59

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SAMAIDEN GROUP BERHAD
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economics environments of the Group. In an effort to contain the COVID-19 outbreak, the Government of Malaysia announced the imposition of a movement control order ("MCO") as a mean to curb the spread of COVID-19. The MCO was in force from 18 March 2020 until 3 May 2020. The MCO was then lifted and a conditional MCO ("CMCO") was imposed from 4 May 2020 to 9 June 2020 instead. Under the CMCO, certain restriction previously gazetted under the MCO were gradually eased and almost all economics sectors were allowed to reopen. The CMCO was then uplifted and a recovery MCO ("RMCO") was imposed from 10 June 2020 to 31 August 2020 instead. The RMCO period was extended to 31 December 2020 following announcement by Prime Minister on 28 August 2020. Under the RMCO, further restrictions previously gazetted under the CMCO were gradually eased.

The Group submitted formal request for extension of time to certain customers and subsequently been granted extension of time for completion. Furthermore, the Group fixed operating expenses such as salaries and rental expenses has not posted significant constraints on the Group's cash flow and financial position as the monthly cash outflow from operating expenses is only minimal. Thus, the Group consider that the immediate impact of the COVID-19 outbreak on its's business was relatively minimal as at 30 June 2020.

However, the Group will continue to monitor the situation to assess and address the impact of COVID-19 and the RMCO on its business and financial position.

35. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as disclosed in Note 2.2 to the combined financial statements.

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SAMAIDEN GROUP BERHAD
Registration No: 201901037874 (1347204-V)

STATEMENT BY DIRECTORS

We, Fong Yeng Foon and Chow Pui Hee, being two of the directors of Samaiden Group Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 5 to 70 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 30 June 2017, 2018, 2019 and 2020 and of their financial performance, and their cash flows for each of the financial years then ended.

Signed in accordance with a resolution of the directors dated 01 SEP 2020

On behalf of the Board of Directors,

Fong Yeng Foon **Chow Pui Hee**

13. ADDITIONAL INFORMATION

13.1 EXTRACT OF OUR CONSTITUTION

The following provisions are reproduced from our Company's Constitution which complies with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined here or the context otherwise requires:

13.1.1 Remuneration, voting and borrowing powers of Directors

(a) <u>Directors' remuneration</u>

Clause 84

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.

Clause 89

An Alternate Director:

(1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and

(2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf of the Appointer from the Company.

Clause 90(2)

The Board may fix, determine and vary the powers, duties and remuneration of any person appointed as an associate director.

Clause 93

(1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual Shareholders' approval at a General Meeting.

(3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) The following expenses shall be determined by the Directors:

(a) traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

(b) Voting and borrowing powers of Directors

Clause 87

An Alternate Director is entitled to receive notice of Board Meetings and, if the Appointer is not present at such a meeting, is entitled to attend and vote in his stead.

Clause 90(3)

A person appointed as an associate director does not have any right to attend or vote at any Board Meetings except by the invitation and with the consent of the Board.

Clause 95

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

(1) borrow money;

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

(3) issue debentures and other Securities whether outright or as security; and/or

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Clause 105(a)

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

Clause 107

(1) The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document.

(2) Any such resolution may consist of several documents in like form, each signed by one (1) or more of the Directors, and shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting.

Clause 118

(1) Subject to the Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 119

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

13.1.2 Changes to share capital

Clause 46

(1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

(2) The Company may from time to time by special resolution and subject to other applicable requirements:

(a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or

(b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.

(3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

13.1.3 Transfer of securities

Clause 13

Clauses 14 and 15 shall apply to Deposited Securities.

Clause 14

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 15

Where:

(a) the Securities of the Company are listed on another stock exchange; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

Clause 17

(1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

Clause 18

(1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:

  (a) the instrument of transfer duly executed and stamped;

  (b) the certificate of the shares or debentures which the instrument of transfer relates; and

  (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.

(2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as the case may be).

Clause 19

(1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:

(a) the shares are not fully paid shares;

(b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;

(c) the Company has a lien on the shares; and/or

(d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.

(2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

Clause 20

On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year.

13.1.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause 7(2)

A holder of ordinary share(s) shall have the following voting rights:

(a) right to vote on a show of hands of one (1) vote on any resolution of the Company; and

(b) right to vote on a poll of one (1) vote for every share held on any resolution of the Company.

Clause 8(1)

If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed at a separate meeting of the holders of that class of shares sanctioning the variation.

Clause 8(3)

The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:

(a) the terms of the issue of the existing preference shares; or

(b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

Clause 44

(1) The stockholders shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose.

(2) However, no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such part of stock which would not, if existing in shares have conferred that privilege or advantage.

Clause 137

(1) A dividend may be declared by:

   (a) the Directors; or

   (b) the Members on the recommendation of the Board of Directors as it thinks appropriate.

(2) The payment of a dividend is to those holders of such class of shares as the Directors have determined in accordance with and subject to any conditions upon which the shares have been issued.

(3) A dividend shall not exceed the amount recommended by the Directors.

Clause 150

(1) If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

   (a) divide amongst the Members in kind the whole or any part of the property, if any, of the Company, whether they consist of property of the same kind or not;

   (b) set a value as the liquidator considers fair upon the property, if any referred to in Clause 150(1)(a);

   (c) determine how the division of property, if any is to be carried out as between the Members or different classes of Members; and

   (d) vest the whole or any part of the property, if any, of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit.

(2) No Member is compelled to accept any shares or other Securities on which there is any liability.

13.2 SHARE CAPITAL

(i) As at the date of this Prospectus, we only have one class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(ii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.

(iii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation.

(iv) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation.

(v) Save as disclosed in Sections 4.1.1, 6.1.3, 6.2.1, 6.2.2 and 6.2.3 of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.

(vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

13.4 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Group's shares; and

(ii) public take-over offers by our Group in respect of other companies' shares.

13.5 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the Financial Years Under Review up to the date of this Prospectus:

(i) Sale and purchase agreement entered into on 11 December 2017 between Greenland Venture Sdn Bhd and Samaiden for the acquisition of an office lot at C-15-02, Sunway Office Nexis Suite, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor for cash consideration of RM1,181,700. This transaction was completed on 19 September 2019;

(ii) Share Sale and Purchase Agreement dated 29 November 2019 between Samaiden Vendors (as vendors) and our Company (as purchaser) in relation to the Acquisition of Samaiden. This transaction was completed on 19 August 2020. Please refer to Section 4.1.1(a)(ii) of this Prospectus for further details;

(iii) Share Sale and Purchase Agreement dated 29 November 2019 between Samaiden Consultancy Vendors (as vendors) and our Company (as purchaser) in relation to the Acquisition of Samaiden Consultancy. This transaction was completed on 19 August 2020. Please refer to Section 4.1.1(a)(iii) of this Prospectus for further details;

(iv) Share Sale and Purchase Agreement dated 29 November 2019 between Ir. Chow Pui Hee (as vendor) and our Company (as purchaser) in relation to the Acquisition of SC Green. This transaction was completed on 19 August 2020. Please refer to Section 4.1.1(a)(iv) of this Prospectus for further details; and

(v) Underwriting Agreement.

13.6 CONSENTS

(i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, Solicitors for the Listing, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn;

(ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn; and

(iii) The written consent of the IMR for the inclusion in this Prospectus of its name and Industry Overview in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

13.7 RESPONSIBILITY STATEMENTS

(i) AIBB 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 relating to the IPO.

(ii) This Prospectus has been seen and approved by our Directors and Promoters, and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

13.8 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur during office hours for a period of six months from the date of this Prospectus:

(i) Our Constitution;

(ii) The Industry Overview referred to in Section 7 of this Prospectus;

(iii) The Reporting Accountants' Report relating to the Pro Forma Consolidated Statements of Financial Position of our Group as at 30 June 2020 referred to in Section 11.9 of this Prospectus;

(iv) The Accountants' Report as included in Section 12 of this Prospectus;

(v) The material contracts referred to in Section 13.5 of this Prospectus;

(vi) The letters of consent referred to in Section 13.6 of this Prospectus; and

(vii) The audited financial statements of:

 (a) SAGB for the period from its date of incorporation up to 30 June 2020;

 (b) Samaiden for the FYE 2019 and FYE 2020;

 (c) Samaiden Consultancy for the period from its date of incorporation up to 30 June 2019 and the FYE 2020; and

 (d) SC Green for the period from its date of incorporation up to 30 June 2020.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 28 September 2020

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 5 October 2020

Applications for the Issue Shares will open and close at the dates stated above.

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

Late Applications will not be accepted.

14.2 METHODS OF APPLICATIONS

14.2.1 Application for our Issue Shares by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group

Types of Application and category of investors	Application method
Applications by eligible Directors and employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

14.2.2 Application by selected investors via placement

Types of Application	Application method
Applications by: Selected investors and Bumiputera investors approved by the MITI	The Placement Agent will contact the selected investors and Bumiputera investors approved by the MITI directly. They should follow the Placement Agent's instructions.

14.3 ELIGIBILITY

14.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

14.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

14.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, the Issuing House, AIBB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.48 for each Issue Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO.694** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

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

(ii) **DELIVER BY HAND AND DEPOSIT** in the Drop-in Boxes provided at their Customer Service Centre:
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 5 October 2020 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only). A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

14.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

14.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at https://tiih.online within one business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of the Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

14.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

14.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

14.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

14.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our Issue Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our Issue Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Issue Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

14.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **one Market Day** after the balloting date.

You may also check the status of your application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs accompanying the electronic copy of this Prospectus on the website of Bursa Securities.