11.3.10 Significant factors materially affecting our operations and financial results

Our business operations and financial conditions have been and will continue to be affected by internal and external factors including, but not limited to, the following:

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

Our Group are involved in RE principally in the provision of solar PV construction related services, as well as the solar power generation and supply. Therefore, our operations and financial results are driven by the performance of the RE sector specifically the solar PV industry. The performance of the solar PV industry in Malaysia is driven by Government initiatives and policies such as the introduction of various solar PV programmes, tax incentives, rural electrification programmes and policies to increase the use of RE *(Source: Industry Overview)*. Please refer to Section 7 of this Prospectus for further details on the Government initiatives and policies.

In 2020, being the latest available statistics, Peninsular Malaysia's electricity reserve margin was 32.0%, higher than the optimum level of 30.0%. In 2018, the Government terminated 4 newly awarded independent power producer contracts with a combined total capacity of 2,800 MW given the high reserve margin. A high reserve margin may also mean that there may not be an urgency to develop additional power generating facilities due to excess capacity. *(Source: Industry Overview)*

Notwithstanding the above, in September 2021, the 12th Malaysia Plan was introduced and some of the plan for the RE industry including the solar PV industry is as follow:

- the renewable resources industry will be encouraged to venture into floating solar and waste-to-energy projects to meet the 31% renewable target of total installed capacity through the existing financing options including solar leasing programmes and PPA;

- the rural electrification programme which involves grid connection, small hydro, solar hybrid and solar PV facilities will be continued to provide electricity to additional 28,000 houses towards achieving 99% target of coverage in the rural area;

- a new mechanism for green energy will be explored to encourage consumers to buy energy directly from renewable energy generators to meet their environmental, social and governance (ESG) commitment;

- the implementation of existing mechanisms which provide consumers with the option to purchase renewable energy without having to install their solar PV facilities or other renewable energy installations will also be further promoted; and

- the implementation of the Green City Action Plan in Sabah and Sarawak to build or install more renewable energy equipment such as solar PV equipment, energy efficient street lighting, low carbon buildings and integrated solid waste management.

(Source: Industry Overview)

According to the Industry Overview, the Ministry of Energy and Natural Resources is committed to the use of renewable resources for power generation with a target of 31% of the total installed capacity in Malaysia coming from renewable resources in 2025 and 40% in 2035 under Malaysia's Energy Transition Plan. As such, our Group remain positive on the RE sector's long term prospects in Malaysia.

Moving forward, we will continue to expand our solar PV business as well as solar power generation and supply to enlarge our recurrent revenue stream. Meanwhile, we also plan to leverage our experience and track record in the RE sector, specifically in the EPCC and subcontracted works for solar PV facilities, to expand into the EPCC of biogas plants to grow our business. 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 Sections 6.10 and 7 of this Prospectus for further details on our business strategies and the industry analysis on the solar PV industry in Malaysia, respectively.

(ii) Continuity of our order book

As the nature of our business is mainly project based where our revenue is derived from the execution and completion of EPCC, and the construction and installation of solar PV facilities, our projects are short to medium term where the typical contract period are as follows:

(i) EPCC of rooftop solar PV facilities – within 12 months;

(ii) EPCC of LSS PV plant projects – up to 18 months; and

(iii) Subcontracting construction and installation services – within 7 months.

In this respect, our financial performance is dependent on our ability to continually secure new projects as well as to complete the projects promptly. Solar PV projects are typically awarded based on competitive bidding or request for proposals. As such, we have to submit bids and proposals to compete against other service providers to continually secure new projects. There is a risk that we may not be able to secure sufficient new and sizeable projects to sustain our business which would materially affect our future financial performance.

Please refer to Section 11.3.13 of this Prospectus for further details on our order book.

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(iii) Competition

According to the Industry Overview, there were 142 CIDB registered contractors for solar PV facilities with a capacity exceeding 72 kW and 209 SEDA registered solar PV service providers as at 1 September 2022. Our Group has to compete with both local and foreign contractors in terms of pricing, financing 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 are set out as follows:

(i) We have the experience and a proven track record in carrying out EPCC of solar PV facilities and subcontracting works for LSS PV plants to serve as a platform for business growth;

(ii) We have an experienced technical and management team;

(iii) We have a proven track record in completing projects for our EPCC and subcontracted works for solar PV facilities;

(iv) Our business model in the EPCC and subcontracted works for solar PV facilities is supplemented by the supply of solar power generated from the assets that we owned to provide us with recurrent revenue; and

(v) We work with solar PV investors who will fund the installation of solar PV facility and facilitate growth of our EPCC of solar PV facility business.

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 7 and 8 of this Prospectus for further details on the industry analysis on the solar PV industry in Malaysia and the risk factors, respectively.

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

Due to the nature of our projects, 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 building, 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 compete and deliver our projects in accordance with the project milestones stated in the contracts and within our project budget. While we are experienced in estimating costs for the submission of tenders or proposals, there is no assurance that we may not face any unanticipated cost increases which may adversely affect our financial performance.

Please refer to Sections 6.3.11 and 8 of this Prospectus for further details on the impact of COVID-19 on our business and operations, and risk factors, respectively.

(v) Potential defect liability claims and warranties

Being a provider of EPCC services, 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.

For our EPCC of solar PV facilities, we provide warranties for solar PV modules, inverters and facility defects. We have back-to-back arrangements with equipment manufacturers to replace faulty equipment at no cost to us but we are required to bear the costs of physically replacing the affected equipment.

For solar power generation and supply, we provide limited system warranty and performance ratio guarantee in the form of minimum performance ratio that can be achieved as stipulated in the contract. If we are unable to promptly rectify the problems that cause our solar PV facility to generate solar power below the stipulated performance ratio, our customers may make material claims that may adversely affect our financial performance.

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 6.3.2.1 (i) and 8 of this Prospectus for further details on the warranties and the risk factor in relation to the risk of claims against facility and equipment defect, and systems warranty and performance ratio guarantee.

(vi) Impact of outbreaks of diseases such as the COVID-19 pandemic

Between March 2020 and up to the LPD, there were several MCO measures implemented including full and partial lockdown containment measures and restrictions imposed.

Generally, our business was impacted due to containment measures during the MCO period between 18 March 2020 and 4 May 2020 as well as various phases of the NRP which commenced on 1 June 2021, where our project worksite operations were suspended or were operating at below full capacity. The interruptions in business operations had an impact on our project execution and implementation as well as our billing schedules for our EPCC and subcontracting solar PV projects.

The outbreak of COVID-19 or any epidemics or pandemics may potentially affect our business operations and financial performance. Please refer to Section 8.1.7 of this Prospectus for further details on the risk pertaining to the COVID-19 pandemic.

(vii) Impact of foreign exchange

For the Financial Year 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 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 the FYE 2022 and FYE 2021, the purchases of materials namely solar PV modules were mainly sourced from overseas and transacted in USD, while during the FYE 2019 and FYE 2020, the purchases of solar PV modules were sourced from both overseas and locally.

For the FYE 2019, our financial performance was not materially affected by the impact of fluctuation in foreign exchange on our purchases. Nevertheless, for the FYE 2020, FYE 2021 and FYE 2022, we incurred losses on foreign exchange of RM0.16 million, RM0.17 million and RM0.21 million, respectively. 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.

(viii) Impact on interest rate fluctuations

Bank borrowings are important sources of funding for our operations. As at 31 March 2022, our Group's total borrowings of RM52.87 million consist of term loans, lease liabilities, bank overdraft, bankers' acceptances and ICPS. Save for the lease liabilities and ICPS which are charged on a fixed rate, the interest rates for our term loans and bankers' acceptances are mainly based on the prevailing bank's base lending/financing rate plus or minus a margin agreed with our banking institutions when the respective loans and borrowings were granted.

In this respect, an increase in interest rates may impact our financial performance including profitability and margins. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings.

The sensitivity analysis for interest rate risk is set out in the Accountants' Report under Section 12 of this Prospectus.

(ix) Impact of Government/economic/fiscal/monetary policies

Our business is subject to the risks relating to government, economic, fiscal or monetary policies. Any unfavourable changes in the government policies, economic conditions or fiscal or monetary policies may materially affect our operations in Malaysia. For further details, please refer to Risk Factors in Section 8.2.5 of this Prospectus.

(x) Impact of inflation

Our financial performances for the Financial Years Under Review were not materially affected by the impact of inflation. However, there can be no assurance that future inflation would not have an impact on our business and financial performance.

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11.3.11 Liquidity and capital resources

(i) Working capital

Our operations are funded through cash generated from our operating activities, credit extended by our suppliers, credit facilities granted by financial institution as well as our existing cash and bank balances as well as fund raise from issuance of new shares.

As at the LPD, our Group has a combined limit for trade facilities of RM123.55 million, of which RM28.06 million was unutilised. In addition, our cash and bank balances as at the LPD is RM43.13 million.

Based on the above and after taking into consideration of 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.

(ii) Cash flow

The following is our cash flow for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 based on our combined financial statements. This should be read in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

	Audited			
	FYE 2019 RM'000	**FYE 2020 RM'000**	**FYE 2021 RM'000**	**FYE 2022 RM'000**
Net cash (used in)/from operating activities	(616)	351	(1,202)	(27,710)
Net cash (used in)/from investing activities	(278)	(510)	(250)	(14,955)
Net cash (used in)/from financing activities	(1,005)	756	15,734	29,326
Net (decrease)/increase in cash and cash equivalents	**(1,899)**	**597**	**14,282**	**(13,339)**
Cash and cash equivalents at the beginning of the financial year	2,237	333	948	15,230
Effects of exchange rate changes on cash and cash equivalents	(5)	18	-	-
Cash and cash equivalents at the end of the financial year[(1)]	**333**	**948**	**15,230**	**1,891**

Note:

(1) Components of cash and cash equivalents are set out below:

	Audited As at 31 March			
	2019 RM'000	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**
Cash and bank balances	1,103	1,730	8,220	4,326
Short-term deposits with licensed bank	180	289	8,653	15,781
	1,283	**2,019**	**16,873**	**20,107**
Less: Pledged deposits	(180)	(289)	(1,136)	(15,687)
Less: Bank overdraft	(770)	(782)	(507)	(2,529)
	333	**948**	**15,230**	**1,891**

There is no legal, financial or economic restriction on our subsidiaries' ability to transfer/received funds to/from our Company in the form of cash dividends, loans or advances, subject to the availability of distribute reserves, loans or advances in compliance with any applicable financial covenant.

FYE 2019

Net cash from operating activities

For the FYE 2019, our operating loss before working capital changes were RM0.39 million. After adjusting for the following key items, our net cash used in operating activities was RM0.62 million:

(i) decrease in trade and other payables of RM1.34 million mainly due to settlement of other payables due to reversal of deposits from customer of RM0.90 million;

(ii) decrease in contract assets of RM0.49 million following milestone billing to customers for the installation of solar PV systems;

(iii) increase in contract liabilities of RM0.46 million due to receipt of deposits and down payments from customers, which are pending signing of contracts;

(iv) decrease in trade and other receivables of RM0.36 million due to collection of outstanding trade debts;

(v) decrease in inventories of RM0.09 million mainly due to delivery of materials to project site towards the year end;

(vi) payment on income tax of RM0.21 million; and

(vii) payment of finance cost of RM0.07 million.

Net cash used in investing activities

For the FYE 2019, our Group recorded net cash used in investing activities of RM0.28 million mainly due to the followings:

(i) increase in renovation works for our storage facility in Shah Alam of RM0.21 million, purchases of furniture and fittings for our storage facility in Shah Alam of RM0.07 million and purchase of equipment (i.e. pile driver) for project use of RM0.12 million; and

(ii) proceeds received from disposal of other investments in other companies amounting to RM0.16 million.

Net cash used in financing activities

For the FYE 2019, our Group recorded net cash used in financing activities of RM1.01 million mainly due to the dividend payment of RM1.20 million to the shareholders of our Company, interest paid of RM0.21 million and offset by the net drawdown of borrowings of RM0.40 million.

FYE 2020

Net cash from operating activities

For the FYE 2020, our operating profit before working capital changes were RM3.82 million. After adjusting for the following key items, our net cash from operating activities was RM0.35 million:

(i) increase in trade and other receivables of RM8.83 million due to increase in trade receivable of RM8.15 million which was in line with the higher progress billings as a result of more projects executed during the FYE 2020;

(ii) increase in trade and other payables of RM5.36 million mainly due to increase in trade payables of RM4.64 million in line with higher purchase of materials and services. Other payables also increased by RM1.03 million mainly due to advances from directors for the purchase of solar panels of RM0.50 million;

(iii) increase in contract liabilities of RM4.29 million mainly due to advances from customer as at the financial year end;

(iv) increase in contract assets of RM3.47 million mainly due to work completed but pending certification for billings;

(v) increase in inventories of RM0.61 million mainly due to the implementation of MCO and temporary suspension of work at project site;

(vi) payment on income tax of RM0.13 million; and

(vii) payment of finance cost of RM0.08 million.

Net cash used in investing activities

For the FYE 2020, our Group recorded net cash used in investing activities of RM0.51 million mainly due to the followings:

(i) increase in capitalisation of solar assets for income generation of RM0.11 million, purchases of furniture and fittings and equipment for our storage facility in Shah Alam of RM0.07 million, purchase of equipment for project use of RM0.10 million as well as purchase of vehicles for site purposes of RM0.26 million; and

(ii) sales proceeds received from the disposal of other investments in other companies amounting to RM0.13 million.

Net cash used in financing activities

For the FYE 2020, our Group recorded net cash from financing activities of RM0.76 million mainly due to the followings:

(i) net drawdown of borrowings of RM0.55 million and interest paid of RM0.15 million; and

(ii) proceeds received from the issuance of ordinary shares to Stellar One of RM1.50 million.

FYE 2021

Net cash from operating activities

For the FYE 2021, our operating profit before working capital changes were RM9.45 million. After adjusting for the following key items, our net cash used in operating activities was RM1.20 million:

(i) decrease in contract liabilities of RM4.20 million mainly due to work completed and have been recognised as revenue;

(ii) increase in trade and other receivables of RM3.66 million due to increase in trade receivable which was in line with the higher progress billing as a result of more projects executed during FYE 2021;

(iii) decrease in trade and other payables of RM1.30 million mainly due to settlement of other payables comprising settlement of advances from directors of RM0.50 million and reversal of advance payment from customer of RM0.30 million;

(iv) increase in contract assets of RM0.76 million mainly due to services performed but pending billing to customers;

(v) decrease in inventories of RM0.15 million mainly due to delivery of materials to project site towards the year end;

(vi) payment of income tax of RM0.84 million; and

(vii) payment of finance cost of RM0.06 million.

Net cash used in investing activities

For the FYE 2021, our Group recorded net cash used in investing activities of RM0.25 million mainly due to the followings:

(i) net of cash acquired from the acquisition of subsidiaries namely Suntech Energy and Vafe System amounting to RM1.47 million as contained in Note 27 of the Accountants' Report as set out in Section 12 of this Prospectus;

(ii) increase in capitalisation of solar assets for income generation amounting to RM0.87 million; and

(iii) increase in pledged deposit of RM0.85 million for finance facilities granted to our Group.

Net cash from financing activities

For the FYE 2021, our Group recorded net cash from financing activities of RM15.73 million mainly due to the followings:

(i) proceeds received from the issuance of RCPS to Basil Power of RM16.00 million; and

(ii) dividend payment of RM1.00 million to our shareholders which was declared in FYE 2020.

FYE 2022

Net cash used in operating activities

For the FYE 2022, our operating profit before working capital changes was RM15.15 million. After adjusting for the following key items, our net cash used in operating activities was RM27.71 million, which were mainly due to the following:

(i) increase in inventories of RM1.95 million mainly due to purchase of solar panels towards the end of the financial year;

(ii) increase in trade and other receivables of RM13.06 million due to increase in prepayment made to suppliers and subcontractor;

(iii) increase in trade and other payables of RM2.55 million mainly due to additional purchases and services towards the end of the financial year;

(iv) increase in contract liabilities of RM18.71 million mainly due to advance payment received from customers;

(v) increase in contract assets of RM41.59 million mainly due to services performed but pending billing to customers as the services have yet to achieve the billing milestones based on the contracts and/or pending certification by the customers;

(vi) payment of income tax of RM2.51 million; and

(vii) increase in finance cost of RM2.54 million due to additional term loans for the financing of our solar assets and acquisition of Suntech Energy.

Net cash used in investing activities

For the FYE 2022, our Group recorded net cash used in investing activities of RM14.96 million mainly due to increase in pledged deposits for the drawdown of trade facilities granted to our Group.

Net cash from financing activities

For the FYE 2022, our Group recorded net cash from financing activities of RM29.33 million mainly due to the following:

(i) proceeds raised from the allotment and issuance of ordinary shares in Fabulous Sunview of RM22.00 million arising from the Pre-IPO Fund Raising;

(ii) payments of borrowings amounting to RM1.56 million; and

(iii) the drawdown of additional term loans of RM12.00 million.

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11. FINANCIAL INFORMATION (CONT'D)

(iii) Borrowings

For the Financial Years Under Review, our borrowings are all interest-bearing as set out below:

		As at 31 March 2019			As at 31 March 2020			As at 31 March 2021			As at 31 March 2022		
	Notes	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loans	(1)	309	1,923	2,232	259	1,662	1,921	2,332	23,231	25,563	2,812	38,753	41,565
Lease liabilities	(2)	66	101	167	105	131	236	166	3,345	3,511	610	3,979	4,589
RCPS	(3)	-	-	-	-	-	-	-	16,311	16,311	-	-	-
Bank overdrafts	(4)	770	-	770	782	-	782	507	-	507	2,529	-	2,529
Bankers' acceptance	(5)	779	-	779	541	-	541	944	-	944	467	-	467
ICPS	(6)	-	-	-	-	-	-	-	-	-	3,719	-	3,719
Total		**1,924**	**2,024**	**3,948**	**1,687**	**1,793**	**3,480**	**3,949**	**42,887**	**46,836**	**10,137**	**42,732**	**52,869**

Notes:

(1) Term loans were used for the installation works for NEM projects, purchase of property, redemption of our existing term financing facilities and working capital.

(2) Lease liabilities were mainly used for hire purchase and arising from rights-of-use of assets.

(3) RCPS, which were subsequently redeemed via the issuance of ICPS to Basil Power subsequent to the FYE 2021. Please refer to Section 4.1.1 of this Prospectus for further details of the RCPS Redemption and issuance of ICPS.

(4) Bank overdrafts were used for working capital purposes.

(5) Bankers' acceptance was utilised to finance bank guarantee for our business operations.

(6) ICPS were mainly used to finance the working capital of our Company. The ICPS were subsequently converted to Fabulous Sunview Shares after FYE 2022. Please refer to Section 4.1.2 of this Prospectus for further details of the ICPS Conversion.

The details of the types of credit facilities that we have secured and its balance unutilised as at the LPD are as follows:

Type of financial instruments	Tenure	Effective interest rate per annum	Credit limit RM'000	Balance unutilised as at the LPD RM'000
Term loans				
- Fabulous Sunview	Up to 20 years	3.50% – 7.90%	18,112	1,388
- Solarcity REIT	Up to 12 years	3.92%	11,363	1,148
- Suntech Energy	Up to 14 years	3.90% – 5.58%	12,300	745
- Vafe System	10 years	4.74%	6,000	1,576
Lease liabilities				
- Fabulous Sunview	5 to 7 years	2.14% – 3.80%	2,592	657
- Suntech Energy	9 years	2.34%	2,817	311
- Vafe System	22 years	6.32%	598	105
Bank overdraft				
- Fabulous Sunview	On demand	2.50% – 7.45%	4,521	1,221
Trade Line[(1)]				
- Fabulous Sunview	On demand	1.20% - 4.91%	11,000	8,662
Contract Financing[(1)]				
- Fabulous Sunview	On demand	1.20% - 6.40%	108,032	18,177
Total				**33,990**

Note:

1) Comprises of letter of credit, trust receipt, bankers' acceptance, invoice financing and bank guarantee.

As at the LPD, all our borrowings were interest bearing and denominated in RM. We have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings for 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 credit arrangements or bank loans, which can materially affect the financial position and results of our business operations or investment holders of our securities.

As at the LPD, save as disclosed above, we did not use any other financial instruments.

(iv) Treasury policies and objectives

We have been funding our operations through shareholders' equity, cash generated from our operations, and external sources of funds.

The external source of funds consists of credit terms granted by our suppliers as well as borrowings from financial institutions. The normal credit term granted by our suppliers ranges from the date of invoices to 90 days.

As at the LPD, our borrowings from financial institutions mainly consist of the following:

(a) Term loans used to fund the acquisitions of Suntech Energy and Vafe System, installation works for NEM projects, purchase of property, redemption of our existing term financing facilities and working capital;

(b) Lease liabilities mainly used for hire purchase and arising from rights-of-use of assets;

(c) Bank overdrafts for working capital purposes; and

(d) Trade line and contract financing used to finance our working capital and business operations.

The interest rates of our borrowings were based on a combination of fixed rates and floating rates.

(v) Type of financial instruments used

As at the LPD, save for borrowings as disclosed in Section 11.3.11 (iii) of this Prospectus, we do not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are mainly 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.

(vi) Material contingent liabilities

As at the LPD, we do not have any contingent liability which will or may substantially affect our financial results or position upon becoming enforceable.

(vii) Bank guarantees

As at the LPD, save as disclosed below, there are no material bank guarantees incurred by our Group, which will or may substantially affect our financial results or position upon becoming enforceable:

	RM'000
Bank guarantees	60,621

As at the LPD, the RM60.62 million bank guarantees were mainly utilised for performance bonds, advance payment bond, defect liability bond and tender bid bond for the following projects:

(a) a 100.00 MWac project located in Marang, Terengganu with contract value of RM8.02 million. The total amount of bank guarantee is RM0.20 million;

(b) a 50.00 MWac project located in Pulau Pinang with contract value of RM188.39 million. The amount of bank guarantees are RM33.84 million;

(c) a 5.00 MWac project located in Labuan with contract value of RM20.60 million. The amount of bank guarantee is RM2.00 million; and

(d) a 50.00 MWac project located in Bidor, Perak with contract value of RM157.55 million. The amount of bank guarantee is RM23.63 million.

(viii) Material litigation, claims or arbitration

As at the LPD, neither our Company nor our subsidiaries are involved in any legal actions, proceedings, prosecution or arbitration, either as plaintiff or defendant, which may have a material adverse effect on our business operations or financial position, and our Directors confirm that our Group is not involved in any legal proceeding, and is not aware of any pending or threatened legal proceeding, or of any fact that would give rise to any legal proceedings which may have a material adverse effect on our business operations or financial position.

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11. FINANCIAL INFORMATION (CONT'D)

(ix) Capital expenditure and divestiture

Capital expenditure

Our capital expenditure for the Financial Years Under Review up to the LPD, are as follows:

Capital expenditure	Audited				Unaudited
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021[(1)] RM'000	FYE 2022 RM'000	1 April 2022 up to the LPD RM'000
Furniture and fittings	76	16	15	59	-
Computer and software	18	27	79	242	140
Motor vehicles	-	83	-	11	-
Office equipment	42	16	4	6	7
Renovation	210	167	102	83	25
Solar equipment	159	83	33,337	5,773	19
Right-of-use assets	-	285	3,698	1,745	687
Total	**505**	**677**	**37,235**	**7,919**	**878**

Note:

(1) Comprises the following:

Capital expenditure	Acquisition of subsidiaries RM'000	Additions RM'000	Total RM'000
Furniture and fittings	9	6	**15**
Computer and software	25	54	**79**
Office equipment	4	-	**4**
Renovation	102	-	**102**
Solar equipment	26,723	6,614	**33,337**
Right-of-use assets	3,698	-	**3,698**
Total	**30,561**	**6,674**	**37,235**

For the FYE 2020, our capital expenditure increased by RM0.17 million or 34.06% to RM0.68 million (FYE 2019: RM0.51 million) which was mainly due to increase in right-of-use assets of RM0.29 million arising from motor vehicles and solar equipment under finance lease arrangement.

Our capital expenditure increased by RM6.00 million to RM6.67 million in the FYE 2021 (FYE 2020: RM0.68 million) mainly due to the commission of our assets used for solar power generation.

For the FYE 2022, our capital expenditure decreased by RM29.32 million or 78.73% to RM7.92 million (FYE 2021: RM37.24 million) which was mainly due to the decrease in solar equipment under finance lease arrangement and recognising right-of-use assets arising from motor vehicles. The decrease in solar equipment was due to the higher amount recognised pursuant to the acquisition of subsidiaries in FYE 2021.

Subsequent to the Financial Years Under Review and up to the LPD, our Group has completed and commissioned all of our solar assets.

Capital divestiture

For the Financial Years Under Review and up to the LPD, our Group had no material capital divestitures.

(x) Material capital commitment

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

(xi) Key financial ratios

The following table sets forth the key financial ratios based on our Group's combined financial statements for the financial years indicated below:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Trade receivables turnover period (days)(1) ^	53	124	100	33
Trade payables turnover period (days)(2) ^	28	90	55	95
Inventories turnover period (days)(3) ^	56	23	13	14
Current ratio (times)(4)	1.18	1.22	1.09	1.67
Gearing ratio (times)(5)	1.78	0.66	4.19	0.97

Notes:

^ In computing the ratio for the FYE 2021, the financial results of Suntech Energy and Vafe System have been excluded.

(1) Based on trade receivables of the respective financial years over total revenue of the respective financial years, and multiplied by 365 days.

(2) Based on trade payables of the respective financial years over total cost of sales of the respective financial years, and multiplied by 365 days.

(3) Based on inventories of the respective financial years over total cost of sales of the respective financial years, and multiplied by 365 days.

(4) Based on current assets over current liabilities.

(5) Based on total borrowings over total equity.

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11. FINANCIAL INFORMATION (CONT'D)

(a) Trade receivables

The normal credit terms granted to our customers ranging from the date of invoices up to 60 days. The 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 FiT 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 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 2019 was 53 days and increased to 124 days in the FYE 2020 mainly due to 2 major customers who took longer time to make payment as 1 of these 2 customers took longer time for internal processing to verify the claim prior to making payment while the payment from the other customer is dependent on collection of payment from the project owner. However, we have been receiving consistent repayment from these customers over the period with no overdue amount of more than 1 year and receipt of partial payment every 1 month to 2 months.

For the FYE 2021, our trade receivables turnover period decreased from 124 days to 100 days mainly due to partial settlement made from the abovementioned 2 major customers and consistent follow up by our Group with customers on settlement of payment. However, the turnover period is longer than our normal credit terms of 60 days mainly due to the longer time taken by our customers to make payment arising from the COVID-19 pandemic.

For the FYE 2022, our trade receivables turnover period is 33 days which is within the normal credit period granted to our customers.

Our trade receivables ageing analysis as at 31 March 2022 is as follows:

	Within credit period	Exceed credit period (past due days)					Total
		1 - 30	31 - 60	61 - 90	91 - 120	Over 120	
Trade receivables (RM'000)	2,632	1,485	159	435	334	4,161	9,206
Less: Impairment losses (RM'000)	-	-	-	-	-	(107)	(107)
Net trade receivables (RM'000)	2,632	1,485	159	435	334	4,054	9,099
Proportion of total net trade receivables (%)	*28.93*	*16.32*	*1.75*	*4.78*	*3.67*	*44.55*	100.00
Subsequent collections as at the LPD (RM'000)	(1,478)	(1,303)	(9)	(55)	-	(1,434)	(4,279)
Net trade receivables after subsequent collections (RM'000)	1,154	182	150	380	334	2,620	4,820
Proportion of trade receivables after subsequent collections (%)	*23.94*	*3.78*	*3.11*	*7.88*	*6.93*	*54.36*	100.00

As at the LPD, RM4.28 million or 47.03% of our total trade receivables outstanding have been collected. The remaining of RM4.82 million or 52.97% of the total trade receivables were still outstanding as at the LPD.

Meanwhile, RM3.67 million or 76.06% of the outstanding amount exceeded the credit period. This was mainly attributed to, among others, some customers which require longer internal processing time to verify the claim before making the payment to us. These customers are not our major customers. Our Board is of the opinion that the remaining amount outstanding as at LPD is recoverable and no further impairment of trade receivables is required after taking into consideration of the customers' credentials, payment track record as well as our relationship with them.

(b) Trade payables

The normal credit period extended by our suppliers and subcontractors to our Group ranges from the date of invoices to 90 days. Our trade payables turnover period for the FYE 2019 to FYE 2021 ranges between 28 days to 90 days which was within the credit period granted by our suppliers and subcontractors due to the following reasons:

(i) additional projects executed during the FYE 2020 as compared to FYE 2019; and

(ii) prudent cash flow management due to prolonged credit period arising from the implementation of MCO.

For the FYE 2021, the trade payables turnover period decreased to 55 days mainly due to prompt payments made 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 2022, our trade payables turnover period increased to 95 days which is slightly above the credit period of 90 days mainly due to purchase of solar panels towards the end of the financial year.

Our trade payables ageing analysis as at 31 March 2022 is as follows:

	Within credit period	Exceed credit period (past due days)					Total
		1 - 30	31 - 60	61 - 90	91 - 120	Over 120	
Trade payables (RM'000)	10,840	2,749	2,424	1,219	269	3,115	20,616
Proportion of total trade payables (%)	*52.58*	*13.33*	*11.76*	*5.92*	*1.30*	*15.11*	*100.00*
Subsequent payments as at the LPD (RM'000)	(8,269)	(1,717)	(1,974)	(970)	(46)	(840)	(13,816)
Net trade payables after subsequent collections (RM'000)	2,571	1,032	450	249	223	2,275	6,800
Proportion of trade payables after subsequent payments (%)	*37.81*	*15.18*	*6.62*	*3.66*	*3.28*	*33.45*	*100.00*

As at the LPD, RM13.82 million or 67.02% of our total trade payables outstanding have been paid. The remainder of 32.98% or RM6.80 million were still unpaid as at the LPD. These trade payables which remained unpaid were mainly due to our working capital management strategy to match the timing payments to our trade creditors with the collections from our clients. Utilisation of credit term granted by our suppliers helps to reduce the utilisation of our trade facilities and finance costs.

As at the LPD, there are no disputes and no letters or notices of demand being issued by our suppliers in relation to the outstanding amount. Our Directors confirm that our Group is not involved in any legal proceeding, and is not aware of any pending or threatened legal proceeding or any fact likely to give rise to any potential legal action by our suppliers for the outstanding amount. We do not expect any dispute with, and any letter or notice of demand to be issued by, our suppliers in relation to the outstanding amount.

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(c) Inventories turnover

The table below sets out a summary of our Group's inventories for the Financial Years Under Review:

	Audited as at 31 March			
	2019 (RM'000)	**2020 (RM'000)**	**2021 (RM'000)**	**2022 (RM'000)**
Opening inventories	751	659	1,266	1,120
Closing inventories	659	1,266	1,120	3,066
Cost of sales	4,322	20,243	30,464	78,917
Average inventories turnover period (days) [(1)]	**56**	**23**	**13**	**14**

Note:

(1) This is computed based on the ending balance of inventories over our cost of sales for the respective financial year multiplied by 365 days.

It is our Group's general practice to maintain adequate level of materials to reduce the risk of disruption, of which is aimed to ensure timely delivery of our projects.

Our inventories turnover period decreased from 56 days as at 31 March 2019 to 23 days as at 31 March 2020. This is mainly attributable to active project execution in tandem with the increase in revenue resulting in fast moving of our inventories.

Our inventory turnover period has further reduced to 13 days as at 31 March 2021 mainly due to the same reason as mentioned above.

Our inventories turnover period of 14 days as at 31 March 2022 is relatively consistent with the inventories turnover period in the previous financial year.

Our Group practices first-in-first-out basis in computing the cost of inventories in the preparation of our accounting report. The costs are generally computed based on the first-in-first-out cost of the inventories and includes value of good purchased and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

We assess whether inventories should be impaired by identifying slow moving inventories during periodic stock count, obsolete inventories will be written down to their net realisable value while damaged/stolen inventories will be written off. As at the LPD, there aren't any impairment made to the inventories.

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(d) Current ratio

Our current ratio, current assets and current liabilities for the Financial Years Under Review are as follows:

	Audited as at 31 March			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Current assets	4,597	18,144	41,238	101,069
Current liabilities	3,907	14,869	37,880	60,413
Net current assets	690	3,275	3,358	40,656
Current ratio (times) (1)	**1.18**	**1.22**	**1.09**	**1.67**

Note:

(1) This is computed based on total current assets over total current liabilities as at the end of the respective financial year.

Our current ratio ranges from 1.09 times to 1.67 times for the Financial Years Under Review, indicating that our Group is capable of meeting our short-term obligations as our current assets such as inventory and trade receivables are readily converted to cash.

Our current ratio increased slightly from 1.18 times as at 31 March 2019 to 1.22 times as at 31 March 2020.

Our current ratio decreased from 1.22 times as at 31 March 2020 to 1.09 times as at 31 March 2021 due to the outstanding purchase consideration to be settled pursuant to the acquisitions of Vafe System and Suntech Energy. Please refer to Section 4.1.1 of this Prospectus for further details of the acquisitions of Vafe System and Suntech Energy.

Our current ratio increased from 1.09 times as at 31 March 2021 to 1.67 times as at 31 March 2022. The increase in the current ratio was mainly due to the increase in contract assets and the Pre-IPO Fund Raising.

(e) Gearing ratio

Our gearing ratio throughout the Financial Years Under Review is as follows:

	Audited as at 31 March			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Total borrowings (including lease liabilities)	3,948	3,480	46,836	52,869
Total equity	2,224	5,253	11,188	54,730
Gearing ratio (times) (1)	1.78	0.66	4.19	0.97

Note:

(1) This is computed based on total borrowings (including lease liabilities) over total equity as at the end of the respective financial year.

Our gearing ratio improved from 1.78 times as at 31 March 2019 to 0.66 times as at 31 March 2020. This improvement in our gearing ratio during the said financial year is mainly due to the increase in our total equity pursuant to the allotment and issuance of new Fabulous Sunview Shares to our shareholders as well as the increase in our retained earnings.

However, the gearing ratio increased from 0.66 times as at 31 March 2020 to 4.19 times as at 31 March 2021. The said increase of our gearing ratio during the said financial year was mainly due to the following:

(i) the consolidation of the total borrowings and lease liabilities for Vafe System and Suntech Energy amounting to RM5.77 million and RM14.67 million; and

(ii) the RCPS amounting to RM16.31 million which was inclusive of interest accrued.

Our gearing ratio reduced significantly from 4.19 times as at 31 March 2021 to 0.97 times as at 31 March 2022. The decrease in the gearing ratio was mainly attributed to the increase in share capital pursuant to the Pre-IPO Fund Raising, RCPS Redemption and issuance of ICPS as well as the increase in retained earnings as a result of the increase in PAT recorded during the FYE 2022.

11.3.12 Trend analysis

As at the LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources, save as disclosed in this section and Sections 6 and 8 of this Prospectus;

(ii) material commitment for capital expenditure, save as disclosed in Section 11.3.11 (ix) 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, save as disclosed in this section and Section 8 of this Prospectus;

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

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in this section and Section 8 of this Prospectus.

However, our Board foresees certain risk factors as set out in Section 8 of this Prospectus may affect our future financial condition and results of operations.

Our Board is optimistic about the future prospects of our Group after taking into account the overview of the RE sector in Malaysia as set out in Section 7 of this Prospectus, our competitive advantages and key strengths as set out in Section 6.1.2 of this Prospectus and our business strategies as set out in Section 6.10 of this Prospectus.

11.3.13 Order book

As at the LPD, our total unbilled contract value is summarised as follows:

Business activity	Number of projects	RM'000
Project details		
- **EPCC of solar PV facilities**		
▪ LSS	7	542,302
▪ Rooftop	28	16,041
Total		**558,343**

Barring unforeseen circumstances, the total order book as at the LPD is envisaged to be recognised as follows:

Business activity	To be recognised in FYE 2023 RM'000	To be recognised in FYE 2024 RM'000
Project details		
- **EPCC of solar PV facilities**		
▪ LSS	503,276	39,026
▪ Rooftop	10,028	6,013
Total	**513,304**	**45,039**

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11.4 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.

The dividend declared and paid by our Group in the FYE 2019 was RM1.20 million which was paid to the shareholders of Fabulous Sunview namely, Ong Hang Ping and Chow Kian Hung while we declared dividend amounting to RM1.00 million in the FYE 2020 which was paid in the FYE 2021 to the shareholders of Fabulous Sunview namely, Ong Hang Ping, Chow Kian Hung and Stellar One. Our Group did not declare any dividend for the FYE 2021 and FYE 2022, and does not intend to declare and pay dividend prior to the Listing.

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 Directors will take into consideration, among others, the following factors when recommending dividends for approval by our shareholders or when 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 the Act requires;

(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 Company to do so. The level of dividends should also not be treated as an indication of our Company'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.

In addition, our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year.

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.

11.5 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

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1 September 2022

The Board of Directors
Sunview Group Berhad
01-9, 9th Floor,
Menara Symphony,
No. 5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor.

Dear Sirs,

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022 INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of Sunview Group Berhad ("Sunview" or the "Company") and its proposed subsidiaries, namely Fabulous Sunview Sdn. Bhd., Solare Truss Sdn. Bhd., Solarcity Reit Sdn. Bhd., Suntech Energy Sdn. Bhd. and Vafe System Sdn. Bhd. (collectively referred to as the "Group") for which the directors of Sunview are solely responsible.

The pro forma combined statements of financial position consist of the pro forma combined statements of financial position as at 31 March 2022 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Sunview have compiled the pro forma combined statements of financial position are as described in Note 2 to the pro forma combined statements of financial position and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES
Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statements of Financial Position
as at 31 March 2022 Included in A Prospectus

The pro forma combined statements of financial position of the Group has been compiled by the directors of Sunview, for illustrative purposes only, for inclusion in the prospectus of Sunview ("Prospectus") in connection with its Initial Public Offering ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued share capital of Sunview on the ACE Market of Bursa Malaysia Securities Berhad ("Listing"), after making certain assumptions and such adjustments to show the effects on the pro forma combined financial position of the Group as at 31 March 2022 adjusted for the Pre-IPO Reorganisation, the Public Issue and the use of proceeds as described in Notes 1.2.1, 1.2.2 and 4.2.2 respectively.

As part of this process, information about the Group's pro forma combined statements of financial position has been extracted by the directors of Sunview from the audited financial statements of Sunview and its proposed subsidiaries.

The audited financial statements of Sunview and its proposed subsidiaries for the Financial Year Ended ("FYE") 31 March 2022 were reported by us to their respective members without any modifications.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The directors of Sunview are responsible for compiling the pro forma combined statements of financial position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our 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 and regulatory requirements.

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES
Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statements of Financial Position
as at 31 March 2022 Included in A Prospectus

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, on whether the pro forma combined statements of financial position has been compiled, in all material respects, by the directors of Sunview based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors of Sunview have compiled, in all material respects, the pro forma combined statements of financial position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the pro forma combined 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 combined statements of financial position.

The purpose of the pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Sunview in the compilation of the pro forma combined statements of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Listing and the acquisition of proposed subsidiaries as described in Notes 1.2 to the pro forma combined statements of financial position, and to obtain sufficient appropriate evidence about whether:

(a) The pro forma combined statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma combined statements of financial position, based on the audited financial statements of Sunview its proposed subsidiaries for the FYE 31 March 2022, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Sunview its proposed subsidiaries in the preparation of its audited financial statements for the FYE 31 March 2022 and the adoption of the new accounting policies as described in Note 2.6 to the pro forma combined statements of financial position; and

(b) Each material adjustment made to the information used in the preparation of the pro forma combined statements of financial position of the Group is appropriate for the purpose of preparing the pro forma combined statements of financial position.

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SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES
Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statements of Financial Position
as at 31 March 2022 Included in A Prospectus

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 combined statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

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

Our opinion

In our opinion:

(a) the pro forma combined statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma combined statements of financial position, based on the audited financial statements of Sunview its proposed subsidiaries for the FYE 31 March 2022 and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Sunview its proposed subsidiaries in the preparation of its audited financial statements for the FYE 31 March 2022, which had been adopted by Sunview as its group's accounting policies and the adoption of the new accounting policies as described in Note 2.6 to the pro forma combined statements of financial position; and

(b) each material adjustment made to the information used in the preparation of the pro forma combined statements of financial position of the Group is appropriate for the purpose of preparing the pro forma combined statements of financial position.

Other matters

This report has been prepared for inclusion in the Prospectus of Sunview in connection with the Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or 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,

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2023 J
Chartered Accountant

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION

The pro forma combined statements of financial position of Sunview Group Berhad ("Sunview" or the "Company") and its proposed subsidiaries (hereinafter collectively referred to as the "Group") has been compiled by the directors of Sunview , for illustrative purposes only, for inclusion in the prospectus of Sunview in connection with its Initial Public Offering ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued share capital of Sunview on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

1.1 In conjunction with the admission of Sunview to the Official List and the listing of and quotation for its entire enlarged issued share capital of RM83,220,002 comprising 468,000,000 ordinary shares in the share capital of Sunview ("Sunview Share(s) or Share(s)") on the Listing, Sunview had undertaken the following transactions:

1.2 Listing scheme

1.2.1 Pre-IPO Reorganisation

Acquisition of Fabulous Sunview Sdn. Bhd. ("Fabulous Sunview")

On 20 December 2021, Sunview entered into a conditional share sale agreement to acquire the entire issued invested equity of Fabulous Sunview of approximately RM40.25 million comprising of 1,661,274 ordinary shares (after taking into consideration the subsequent events) for a total purchase consideration of approximately RM49.00 million ("Acquisition"). The said total purchase consideration was satisfied entirely by the issuance of 349,999,998 new Shares at an issue price of approximately RM0.14 per Share.

As at FYE 31 March 2021, the total purchase consideration of approximately RM49.00 million for the acquisition of Fabulous Sunview was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the adjusted net assets ("NA") of RM49.42 million as follows:

	RM'000
Audited combined NA of Fabulous Sunview as at 31 March 2021 (after consolidation adjustments and subsequent events)	49,424

Conversion of Irredeemable Convertible Preferences Shares ("ICPS") to ordinary shares

On 15 December 2020, 450,704 Redeemable Convertible Preferences Shares ("RCPS") of RM16,000,000 were issued by Fabulous Sunview at an issue price of RM35.50 per RCPS. Subsequently on 29 November 2021, the RCPS was settled by issuance of 450,704 ICPS of RM16,000,000 by Fabulous Sunview at an issue price of RM35.50 per ICPS.

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

1. (Continued)

1.2 (Continued)

Conversion of Irredeemable Convertible Preferences Shares ("ICPS") to ordinary shares (continued)

The NA of RM49.42 million as at FYE 31 March 2021 incorporates the conversion of the ICPS to ordinary shares prior to the Pre-IPO Reorganisation on the assumption that the Qualifying Initial Public Offering ("QIPO") requirements within the ICPS agreement have been met. The impact on the pro forma combined statements of financial position of the Group is as follows:

	Subsequent Events before conversion of ICPS RM'000	Subsequent Events after conversion of ICPS RM'000
Non-current assets		
Deferred tax assets	818	-
Equity attributable to owners of the Group		
Invested equity	24,250	40,250
Other reserves	12,800	-
Retained earnings	9,548	9,174
	46,598	49,424
Non-current liabilities		
Loans and borrowings	38,576	38,576
Irredeemable Convertible Preference Shares	3,719	-
Deferred tax liabilities	307	382
	42,602	38,958
Number of ordinary shares assumed to be in issue ('000)	1,211	1,661
NA^ (RM'000)	46,598	49,424
NA per ordinary share (RM)	38.48	29.76

^ attributable to owners of the Group

Upon the completion of the Acquisition of Fabulous Sunview, the issued share capital of Sunview increased to approximately RM49.00 million comprising 350,000,000 shares.

The conversion of ICPS to ordinary shares was completed on 22 July 2022 and the acquisition of Fabulous Sunview was completed on 29 July 2022.

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

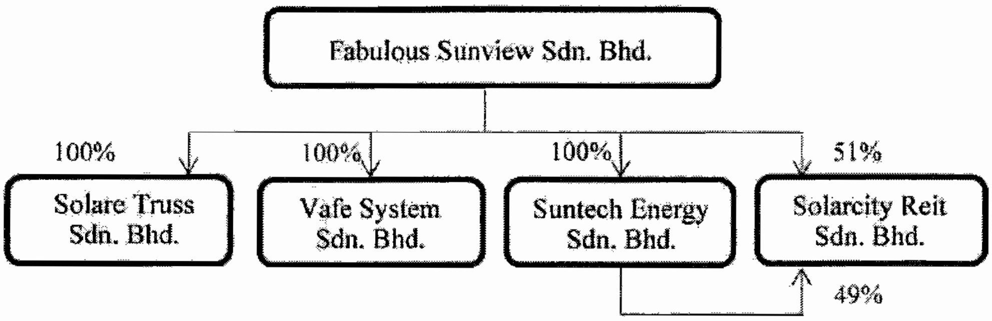
1. (Continued)

1.2 (Continued)

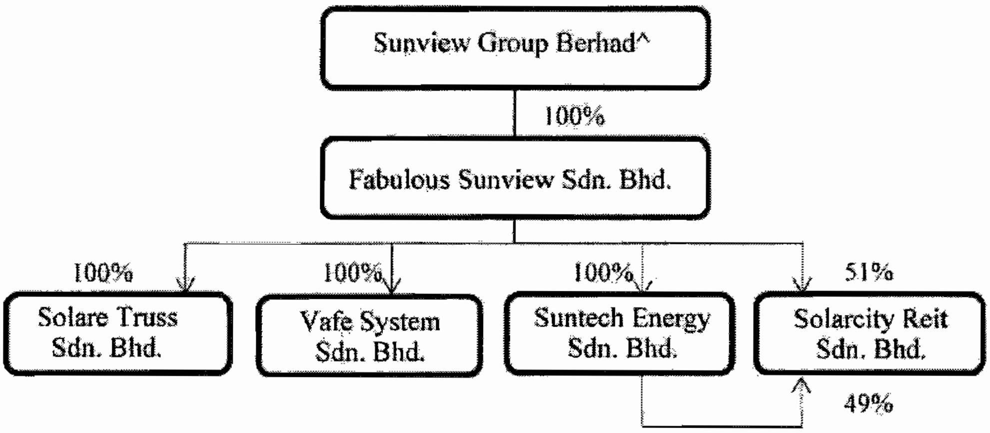
1.2.1 **Pre-IPO Reorganisation (Continued)**

Before the Pre-IPO Reorganisation

The Group structure before and after the Pre-IPO Reorganisation is illustrated below (continued):



After the Pre-IPO Reorganisation



^ *Sunview Group Berhad is the listed company.*

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

1. (Continued)

1.2 (Continued)

1.2.3 **Public Issue**

The public issue of 118,000,000 new ordinary shares in Sunview ("Shares"), at the IPO price of RM0.29 for each Share, representing 25.21% of the enlarged number of shares of Sunview, to be allotted in the following manner:

(i) 23,600,000 new Shares available for application by Malaysian public;

(ii) 9,000,000 new Shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group; and

(iii) 85,400,000 new Shares by way of private placement to selected investors.

(Collectively hereinafter referred to as "Public Issue").

1.2.4 **Disposal by Basil Power**

During the Prescribed Period, Basil Power will dispose of part of its shareholdings in conjunction with the IPO amounting to 40,734,934 Sunview Shares to Ong Hang Ping and Chow Kian Hung. The disposal consideration will be settled in 2 tranches as follows:

(i) RM0.2952 per Sunview Share or 5% discount to the IPO Price, whichever is higher for 35,000,000 Sunview Shares; and

(ii) RM0.2952 per Sunview Share or 5% premium to the IPO Price or 10-days VWAP of Sunview Shares before the end of the 6-months period from the Listing date, whichever is higher for the remaining 5,734,934 Sunview Shares.

Further details of the disposal of the 40,734,934 Sunview Shares by Basil Power to Ong Hang Ping and Chow Kian Hung are as follows:

Name	No. of Sunview Shares held before Disposal by Basil Power	No. of Sunview Shares acquired from Basil Power	No. of Sunview Shares held after Disposal by Basil Power	%
Ong Hang Ping	1	24,440,960	24,440,961	5.22
Chow Kian Hung	1	16,293,974	16,293,975	3.48
Total	**2**	**40,734,934**	**40,734,936**	**8.70**

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

1. (Continued)

1.2 (Continued)

1.2.4 **Disposal by Basil Power (Continued)**

The above disposal of 40,734,934 Sunview Shares by Basil Power is to ensure that collectively, the shareholdings of our Promoters namely NEC, Ong Hang Ping and Chow Kian Hung will meet the moratorium requirements of at least 45% of the total number of issued shares remain under moratorium for a further 6 months.

1.3 **Listing on Bursa Securities**

Upon completion of the IPO, Sunview's entire enlarged issued share capital of approximately RM83.22 million comprising 468,000,000 Shares will be listed on the ACE Market of Bursa Securities.

2. **BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**

2.1 The pro forma combined statements of financial position have been prepared to illustrate the pro forma combined financial position of the Group as at 31 March 2022, adjusted for the Pre-IPO Reorganisation, the Public Issue and the use of proceeds as described in Notes 1.2.1, 1.2.2, and 3.2.2 respectively.

2.2 The pro forma combined statements of financial position have been prepared based on the audited financial statements for the financial year ended 31 March 2022 ("FYE 2022") of the proposed subsidiaries:

Company Name	FYE
Sunview Group Berhad.	31 March 2022
Fabulous Sunview Sdn. Bhd.	31 March 2022
Solare Truss Sdn. Bhd.	31 March 2022
Solarcity Reit Sdn. Bhd.	31 March 2022
Suntech Energy Sdn. Bhd.	31 March 2022
Vafe System Sdn. Bhd.	31 March 2022

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SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2. (continued)

2.3 The audited financial statements of the proposed subsidiaries for the FYE 31 March 2022 were reported by the auditors to their respective members without any modifications.

2.4 The pro forma combined statements of financial position of the Group have been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Group and does not purport to predict the future financial position and results of the Group.

2.5 The pro forma combined statements of financial position of the Group have been properly prepared on the basis set out in the accompanying notes to the pro forma combined statements of financial position based on the audited financial statements of the proposed subsidiaries for FYE 31 March 2022 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

2.6 The pro forma combined statements of financial position of the Group have been prepared in a manner consistent with both the format of the audited financial statements and accounting policies adopted by the proposed subsidiaries in the preparation of its audited financial statements for the FYE 31 March 2022 and the adoption of the following new accounting policies, which had been adopted by the Group as the group's accounting policies.

Merger accounting

The proposed subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or proposed subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Proposed 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 proposed 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 proposed subsidiaries is taken to reorganisation reserve/(deficit).

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SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2. (continued)

2.6 (continued)

Merger accounting (continued)

Entities under a reorganisation does not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the difference arising from the change in equity structure of the Group will be accounted for in reorganisation reserve/(deficit).

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

3.1 The pro forma combined statements of financial position of the Group as set out below, for which the directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited combined statements of financial position of the Group as at 31 March 2022 had the Pre-IPO Reorganisation, the Public Issue and the use of proceeds as described in the Notes 1.2.1, 1.2.2 and 3.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Statement of Financial Position as at 31 March 2022 RM'000	Pre-IPO Reorganisation RM'000	After Pro Forma I and the Public Issue RM'000	After Pro Forma II and the use of proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	39,207	39,207	39,207
Goodwill	-	17,255	17,255	17,255
Deferred tax asset	-	-	-	-
Total non-current assets	-	56,462	56,462	56,462
Current assets				
Inventories	-	3,066	3,066	3,066
Contract assets	-	46,524	46,524	46,524
Trade and other receivables	*	31,372	31,372	31,372
Cash and short-term deposits	*	20,107	54,327	45,471
Total current assets	-	101,069	135,289	126,433
TOTAL ASSETS	-	157,531	191,751	182,895
EQUITY AND LIABILITIES				
Equity attributable to owners of the Group				
Share capital	*	49,000	83,220	82,320
Reorganisation deficit	-	(8,751)	(8,751)	(8,751)
Retained earnings	(159)	17,307	17,307	16,351
TOTAL EQUITY	(159)	57,556	91,776	89,920

* Less than RM1,000.

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.1 (Continued)

	Audited Statement of Financial Position as at 31 March 2022 RM'000	Pro Forma I Pre-IPO Reorganisation RM'000	Pro Forma II After Pro Forma I and the Public Issue RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
Non-current liabilities				
Loans and borrowings	-	42,732	42,732	35,732
Deferred tax liabilities	-	549	549	549
Total non-current liabilities	-	43,281	43,281	36,281
Current liabilities				
Loans and borrowings	-	6,418	6,418	6,418
Current tax liabilities	-	2,236	2,236	2,236
Trade and other payables	159	28,774	28,774	28,774
Contract liabilties	-	19,266	19,266	19,266
Total current liabilities	159	56,694	56,694	56,694
TOTAL LIABILITIES	159	99,975	99,975	92,975
TOTAL EQUITY AND LIABILITIES	-	157,531	191,751	182,895
Number of ordinary shares assumed to be in issue ('000)	*	350,000	468,000	468,000
NA^ (RM'000)	(159)	57,556	91,776	89,920
NA per ordinary share (RM)	-	0.16	0.20	0.19

^ attributable to owners of the Group

* Less than RM1,000.

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 Notes to the pro forma combined statements of financial position are as follows:

3.2.1 The pro forma combined statements of financial position of the Group, for which the directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the combined audited statements of financial position of the Group as at 31 March 2022, adjusted for the transactions as described in Note 1.2.1, Note 1.2.2 and the use of proceeds as described in Note 3.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

3.2.2 The proceeds from the Public Issue would be utilised in the following manner:

Purpose	RM'000	%	Time frame for utilisation from the date of listing
Not reflected in pro forma combined statements of financial position			
- Business expansion[(1)]	1,670	4.88	Within 24 months
- Capital expenditure[(2)]	1,855	5.42	Within 18 months
- Working capital	20,095	58.72	Within 24 months
Reflected in pro forma combined statements of financial position			
- Repayment of bank borrowings	7,000	20.46	Within 3 months
- Estimated listing expenses	3,600	10.52	Within 1 month
Gross proceeds	34,220	100.00	

(1) As at latest practicable date, the Group has yet to enter into any sales and purchase agreement in relation to the proceeds earmarked for purchase of office under business expansion. Accordingly, the utilisation of proceeds earmarked for business expansion are not reflected in the pro forma combined statement of financial position.

(2) As at latest practicable date, the Group has yet to enter into any contractual binding agreement or issue any purchase order in relation to the capital expenditure. Accordingly, the use of proceeds earmarked for the capital expenditure are not reflected in the pro forma combined statements of financial position.

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. **PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

3.2 (Continued)

3.2.3 The pro forma combined statements of financial position should be read in conjunction with the notes below:

(b) **Pro Forma I**

Pro Forma I incorporates the effects of the Pre-IPO Reorganisation, which are the acquisition of Fabulous Sunview and conversion of ICPS as described in Note 1.2.1, on the pro forma combined statements of financial position of Sunview as at 31 March 2022.

Acquisition of Fabulous Sunview

The reorganisation deficit arising from the Acquisition of Fabulous Sunview are as below:

	RM'000
Purchase consideration	49,000
Less: Share Capital of Fabulous Sunview	(24,249)
Irredeemable Convertible Preference Shares	(16,000)
Reorganisation deficit	8,751

The Pre-IPO Reorganisation, which are the acquisition of Fabulous Sunview and Conversion of ICPS as described in Note 1.2.1 had the following impact on the pro forma combined statements of financial position of Sunview as at 31 March 2022:

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.3 (Continued)

(b) **Pro Forma 1 (Continued)**

	Increase/(Decrease) Effects on Total Assets RM'000	Increase/(Decrease) Effects on Total Equity/ Liabilities RM'000
Property, plant and equipment	39,207	-
Goodwill	17,255	-
Inventories	3,066	-
Contract assets	46,524	-
Trade and other receivables	31,372	-
Cash and short-term deposits	20,107	-
Share capital	-	49,000
Reorganisation deficit	-	(8,751)
Retained earnings	-	17,466
Loans and borrowings		
- non-current	-	42,732
- current	-	6,418
Deferred tax liabilities	-	549
Current tax liabilities	-	2,236
Trade and other payables	-	28,615
Contract liabilties	-	19,266
	157,531	157,531

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.3 (Continued)

(c) **Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue as described in Note 1.2.2.

The Public Issue will have the following impact on the pro forma combined statements of financial position of the Group as at 31 March 2022:

	Increase	
	Effects on Total Assets RM'000	Effects on Total Equity/ Liabilities RM'000
Cash and short-term deposit	34,220	-
Share capital	-	34,220
	34,220	34,220

(d) **Pro Forma III**

Pro Forma III incorporates the cumulative effects of Pro Forma II and the use of proceeds from the Public Issue of RM34.22 million after netting off RM3.60 million for estimated listing expenses and RM7.00 million repayment of bank borrowings.

The remaining proceeds expected from the Public Issue of RM23.62 million will be utilised in the manner as described in Note 3.2.2.

The proceeds arising from the Public Issue earmarked for the business expansion, capital expenditure and working capital of RM23.62 million will be included in the Cash and Short-term Deposit Account.

As at 31 March 2022, out of the RM3.6 million estimated listing expenses, RM1.74 million (31 March 2021: RM0.10 million) has already been incurred.

Out of the estimated listing expenses to be incurred of RM3.60 million, RM2.70 million will be charged to Retained Earnings Account and RM0.90 million will be recognised in Share Capital Account as these are directly attributable expenses relating to the new issuance of shares.

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SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.3 (Continued)

(d) **Pro Forma III (continued)**

The use of proceeds will have the following impact on the pro forma combined statements of financial position of the Group as at 31 March 2022:

	Decrease	
	Effects on Total Assets RM'000	Effects on Total Equity/ Liabilities RM'000
Cash and short-term deposit	(8,856)	-
Share capital	-	(900)
Retained earnings	-	(956)
Non-current:-		
- Loan and borrowings	-	(7,000)
	(8,856)	(8,856)

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SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.4 Movements in share capital and reserves are as follows:

	Share capital RM'000	Reorganisation deficit RM'000	Retained earnings RM'000
Audited statement of financial position as at 31 March 2022	*	-	(159)
Arising from the Pre-IPO Reorganisation	49,000	(8,751)	17,466
Per Pro Forma I	49,000	(8,751)	17,307
Arising from the Public Issue	34,220	-	-
Per Pro Forma II	83,220	(8,751)	17,307
Arising from the defrayment of estimated listing expenses in relation to the Listing	(900)	-	(956)
Per Pro Forma III	82,320	(8,751)	16,351

* Less than RM1,000.

SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.5 Movements in cash and short-term deposits are as follows:

	RM'000
Audited statement of financial position as at 31 March 2022	*
Arising from the Pre-IPO Reorganisation	20,107
Per Pro Forma I	20,107
Arising from the Public Issue	34,220
Per Pro Forma II	54,327
Arising from the defrayment of estimated listing expenses in relation to the Listing	(8,856)
Per Pro Forma III	45,471

* Less than RM1,000.

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SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted on behalf of the Board of Directors of Sunview Group Berhad in accordance with a resolution dated 1 September 2022.

....	....
Ong Hang Ping	**Chow Kian Hung**
Director	**Director**

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1 September 2022

The Board of Directors
Sunview Group Berhad
No.01-9, 9th Floor
Menara Symphony
No. 5, Jalan Profesor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of Sunview Group Berhad ("Sunview" or the "Company")

Opinion

We have audited the accompanying combined financial statements of the Company and its operating entities as defined in Note 2 to the combined financial statements (collectively known as the "Group"), which comprise of the combined statements of financial position as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 6 to 104.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report give a true and fair view of the combined financial positions of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, and of their financial performance and their cash flows for the financial years then ended 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 Combined Financial Statements* section of our report.

SUNVIEW GROUP BERHAD
(Incorporated in Malaysia)

Basis for Opinion (continued)

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Combined Financial Statements

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

In preparing the combined financial statements 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.

The directors of the Group are responsible for overseeing the Group's financial reporting process.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' 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 combined financial statements.

SUNVIEW GROUP BERHAD
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

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

- identify and assess the risks of material misstatement of the combined financial statements 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 Reporting Accountants' report to the related disclosures in the combined financial statements 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 Reporting Accountants' 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 combined financial statements of the Group, including the disclosures, and whether the combined financial statements 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 combined financial statements 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.

bakertilly

SUNVIEW GROUP BERHAD
(Incorporated in Malaysia)

Other Matters

This report is made solely to the board of directors of the Group and has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Group in connection with the listing and quotation for the entire enlarged issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2023 J
Chartered Accountant

Kuala Lumpur

Date: 1 September 2022

SUNVIEW GROUP BERHAD
Accountants' Report

STATEMENT BY DIRECTORS

We, **ONG HANG PING** and **CHOW KIAN HUNG**, being directors of SUNVIEW GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial positions of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and of their financial performance and cash flows for the financial years then ended.

Signed in accordance with a resolution of the directors:

....

ONG HANG PING
Director

....

CHOW KIAN HUNG
Director

Kuala Lumpur

Date: 1 September 2022

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March			
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,328	3,838	33,769	39,207
Other investments	6	134	-	-	-
Goodwill	7	-	-	17,255	17,255
Deferred tax assets	8	96	-	*	702
Total non-current assets		**3,558**	**3,838**	**51,024**	**57,164**
Current assets					
Inventories	9	659	1,266	1,120	3,066
Current tax assets		92	-	-	-
Contract assets	10	378	3,849	4,935	46,524
Trade and other receivables	11	2,185	11,010	18,310	31,372
Cash and short-term deposits	12	1,283	2,019	16,873	20,107
Total current assets		**4,597**	**18,144**	**41,238**	**101,069**
TOTAL ASSETS		**8,155**	**21,982**	**92,262**	**158,233**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Group					
Invested equity	13	750	2,250	2,250	24,249
Other reserve	14	-	-	144	12,800
Retained earnings		1,474	3,003	8,794	17,681
TOTAL EQUITY		**2,224**	**5,253**	**11,188**	**54,730**

COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 March 2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Non-current liabilities					
Loans and borrowings	15	2,024	1,793	42,887	42,732
Deferred tax liabilities	8	-	67	307	358
Total non-current liabilities		**2,024**	**1,860**	**43,194**	**43,090**
Current liabilities					
Loans and borrowings	15	1,924	1,687	3,949	10,137
Current tax liabilities		-	343	2,165	2,236
Trade and other payables	16	1,516	8,087	31,211	28,774
Contract liabilties	10	467	4,752	555	19,266
Total current liabilities		**3,907**	**14,869**	**37,880**	**60,413**
TOTAL LIABILITIES		**5,931**	**16,729**	**81,074**	**103,503**
TOTAL EQUITY AND LIABILITIES		**8,155**	**21,982**	**92,262**	**158,233**

* *Less than RM1,000.*

The accompanying notes form an integral part of these combined financial statements.

SUNVIEW GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		← FYE 31 March →			
		2019	**2020**	**2021**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	17	5,651	26,375	43,330	99,263
Cost of sales		(4,322)	(20,243)	(30,464)	(78,917)
Gross profit		1,329	6,132	12,866	20,346
Other income	18	*	*	224	870
Administrative expenses		(1,848)	(2,651)	(3,961)	(7,813)
Operating (loss)/profit		(519)	3,481	9,129	13,403
Finance costs	19	(280)	(227)	(786)	(2,544)
Share of result of associates, net of tax		-	*	-	-
(Loss)/profit before tax	20	(799)	3,254	8,343	10,859
Income tax expense	22	91	(725)	(2,552)	(1,972)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year		**(708)**	**2,529**	**5,791**	**8,887**
(Loss)/profit attributable to:					
Owners of the Group		(708)	2,529	5,791	8,887
Total comprehensive (loss)/income attributable to:					
Owners of the Group		(708)	2,529	5,791	8,887
(Loss)/earnings per share (RM'000)					
- Basic and diluted		(0.94)	2.99	6.85	7.34

* *Less than RM1,000.*

The accompanying notes form an integral part of these combined financial statements.

SUNVIEW GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY

		← Attributable to owners of the Group →			
	Note	Share capital RM'000	Other Reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2018		750	-	**3,382**	**4,132**
Total comprehensive loss for the financial year		-	-	(708)	(708)
Transaction with owners					
Dividend paid on shares	23	-	-	(1,200)	(1,200)
At 31 March 2019		**750**	-	**1,474**	**2,224**
Total comprehensive income for the financial year		-	-	2,529	2,529
Transaction with owners					
Issuance of ordinary shares	13	1,500	-	-	1,500
Dividend paid on shares	23	-	-	(1,000)	(1,000)
Total transaction with owners		1,500	-	(1,000)	500
At 31 March 2020		**2,250**	-	**3,003**	**5,253**
Total comprehensive income for the financial year		-	-	5,791	5,791
Transaction with owners					
Change in ownership interest in a subsidiary		-	-	*	*
Redeemable convertible preference shares	14	-	144	-	144
Total transaction with owners		-	144	*	144
At 31 March 2021		**2,250**	**144**	**8,794**	**11,188**
Total comprehensive income for the financial year		-	-	8,887	8,887
Transaction with owners					
Issuance of ordinary shares	13	21,999	-	-	21,999
Redeemable convertible preference shares	14	-	(144)	-	(144)
Irredeemable convertible preference shares	14	-	12,800	-	12,800
Total transaction with owners		21,999	12,656	-	34,655
At 31 March 2022		**24,249**	**12,800**	**17,681**	**54,730**

* *Less than RM1,000.*

The accompanying notes form an integral part of these combined financial statements.

SUNVIEW GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS

	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
		FYE 31 March			
Cash flows from operating activities					
(Loss)/profit before tax:		(799)	3,254	8,343	10,859
Adjustments for:					
Share of results from an associate		-	*	-	-
Loss/(Gain) on disposal of property, plant and equipment		6	-	9	(21)
Property, plant and equipment written off		-	-	50	127
Impairment loss on trade and other receivables		10	-	1	-
Depreciation of property, plant and equipment		108	167	287	2,146
Trade payables written off		-	-	-	110
Net unrealised foreign exchange loss		5	168	-	3
Finance costs		280	227	786	2,544
Finance income		*	*	(28)	(621)
Operating (loss)/profit before changes in working capital		**(390)**	**3,816**	**9,448**	**15,147**
<u>Changes in working capital:</u>					
Inventories		92	(607)	146	(1,946)
Trade and other receivables		359	(8,825)	(3,662)	(13,062)
Trade and other payables		(1,340)	5,356	(1,297)	(2,552)
Contract assets		485	(3,471)	(765)	(41,589)
Contract liabilities		456	4,285	(4,197)	18,712
Net cash generated from/ (used in) operations		(338)	554	(327)	(25,290)
Income tax paid		(210)	(127)	(844)	(2,506)
Interest paid		(68)	(76)	(59)	(35)
Interest received		*	*	28	121
Net cash (used in)/from operating activities		**(616)**	**351**	**(1,202)**	**(27,710)**

SUNVIEW GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	FYE 31 March 2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired		-	-	1,471	-
Purchase of other investments		(49)	-	-	-
Investment in associate		-	*	-	-
Proceeds from disposal of other investments		163	134	-	-
Purchase of property, plant and equipment	12(II)	(401)	(535)	(874)	(633)
Proceeds from disposal of property, plant and equipment		9	-	-	229
Change in pledged deposits		-	(109)	(847)	(14,551)
Net cash used in investing activities		**(278)**	**(510)**	**(250)**	**(14,955)**
Cash flows from financing activities	12(iii)				
Proceeds from issuance of ordinary shares		-	1,500	-	21,999
Proceeds from issuance of redeemable convertible preference shares		-	-	16,000	-
Drawdown of term loans		-	-	1,000	12,000
Repayment of term loans		(358)	(311)	(235)	(1,561)
Net change in lease liabilities		(19)	(74)	(88)	(644)
Net change in bankers' acceptance		779	(238)	403	(477)
Net change in amount owing to directors		5	30	(1,120)	-
Dividends paid		(1,200)	-	-	-
Interest paid		(212)	(151)	(226)	(1,991)
Net cash (used in)/from financing activities		**(1,005)**	**756**	**15,734**	**29,326**

* *Less than RM1,000.*

SUNVIEW GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

		FYE 31 March			
		2019	**2020**	**2021**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net (decrease)/increase in cash and cash equivalents		(1,899)	597	14,282	(13,339)
Cash and cash equivalents at the beginning of the financial year		2,237	333	948	15,230
Effects of exchange rate changes on cash and cash equivalents		(5)	18	-	-
Cash and cash equivalents at the end of the financial year	**12**	**333**	**948**	**15,230**	**1,891**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated on 25 May 2021 under Companies Act 2016, as a private limited liability company, and is domiciled in Malaysia. The Company was converted to a public company limited by shares and assumed its present name on 24 December 2021. The registered office of the Company is located at Third Floor, No.77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor. The principal place of business of the Company is located at 01-9, 9th Floor, Menara Symphony, No.5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.

The principal activity of the Company is investment holding. The details of the operating entities are as follows:

Operating entities	Principal place of business/ country of incorporation	Effective equity interest (%) 2019	2020	2021	2022	Principal activities
Fabulous Sunview Sdn. Bhd.	Malaysia	100%	100%	100%	100%	EPCC of solar PV facilities, provision of solar PV and other renewable energy facilities, provision of solar PV construction and installation services, and associated services and products
Held through Fabulous Sunview Sdn. Bhd.						
Solare Truss Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Solar PV construction and installation services, and supply of solar PV equipment and ancillary systems as well as EPCC of other renewable energy facilities
Solarcity Reit Sdn. Bhd.	Malaysia	-	49%	51%	51%	Solar power generation and supply
Suntech Energy Sdn. Bhd.	Malaysia	-	-	100%	100%	Solar power generation and supply
Vafe System Sdn. Bhd.	Malaysia	-	-	100%	100%	Solar power generation and supply
Sunview Power Sdn. Bhd.*	Malaysia	85%	-	-	-	Dormant
SVAF Energy Sdn. Bhd.*	Malaysia	60%	-	-	-	Dormant
Green Magnitude Sdn. Bhd.*	Malaysia	49%	-	-	-	Dormant
Unisolar Solution Sdn. Bhd.*	Malaysia	49%	-	-	-	Dormant
Held through Suntech Energy Sdn. Bhd.						
Solarcity Reit Sdn. Bhd.	Malaysia	-	-	49%	49%	Solar power generation and supply

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

1. GENERAL INFORMATION (CONTINUED)

There have been no significant changes in the nature of these principal activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 September 2022.

2. BASIS OF PREPARATION

The combined financial statements of the Company (as defined herein) for the financial years ended ("FYE") 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 have been prepared pursuant to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad which consist of the financial statements of the following entities under common control for each of the financial years.

	FYE 31 March			
Entities Under Common Control	**2019**	**2020**	**2021**	**2022**
Sunview Group Sdn. Bhd.	<	<	<	*
Fabulous Sunview Sdn. Bhd.	#	#	*	*
Solare Truss Sdn. Bhd.	#	#	*	*
Solarcity Reit Sdn. Bhd.	^	#	*	*
Suntech Energy Sdn. Bhd.	>	>	*	*
Vafe System Sdn. Bhd.	>	>	*	*
Sunview Power Sdn. Bhd.	+	>	>	>
SVAF Energy Sdn. Bhd.	+	>	>	>
Green Magnitude Sdn. Bhd.	+	>	>	>
Unisolar Solution Sdn. Bhd.	+	>	>	>

< *No financial statements were available as the Company was incorporated in FYE 2022.*

^ *No financial statements were available as the Company was incorporated in FYE 2020.*

The combined financial statements of the Group for the respective financial years have been prepared based on the financial statements which were audited by Baker Tilly Monteiro Heng PLT for the purpose of inclusion into the combined financial statements of the Group. The audited financial statements which were lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.

* *The combined financial statements of the Group for the financial year/period have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.*

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

\+ *The combined financial statements of the Group for the financial year have been prepared based on the audited financial statements which were audited by auditors other than Baker Tilly Monteiro Heng PLT.*

> *No combined financial statements of the Group for the financial years have been prepared as the companies have yet to be or ceased to be a subsidiary/associate of Fabulous Sunview Sdn. Bhd.*

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control 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 the entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). 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 commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the consolidated financial statements of the Group had the relevant proposed transactions to legally constitute a group been incorporated in the consolidated financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

2.1 Statement of compliance

The combined financial statements of the Group has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards ("IFRSs").

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs and explanation of change in accounting policy

(a) Adoption of amendments/improvements to MFRSs

The Group has adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the combined financial statements of the Group did not result in significant changes to the Group's existing accounting policies, except for those as discussed below.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group have not adopted the following new MFRS, and amendments/ improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of MFRSs	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operation	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs have been issued, but yet to be effective (continued)

The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective: (continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (continued)		
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#

^ *The Annual Improvements to MFRSs 2018-2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below.

Annual Improvements to MFRSs 2018-2020

Annual Improvements to MFRSs 2018-2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below. (continued)

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022 subject to fulfilment of other conditions.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period ; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below. (continued)

Amendments to MFRS 101 Presentation of Financial Statements (continued)

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below. (continued)

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial periods presented in the financial statements of the Group.

3.1 Basis of combination

The combined financial statements comprise the financial statements of Sunview Group Berhad, Fabulous Sunview Sdn. Bhd., Solare Truss Sdn. Bhd., Solarcity Reit Sdn. Bhd., Suntech Energy Sdn. Bhd. and Vafe System Sdn. Bhd.. The financial statements used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Entities under a reorganisation does not result in any change in economic substance. Accordingly, the combined financial statements of the Group is a continuation of the Group and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings, and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

(a) Business combination

The Group applies the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Combining entities acquired which have met the criteria for pooling of interest are accounted for using merger accounting policies. Under the merger method of accounting, the results of combining entities are presented as if the business combination had been affected 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 combination, the difference between the costs of acquisition over the nominal value of share capital of the combining entities is taken to reorganisation reserve/(deficit).

(b) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of combination (continued)

(c) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(d) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or have made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the the Group becomes a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group reclassifies financial assets when and only when their business models for managing those assets change.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments (continued)

- **Fair value through profit or loss ("FVPL")**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify their equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(ii) Financial liabilities

The Group classifies their financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commit themselves to purchase or sell an asset).

Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interests do not start to accrue on the asset and corresponding liability until the settlement date when title passes.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group has transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
   (a) the Group has transferred substantially all the risks and rewards of the asset, or
   (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Cost of assets, other than bearer plants, includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Furniture and fittings	5 – 10
Office equipment	5
Computer hardware and software	5
Renovation	5 – 10
Signboard	10
Motor vehicle	5
Solar system and site equipment	5 – 25
Right-of-use assets	3 – 22

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases

(a) Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Lease liability

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 this rate cannot be readily determined, the Group uses their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(b), then it classifies the sub-lease as an operating lease.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(c) Lessor accounting (continued)

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a leases receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies *MFRS 15 Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.6 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for raw materials: purchase costs on a first-in-first-out basis-out basis.

Net realisable value is the estimiated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sales.

3.8 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or have billed the customers.

3.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:
- the borrower is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.12 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable are allocated to the liability and equity components in proportion to the allocated proceeds.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

3.13 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial period where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expect that the effects on the combined financial statements would not differ materiality from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of good at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the adjusted market assessment approach .

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (continued)

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group has applied the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Engineering, procurement, construction and commissioning ("EPCC") of solar photovoltaics ("Solar PV") facilities

Revenue is recognised over time, if (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or (ii) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

(b) Sale of electricity generated from renewable energy equipment

Revenue from sale of electricity generated from renewable energy equipment is recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance. The revenue recognised is the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance that is completed to date. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (continued)

(c) Associated services and products

Revenue from associated services and products is recognised at a point in time, if a customer receives and consumes the benefits provided by the entity's performance and if the control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of due from the date of invoices. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(d) Interest income

Interest income is recognised using the effective interest method.

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

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.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial period, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(b) Deferred tax (continued)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's financial statements within the next financial year are disclosed as follows:

(a) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.4(c), the Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

(b) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Impairment of financial assets (continued)

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's financial assets and contract assets are disclosed in Note 10, 11 and 24.

(c) Measurement of income taxes

Significant judgement is required in determining the Group's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group are disclosed in Note 22.

(d) Impairment of non-financial assets

The Group assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The Group uses fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of the Group.

The carrying amounts of the non-financial assets are disclosed in Note 5.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings RM'000	Computer and software RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost											
At 1 April 2018		1,845	791	48	61	108	11	-	148	-	3,012
- Effect of adoption of MFRS 16		-	-	-	-	(85)	-	-	-	85	-
At 1 April 2018 (restated)		1,845	791	48	61	23	11	-	148	85	3,012
Additions		-	-	76	18	-	42	210	159	-	505
Disposal		-	-	(14)	(3)	-	-	-	(6)	-	(23)
At 31 March 2019		1,845	791	110	76	23	53	210	301	85	3,494
Accumulated depreciation											
At 1 April 2018		-	8	14	25	9	3	-	7	-	66
- Effect of adoption of MFRS 16		-	-	-	-	(4)	-	-	-	4	-
At 1 April 2018 (restated)		-	8	14	25	5	3	-	7	4	66
Depreciation charge for the financial year	20	-	16	8	14	4	3	12	34	17	108
Disposal		-	-	(8)	*	-	-	-	*	-	(8)
At 31 March 2019		-	24	14	39	9	6	12	41	21	166
Carrying amount											
At 1 April 2018 (restated)		1,845	783	34	36	18	8	-	141	81	2,946
At 31 March 2019		1,845	767	96	37	14	47	198	260	64	3,328

* *Less than RM1,000.*

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings RM'000	Computer and software RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost											
At 1 April 2019		1,845	791	110	76	23	53	210	301	85	3,494
Additions		-	-	16	27	83	16	167	83	285	677
At 31 March 2020		1,845	791	126	103	106	69	377	384	370	4,171
Accumulated depreciation											
At 1 April 2019		-	24	14	39	9	6	12	41	21	166
Depreciation charge for the financial year	20	-	16	12	16	9	6	28	5	75	167
At 31 March 2020		-	40	26	55	18	12	40	46	96	333
Carrying amount											
At 1 April 2019		1,845	767	96	37	14	47	198	260	64	3,328
At 31 March 2020		1,845	751	100	48	88	57	337	338	274	3,838

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings RM'000	Computer and software RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost											
At 1 April 2020		1,845	791	126	103	106	69	377	384	370	4,171
Acquisition of subsidiaries		-	-	9	25	-	4	102	26,723	3,698	30,561
Additions		-	-	6	54	-	-	-	6,614	-	6,674
Disposal		-	-	-	-	(23)	-	-	-	-	(23)
Written off	20	-	-	-	-	-	-	-	(61)	-	(61)
At 31 March 2021		1,845	791	141	182	83	73	479	33,660	4,068	41,322
Accumulated depreciation											
At 1 April 2020		-	40	26	55	18	12	40	46	96	333
Acquisition of subsidiaries		-	-	9	20	-	3	97	6,171	658	6,958
Depreciation charge for the financial year	20	-	16	14	21	17	7	38	100	74	287
Disposal		-	-	-	-	(14)	-	-	-	-	(14)
Written off	20	-	-	-	-	-	-	-	(11)	-	(11)
At 31 March 2021		-	56	49	96	21	22	175	6,306	828	7,553
Carrying amount											
At 1 April 2020		1,845	751	100	48	88	57	337	338	274	3,838
At 31 March 2021		1,845	735	92	86	62	51	304	27,354	3,240	33,769

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings RM'000	Computer and software RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost											
At 1 April 2021		1,845	791	141	182	83	73	479	33,660	4,068	41,322
Additions		-	-	59	242	11	6	83	5,773	1,745	7,919
Disposal		-	-	-	-	-	-	-	-	(284)	(284)
Written off	20	-	-	-	(9)	-	-	(167)	-	-	(176)
Reclassification		-	-	-	-	-	-	-	123	(123)	-
At 31 March 2022		1,845	791	200	415	94	79	395	39,556	5,406	48,781
Accumulated depreciation											
At 1 April 2021		-	56	49	96	21	22	175	6,306	828	7,553
Depreciation charge for the financial year	20	-	16	19	49	17	7	48	1,450	540	2,146
Disposal		-	-	-	-	-	-	-	-	(76)	(76)
Written off	20	-	-	-	(9)	-	-	(40)	-	-	(49)
Reclassification		-	-	-	-	-	-	-	92	(92)	-
At 31 March 2022		-	72	68	136	38	29	163	7,848	1,200	9,574
Carrying amount											
At 1 April 2021		1,845	735	92	86	62	51	304	27,354	3,240	33,769
At 31 March 2022		1,845	719	132	279	56	50	212	31,708	4,206	39,207

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets pledged as security

Freehold land and buildings with a carrying amount of RM2,563,855 (2021: RM2,579,665; 2020: RM2,595,475 and 2019: RM2,611,285) have been pledged as security to secure term loans of the Group as disclosed in Note 15(a).

Leased assets are pledged as security for the related finance lease liability is disclosed in Note 15(b).

(b) Right-of-use assets

The Group leases office space and rooftops to place solar equipment. The leases for office space and rooftops generally have lease terms between 3 to 22 years.

The Group has motor vehicles and solar equipment under finance lease which is classified as right-of-use assets.

Information about leases for which the Group is a lessee is presented below:

	Motor Vehicles RM'000	Solar equipment RM'000	Rooftop RM'000	Office RM'000	Total RM'000
Carrying amount					
At 1 April 2018	81	-	-	-	81
Depreciation	(17)	-	-	-	(17)
At 1 April 2019	64	-	-	-	64
Additions	162	123	-	-	285
Depreciation	(32)	(43)	-	-	(75)
At 31 March 2020	194	80	-	-	274
Acquisition of subsidiaries	246	-	2,794	-	3,040
Depreciation	(49)	(25)	-	-	(74)
At 31 March 2021	391	55	2,794	-	3,240
Additions	506	-	-	1,239	1,745
Disposal	(208)	-	-	-	(208)
Depreciation	(114)	(24)	(161)	(241)	(540)
Reclassification	-	(31)	-	-	(31)
At 31 March 2022	575	-	2,633	998	4,206

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

6. OTHER INVESTMENTS

	As at 31 March			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Unquoted securities				
Equity instruments, at fair value	134	-	-	-

7. GOODWILL

	As at 31 March			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
At the beginning of financial year	-	-	-	17,255
Additions				
- acquisition of subsidiaries	-	-	17,255	-
At the end of financial year	-	-	17,255	17,255

Impairment of goodwill

Management reviews the business performance based on the type of services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the Group's CGU which is also its reportable operating segment, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amount of goodwill allocated to the CGU of the Group is as follows:

	As at 31 March			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Goodwill	-	-	17,255	17,255

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

7. GOODWILL (CONTINUED)

Impairment of goodwill (continued)

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGU.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by the management covering a five-year period including near-term impact from Covid-19. The economic uncertainties from Covid-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than expected.

The key assumptions used for value-in-use calculation are:

(i) The internal rate of return ("IRR") using an estimated growth rate of 2.55% to 3%; and
(ii) The discounted rate of 7% applied to the cash flows projection is pre-tax and reflects management's estimate of the risk specific to the CGU at the date of assessment.

Based on the sensitivity analysis performed, the Group is of the opinion that there are no reasonable possible changes in key assumptions which would cause the carrying value of the CGU to exceed its recoverable amounts.

8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax asset/(liabilities) related to the following:

	At 1 April 2018 RM'000	Recognised in profit or loss RM'000	At 31 March 2019 RM'000
Deferred tax assets:			
Unabsorbed capital allowance	-	25	25
Unabsorbed business losses	-	106	106
	-	131	131
Deferred tax liabilities:			
Property, plant and equipment	(16)	(19)	(35)
	(16)	112	96

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax asset/(liabilities) related to the following: (continued)

	At 1 April 2019 RM'000	Recognised in profit or loss RM'000	At 31 March 2020 RM'000
Deferred tax assets:			
Unabsorbed capital allowance	25	(25)	-
Unabsorbed business losses	106	(106)	-
	131	(131)	-
Deferred tax liabilities:			
Property, plant and equipment	(35)	(32)	(67)
	96	(163)	(67)

	At 1 April 2020 RM'000	Acquisition RM'000	Recognised in retained earnings RM'000	Recognised in profit or loss RM'000	At 31 March 2021 RM'000
Deferred tax assets:					
Redeemable convertible preference shares	-	-	(46)	120	74
Unabsorbed business losses	-	21	-	-	21
Unused capital allowances	-	566	-	-	566
	-	587	(46)	120	661
Deferred tax liabilities:					
Property, plant and equipment	(67)	(894)	-	(7)	(968)
	(67)	(307)	(46)	113	(307)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax asset/(liabilities) related to the following: (continued)

	At 1 April 2021 RM'000	Recognised in retained earnings RM'000	Recognised in profit or loss RM'000	At 31 March 2022 RM'000
Deferred tax assets:				
Redeemable convertible preference shares	74	46	(120)	-
Irredeemable convertible preference shares	-	-	893	893
Unabsorbed business losses	21	-	-	21
Unused capital allowances	566	-	43	609
	661	46	816	1,523
Deferred tax liabilities:				
Property, plant and equipment	(968)	-	(210)	(1,178)
	(307)	46	606	345

	As at 31 March 2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	96	-	*	702
Deferred tax liabilities	-	(67)	(307)	(358)
	96	(67)	(307)	344

* *Less than RM1,000.*

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	As at 31 March			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowance	-	-	2,713	9,439
Unabsorbed business losses	-	-	-	171
Temporary differences arising from property, plant and equipment	-	-	(2,689)	(9,294)
	-	-	24	316

The availability of unused tax losses for offsetting against future taxable profits of the respective proposed subsidiaries in Malaysia are subject to requirements under the Income Tax Act,1967 and guidelines issued by the tax authority.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

9. INVENTORIES

	As at 31 March			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
At cost:				
Solar panel and parts	659	1,266	1,120	3,066

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM31,308,267 (2021: RM14,139,588; 2020: RM6,174,372 and 2019: RM3,177,547).

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

10. CONTRACT ASSETS/(LIABILITIES)

	As at 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Contract assets relating to construction services contract	378	3,849	4,556	46,187
Contract assets relating to timing difference between recognition of revenue and issuance of invoices	-	-	379	337
Total contract assets	378	3,849	4,935	46,524
Contract liabilities relating to construction services contract	(467)	(4,752)	(555)	(19,266)

(a) Significant changes in contract balances

	As at 31 March							
	2019		2020		2021		2022	
	Contract assets Increase/ (decrease) RM'000	Contract liabilities Increase/ (decrease) RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities Increase/ (decrease) RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities Increase/ (decrease) RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities Increase/ (decrease) RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	11	-	467	-	4,752	-	555
Increases due to cash received excluding amounts recognised as revenue during the financial year	-	(467)	-	(4,752)	-	(555)	-	(19,266)
Increases as a result of changes in the measure of progress	364	-	3,815	-	3,545	-	43,392	-
Transfer from contract assets recognised at the beginning of the financial year to receivables	(848)	-	(344)	-	(3,159)	-	(2,140)	-
Acquisition of subsidiary	-	-	-	-	321	-	-	-

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

10. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(b) Revenue recognised in relation to contract balances

	As at 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	11	467	4,752	555

11. TRADE AND OTHER RECEIVABLES

		As at 31 March			
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Trade					
Trade receivables	(a)				
- Third parties		891	9,070	12,885	8,064
- Related parties		30	-	-	-
Less: Impairment losses in trade receivables	(c)	(106)	(106)	(107)	(107)
Retention sum		-	-	-	1,142
		815	8,964	12,778	9,099
Non-trade					
Other receivables		294	617	2,787	2,105
Deposits		555	704	1,267	3,613
Prepayments	(b)	440	644	1,694	16,771
GST receivables		81	81	44	44
Less: Impairment losses in other receivables	(c)	-	-	(260)	(260)
		1,370	2,046	5,532	22,273
Total trade and other receivables		2,185	11,010	18,310	31,372

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from the date of invoices to 60 days. Other credit terms are assessed and approved on a case by case basis.

The information about the credit exposures are disclosed in Note 24(b).

(b) Prepayments

Included in prepayment are advance payment to suppliers amounting to RM15,599,005 (2021: RM1,508,418; 2020: RM329,080 and 2019: RM19,007).

(c) Receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	As at 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Trade				
At 1 April	96	106	106	107
Charge for the financial year	10	-	1	-
At 31 March	106	106	107	107
Non-trade				
At 1 April	-	-	-	260
Acquisition of subsidiaries	-	-	260	-
At 31 March	-	-	260	260

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS

	As at 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Cash and bank balances	1,103	1,730	8,220	4,326
Short-term deposits placed with licensed banks	180	289	8,653	15,781
	1,283	2,019	16,873	20,107

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the followings:

	As at 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Short-term deposits	180	289	8,653	15,781
Less: Pledged deposits	(180)	(289)	(1,136)	(15,687)
	-	-	7,517	94
Cash and bank balances	1,103	1,730	8,220	4,326
Bank overdrafts	(770)	(782)	(507)	(2,529)
	333	948	15,230	1,891

Included in the deposits placed with licensed banks of the Group:

(i) RM15,687,140 (2021: RM1,135,798; 2020: RM288,583 and 2019: RM180,000) is pledged to finance facilities granted to the Group, respectively as disclosed in Note 15(a).

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(ii) During the financial year, the Group made the following cash payments to purchase property, plant and equipment

	Note	FYE 31 March 2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Purchase of property, plant and equipment	5	505	677	6,674	7,919
Financed by way of lease arrangement		(104)	(142)	-	(1,722)
Financed by way of term loan		-	-	(5,800)	(5,564)
Cash payments on purchase of property, plant and equipment		401	535	874	633

(iii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	As at 1 April 2018 RM'000	Cash flow RM'000	Non-cash Other RM'000	As at 31 March 2019 RM'000
Term loans	2,590	(358)	-	2,232
Lease liabilities	82	(19)	104	167
Bankers' acceptance	-	779	-	779
Amount owing to directors	87	5	-	92
	2,759	407	104	3,270

	As at 1 April 2019 RM'000	Cash flow RM'000	Non-cash Other RM'000	As at 31 March 2020 RM'000
Term loans	2,232	(311)	-	1,921
Lease liabilities	167	(74)	143	236
Bankers' acceptance	779	(238)	-	541
Amount owing to directors	91	30	1,000	1,121
	3,269	(593)	1,143	3,819

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(iii) Reconciliation of changes in liabilities arising from financing activities are as follows: (continued)

	As at 1 April 2020 RM'000	Cash flow RM'000	← Non-cash → Acquisition RM'000	Other RM'000	As at 31 March 2021 RM'000
Term loans	1,921	765	17,077	5,800	25,563
Lease liabilities	236	(88)	3,363	-	3,511
Redeemable convertible preference shares	-	16,000	-	311	16,311
Bankers' acceptance	541	403	-	-	944
Amount owing to directors	1,121	(1,120)	-	-	1
	3,819	15,960	20,440	6,111	46,330

	As at 1 April 2021 RM'000	Cash flow RM'000	Non-cash Other RM'000	As at 31 March 2022 RM'000
Term loans	25,563	10,439	5,563	41,565
Lease liabilities	3,511	(644)	1,722	4,589
Bankers' acceptance	944	(477)	-	467
Amount owing to directors	1	-	-	1
	30,019	9,318	7,285	46,622

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

13. INVESTED EQUITY

	As at 31 March							
	Number of ordinary shares				Amount			
	2019	2020	2021	2022	2019	2020	2021	2022
	Unit	Unit	Unit	Unit	RM'000	RM'000	RM'000	RM'000
At 1 April	750,000	750,000	845,070	845,070	750	750	2,250	2,250
Issuance of ordinary shares	-	95,070	-	365,502	-	1,500	-	21,999
At 31 March	750,000	845,070	845,070	1,210,572	750	2,250	2,250	24,249

The new ordinary shares issued during the financial years rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

14. OTHER RESERVE

		As at 31 March			
		2019	2020	2021	2022
		RM'000	RM'000	RM'000	RM'000
At beginning of the year		-	-	-	144
Issuance of equity component of redeemable convertible preference shares	(a)	-	-	144	-
Redemption of equity component of redeemable convertible preference shares		-	-	-	(144)
Issuance of equity component of irredeemable convertible preference shares	(b)	-	-	-	12,800
At 31 March		-	-	144	12,800

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

14. OTHER RESERVE (CONTINUED)

(a) Equity component of redeemable convertible preference shares ("RCPS")

This represents the residual amount of RCPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from RCPS. Further details on the RCPS are disclosed in Note 15(c).

On 29 November 2021, the Group and Basil Power Sdn. Bhd. ("Basil Power") entered into an agreement on the redemption of the RCPS via a fresh allotment and issuance of irredeemable convertible preference shares ("ICPS"), and any ordinary shares upon conversion of the ICPS.

(b) Equity component of ICPS

This represents the residual amount of ICPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from ICPS. Further details on the RCPS are disclosed in Note 15(f).

15. LOANS AND BORROWINGS

		As at 31 March			
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Non-current:					
Term loans	(a)	1,923	1,662	23,231	38,753
Lease liabilities	(b)	101	131	3,345	3,979
Redeemable convertible preference shares	(c)	-	-	16,311	-
		2,024	1,793	42,887	42,732
Current:					
Term loans	(a)	309	259	2,332	2,812
Lease liabilities	(b)	66	105	166	610
Bank overdraft	(d)	770	782	507	2,529
Bankers' acceptance	(e)	779	541	944	467
Irredeemable convertible preference shares	(f)	-	-	-	3,719
		1,924	1,687	3,949	10,137

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

		As at 31 March			
		2019	**2020**	**2021**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total loans and borrowings:					
Term loans	(a)	2,232	1,921	25,563	41,565
Lease liabilities	(b)	167	236	3,511	4,589
Redeemable convertible preference shares	(c)	-	-	16,311	-
Bank overdraft	(d)	770	782	507	2,529
Bankers' acceptance	(e)	779	541	944	467
Irredeemable convertible preference shares	(f)	-	-	-	3,719
		3,948	3,480	46,836	52,869

(a) Term loan

Term loan 1 of the Group of RM NIL (2021: RM NIL; 2020: RM NIL and 2019: RM 88,668) bears interest at flat rate of 7.5% per annum and is payable by monthly instalment of RM15,313 over 3 years commencing from the date of full release of the loan and is secured and supported as follows:
(i) Joint and severally guaranteed by Directors.

Term loan 2 of the Group of RM643,917 (2021: RM857,640; 2020: RM914,380 and 2019: RM1,088,125) bears interest at base lending rate ("BLR") plus 3.5% per annum and is payable by monthly instalment of RM23,017 over 7 years commencing from the day of first drawdown and is secured and supported as follows:
(i) Joint and severally guaranteed by Directors.

Term loan 3 of the Group of RM940,793 (2021: RM994,389; 2020: RM1,007,298; and 2019: RM1,055,058) bears interest at base financing rate ("BFR") minus 1.9% per annum and is payable by monthly instalment of RM7,762 over 20 years commencing from the day of first drawdown and is secured and supported as follows:
(i) Joint and severally guaranteed by Directors; and
(ii) Legal charge over the freehold land and building.

Term loan 4 of the Group of RM786,297 (2021:RM 972,951; 2020: RM NIL and 2019: RM NIL) bears interest at flat rate of 3.5% per annum and is payable by monthly instalment of RM18,192 over 5 years commencing from the day of first drawdown and is secured and supported as follows:
(i) Joint and severally guaranteed by Directors; and
(ii) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") which provides a guarantee of 80% on the loan amount.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term Loans (continued)

Term loan 5 of the Group of RM3,776,346 (2021: RM4,061,612; 2020: RM NIL and 2019: RM NIL) bears interest at BFR minus 1.5% per annum and is payable by monthly instalment of RM36,609 over 12 years commencing from the day of first drawdown and is secured and supported as follows:
(i) Facilities agreement;
(ii) Guarantee from SJPP which provides a guarantee of 80% on the loan amount;
(iii) Corporate guarantee by fellow subsidiaries;
(iv) Corporate guarantee by immediate holding company;
(v) Joint and several guarantee by directors; and
(vi) Specific debenture over asset of net energy metering ("NEM") project.

Term loan 6 of the Group of RM1,493,463 (2021: RM1,600,000; 2020: RM NIL and 2019: RM NIL) bears interest at BFR minus 1.5% per annum and is payable by monthly instalment of RM13,946 over 12 years commencing from the day of first drawdown and is secured and supported as follows:
(i) Facilities Agreement;
(ii) Guarantee from SJPP which provides a guarantee of 80% on the loan amount;
(iii) Corporate guarantee of fellow subsidiaries;
(iv) Corporate guarantee of immediate holding company; and
(v) Joint and several guarantee of directors; and
(vi) Specific debenture over asset of NEM project.

Term loan 7 of the Group of RM 5,230,449 (2021: RM5,180,460; 2020: RM NIL and 2019: RM NIL) bears interest at cost of finance ("COF") plus 2% per annum and is repayable by monthly instalments of RM77,060 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:
(i) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed received from TNB;
(ii) Assignment over Finance Service Reserve Account ("FSRA");
(iii) Specific Debenture over the solar equipment;
(iv) Assent to the Deed of Assignment of Feed in Tariff ("FiT") proceeds under the Renewable Energy Power Purchase Agreement ("REPPA") between the Group and Tenaga Nasional Berhad ("TNB");
(v) Irrevocable Letter of Instruction (ILI") from the Company and acknowledged by the Group as to direct credit all contract proceeds into Collection Account maintained by Bank Islam;
(vi) Letter of Disclaimer from landlord and/or Letter of Consent from financier; and
(vii) Joint and several guarantee by directors of the Company.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term Loans (continued)

Term loan 8 of the Group of RM5,934,908 (2021: RM5,877,069; 2020: RM NIL and 2019: RM NIL) bears interest at COF plus 2% per annum and is repayable by monthly instalments of RM87,049 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:

(i) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed received from TNB;
(ii) Assignment over FSRA;
(iii) Specific Debenture over the solar equipment;
(iv) Assent to the Deed of Assignment of FiT proceeds under the REPPA between the Company and TNB;
(v) ILI from the Company and acknowledged by the Group as to direct credit all contract proceeds into Collection Account maintained by Bank Islam;
(vi) Letter of Disclaimer from landlord and/or Letter of Consent from financier; and
(vii) Joint and several guarantee by directors of the Company.

Term loan 9 of the Group of RM286,156 (2021: RM300,000; 2020: RM NIL and 2019: RM NIL) bears interest at BFR per annum and is repayable by monthly instalments of RM6,718 over five years and nine months commencing from the day of first drawdown and is secured and supported as follows:

(i) Joint and several guarantee by directors of the Company; and
(ii) Corporate Guarantee by SJPP up to 80% from the financing amount.

Term loan 10 of the Group of RM430,733 (2021: RM466,274; 2020: RM NIL and 2019: RM NIL) bears interest at BFR per annum and is repayable by monthly instalments of RM9,096 over five years commencing from the day of first drawdown and is secured and supported as follows:

(i) Joint and several guarantee by directors; and
(ii) Guarantee by SJPP under the Penjana SME Financing – Government Guarantee Scheme-Prihatin ("PSF – GGSP") of up to RM400,000.

Term loan 11 of the Group of RM4,666,440 (2021: RM5,253,558; 2020: RM NIL and 2019: RM NIL) bears interest at BLR minus 0.9% per annum and is repayable by monthly instalments of RM66,583 over ten years commencing from the day of first drawdown and is secured and supported as follows:

(i) A Facility Agreement to secure repayment of principal together with interest;
(ii) Assignment over the right to the Lease Agreement between the Company and F.Y. Food Processing Sdn. Bhd. over a place of land where the solar power is constructed;
(iii) Assignment over the right of the Company to the proceeds from the sales of electricity in respect of the REPPA between the Company and TNB;
(iv) Debenture incorporating a fixed charge over the solar power plant;
(v) Corporate Guarantee by Sendang Energy Sdn. Bhd.; and
(vi) Joint and several guarantee by directors of the Company.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term Loans (continued)

Term loan 12 of the Group of RM12,057,776 (2021, 2020 and 2019: RM NIL) bears interest at BFR plus 0.25% per annum and is repayable by monthly instalments of RM230,176 over seven years commencing from the third year from the day of first drawdown and is secured and supported as follows:
(i) Facilities agreement;
(ii) Pledge of Commodity Murabahah Term Deposit-i ("CMTB")
(iii) Debenture creating a fixed and floating charge over the present and future assets of the Customer as Subsidiary Instrument; and
(iv) Joint and several guarantee of directors.

Term loan 13 of the Group of RM1,366,483 (2021, 2020 and 2019: RM NIL) bears interest at BLR minus 1.5% per annum and is payable by monthly instalment of RM15,044 over ten years commencing from the day of first drawdown and is secured and supported as follows:
(i) Facilities agreement;
(ii) Certificate of Guarantee of SJPP under the Government Guarantee Scheme-Prihatin
(iii) Debt Service Reserve Account ("DSRA") equivalent to 6 months of principal and interest rate payment;
(iv) Assignment of all rights, interests and benefits of the Group and the proceed from the sales of electricity;
(v) Joint and several guarantee of directors;
(vi) Specific debenture over asset of NEM and Self-Consumption ("SELCO") project;
(vii) Corporate guarantee by fellow subsidiaries; and
(viii) Corporate guarantee by immediate holding company.

Term loan 14 of the Group of RM3,951,639 (2021, 2020 and 2019: RM NIL) bears interest at BLR minus 1.5% per annum and is payable by monthly instalment of RM43,482 over ten years commencing from the day of first drawdown and is secured and supported as follows:
(i) Facilities agreement;
(ii) Certificate of Guarantee of SJPP under the Government Guarantee Scheme-Prihatin
(iii) DSRA equivalent to 6 months of principal and interest rate payment;
(iv) Assignment of all rights, interests and benefits of the Group and the proceed from the sales of electricity;
(v) Joint and several guarantee of directors;
(vi) Specific debenture over asset of NEM and SELCO project;
(vii) Corporate guarantee by fellow subsidiaries; and
(viii) Corporate guarantee by immediate holding company.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum lease payment:				
- Not later than one year	75	116	355	833
- Later than one year and not later than five years	106	144	1,277	2,000
- More than five years	-	-	3,804	3,586
	181	260	5,436	6,419
Less: Future finance charges	(14)	(24)	(1,925)	(1,830)
Present value of minimum lease payments	167	236	3,511	4,589

	As at 31 March			
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Present value of minimum lease payment payable:				
- Not later than one year	66	105	166	610
- Later than one year and not later than five years	101	131	713	1,353
- More than five years	-	-	2,632	2,626
	167	236	3,511	4,589
Less: Amount due within twelve months	(66)	(105)	(166)	(610)
Amount due after twelve months	101	131	3,345	3,979

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(c) Redeemable convertible preference shares ("RCPS")

On 15 December 2020, 450,704 RCPS of RM16,000,000 were issued by the Group at an issue price of RM35.50 per share. The salient features of the RCPS are as follows:

i) Subject to and upon compliance with the qualifying initial public offering ("QIPO"), the RCPS automatic converted into new ordinary shares of the Group at any time before the maturity date;
ii) Each RCPS shall be entitled to be converted into 1 conversion shares in the Group on a fully diluted basis;
iii) The RCPS shall rank pari passu amongst themselves, and in priority to the ordinary shares in the Group;
iv) No dividend shall be paid during the tenure of the RCPS, unless otherwise declared;
v) In the event of there being no QIPO conversion on or before the maturity date, and subject to and accordance with Section 72 of the Companies Act, all the RCPS shall immediately become redeemable at 100% of the Subscription price of the RCPS together with compounded interest of 12% per annum, which shall be payable within 90 days from the maturity date.

The amount of the redeemable preference share classified as equity is net of attributable transaction costs. Deferred tax liability of RM45,534 has been recognised directly to statement of changes in equity.

On 29 November 2021, the Group entered into an agreement on the redemption of the RCPS via a fresh allotment and issuance of ICPS, and any ordinary shares upon conversion of the ICPS.

		As at 31 March			
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
At beginning of the year		-	-	-	16,311
Issuance of liability component of redeemable convertible preference shares	14(a)	-	-	16,311	-
Redemption of liability component of redeemable convertible preference shares		-	-	-	(16,311)
Issuance of liability component of irredeemable convertible preference shares	14(b)	-	-	-	3,719
At 31 March		-	-	16,311	3,719

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(d) Bank overdrafts

Bank overdraft 1 of the Group bears interest of BFR plus 1.5% per annum and are secured and supported as follows:
(i) Guarantee by SJPP for up to 70% from the approved amount under the facility
(ii) A guarantee fee of RM6,678 is repayable on an annual basis; and
(iii) Joint and several guarantee by the directors.

Bank overdraft 2 of the Group bears interest of BNM funding rate ("FR") plus 4.5% per annum for the first 5 years from the date of first disbursement, BLR plus 2% thereafter and are secured and supported as follows:
(i) Facilities agreement;
(ii) Pledged of fixed deposit by way of sinking fund, shall start effect on 15th of the month;
(iii) Joint and several guarantee by the directors; and
(iv) Guarantee by SJPP for up to 70% from the approved amount under the facility.

(e) Banker's acceptance ("BA")

Banker's acceptance of the Group is secured and supported as follows:
(i) A guarantee of RM1,300,000 to be executed by all directors; and
(ii) The interest is charges at 2.50% p.a. over Bank's BFR of face value of each BA for first five years. Thereafter charged at 1.5% p.a. of face value of each BA from the 6th years onwards.

(f) ICPS

On 29 November 2021, 450,704 ICPS of RM35.50 per ICPS amounting to RM16,000,000 were issued by the Group pursuant to redemption of RCPS. The salient features of the ICPS are as follows:
i) Subject to and upon compliance with the qualifying initial public offering ("QIPO"), the ICPS is automatically converted into new ordinary shares of the Group at any time before the maturity date;
ii) Each ICPS shall be entitled to be converted into 1 conversion shares in the Group on a fully diluted basis;
iii) The ICPS shall rank pari passu amongst themselves, and in priority to the ordinary shares of the Group;
iv) No dividend shall be paid during the tenure of the ICPS, unless otherwise declared; and
v) In the event of there being no QIPO conversion on or before the maturity date, and subject to and accordance with Section 72 of the Companies Act, all the ICPS shall immediately become redeemable at 100% of the subscription price of the ICPS together with compounded interest of 12% per annum, which shall be payable within 90 days from the maturity date on 31 December 2022.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

16. TRADE AND OTHER PAYABLES

	Note	As at 31 March 2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Current:					
Trade					
Trade payables	(a)				
- Third parties		336	4,978	5,628	19,050
Accrued billing		-	-	-	1,500
Retention sum		-	-	-	66
		336	4,978	5,628	20,616
Non-trade:					
Other payables	(c)	798	1,817	25,203	6,898
Amount owing to directors	(b)	92	1,121	1	1
Amount owing to related parties	(b)	89	-	-	-
Accruals		26	26	180	124
Deposits payable		175	145	199	1,135
		1,180	3,109	25,583	8,158
Total trade and other payables		1,516	8,087	31,211	28,774

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from the date of invoices to 90 days.

(b) Amount owing to directors and related parties

Amount owing to directors and related parties are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

(c) Other payables

Included in other payables are acquisition of subsidiaries' consideration of RM NIL (2021: RM20,240,000), which are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

For explanation on the Group's liquidity risk management processes, refer to Note 24(b)(ii).

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

17. REVENUE

	FYE 31 March			
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At a point in time:				
Associated services and products	744	5,181	5,684	11,809
Over time:				
EPCC of Solar PV facilities	4,316	10,200	19,958	75,168
Construction and installation of solar PV facilities	591	10,994	17,491	8,788
Power supply	-	-	197	3,498
	5,651	26,375	43,330	99,263

18. OTHER INCOME

	FYE 31 March			
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Government grants	-	-	42	71
Interest income	*	*	27	121
Compensation from insurance	-	-	95	-
Gain on disposal of property, plant and equipments	-	-	-	21
Gain on disposal of associate	-	-	*	-
Management fee income	-	-	-	-
Realised gain on foreign exchange	-	-	60	46
Unrealised gain on foreign exchange	-	-	-	-
Redemption of redeemable convertible preference shares	-	-	-	501
Trade payables written down	-	-	-	110
	*	*	224	870

* *Less than RM1,000.*

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

19. FINANCE COSTS

	FYE 31 March			
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- Term loans	212	151	226	1,800
- Lease liabilities	4	12	49	225
- Overdraft interest	64	64	10	-
- RCPS	-	-	501	-
- ICPS	-	-	-	519
	280	227	786	2,544

20. (LOSS)/PROFIT BEFORE TAX

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at (loss)/profit before tax:

		FYE 31 March			
		2019	**2020**	**2021**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration					
- Current year		17	31	34	90
- Prior year		*	-	6	-
Depreciation of property, plant and equipment	5	108	167	287	2,146
Written off of property, plant and equipment	5	-	-	50	127
Provision for impairment losses in trade and other receivables	11	10	-	1	-
Employee benefits expense	21	1,356	2,027	2,776	6,004
Trade payables written down		-	-	-	110
Net realised foreign exchange loss		33	163	171	206
Net unrealised foreign exchange loss		5	168	-	3

* *Less than RM1,000.*

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

21. EMPLOYEE BENEFITS EXPENSE

	FYE 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Directors' fee	120	120	120	120
Salaries, wages, allowances and bonuses	1,094	1,700	2,346	5,235
Defined contribution plans	131	190	283	602
Other staff related benefits	11	17	27	47
	1,356	2,027	2,776	6,004
Included in employee benefits expense are:				
Directors' remuneration				
- Directors' fee	120	120	120	120
- Salaries, allowances and bonuses	392	384	455	708
- Defined contribution plans	47	46	55	85
- Other staff related benefits	2	2	2	2
	561	552	632	915

22. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 are as follows:

	FYE 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Combined statements of comprehensive income				
Current income tax:				
- Current income tax charge	-	568	2,665	3,011
- Adjustment in respect of prior years	21	(6)	-	(433)
	21	562	2,665	2,578
Deferred tax:				
- Origination/(reversal) of temporary difference	(119)	166	(109)	(599)
- Adjustment in respect of prior financial years	7	(3)	(4)	(7)
	(112)	163	(113)	(606)
Income tax (benefit)/expense recognised in profit or loss	(91)	725	2,552	1,972

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

22. INCOME TAX EXPENSE (CONTINUED)

The income tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid up capital of RM2,500,000 and below is subject to the statutory tax rate of 17% on chargeable income up to RM500,000. For chargeable income in excess of RM500,000, statutory tax rate of 24% is still applicable.

Domestic income tax is calculated at the Malaysia statutory income tax rate 24% of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expense are as follows:

	FYE 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
(Loss)/profit before tax	(799)	3,254	8,343	10,859
Tax at Malaysian statutory income tax rate of 24%	(192)	781	2,002	2,606
Adjustments:				
SME tax savings	-	(35)	-	-
Income not subject to tax	-	-	(23)	(17)
Non-deductible expenses	78	107	555	646
Utilisation of unrecognised deferred tax asset	-	-	-	-
Deferred tax not recognised on temporary differences	-	-	22	70
Tax exempted	(5)	(119)	-	-
Deferred tax recognised on irredeemable convertible preferences share	-	-	-	(893)
Adjustment in respect of current income tax of prior years	21	(6)	-	(433)
Adjustment in respect of deferred tax of prior years	7	(3)	(4)	(7)
Income tax (benefit)/expense	(91)	725	2,552	1,972

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

23. DIVIDENDS

	As at 31 March			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Recognised during the financial year:				
Dividends on ordinary shares:				
- Single-tier interim dividend for the financial year ended 31 March 2019: RM0.93 per ordinary share of a combining entity, paid on 20 August 2018	700	-	-	-
- Single-tier interim dividend for the financial year ended 31 March 2019: RM0.67 per ordinary share of a combining entity, paid on 31 December 2018	500	-	-	-
- Single-tier interim dividend for the financial year ended 31 March 2020: RM1.183 per ordinary share of a combining entity, paid on 22 April 2020	-	1,000	-	-
	1,200	1,000	-	-