

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF ES SUNLOGY BERHAD ("ES SUNLOGY" OR THE "COMPANY") DATED 27 JANUARY 2025 ("ELECTRONIC PROSPECTUS")

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

Website

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

Availability and Location of Paper/Printed Prospectus

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

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

Jurisdictional Disclaimer

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

Close of Application

Applications will be accepted from 10.00 a.m. on 27 January 2025 and will close at 5.00 p.m. on 5 February 2025.

In the event the Closing Date is extended, ES Sunlogy will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date, and make an announcement on Bursa Securities' website.

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

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

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

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

PROSPECTUS



ES SUNLOGY BERHAD
(202301046467 (1540381-T))
(Incorporated in Malaysia)



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PROSPECTUS



ES SUNLOGY BERHAD
(202301046467 (1540381-T))
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

- (I) **PUBLIC ISSUE OF 140,000,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:**
- **35,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
 - **17,500,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;**
 - **87,500,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND**
- (II) **OFFER FOR SALE OF 70,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS**

AT AN ISSUE/ OFFER PRICE OF RM0.30 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Adviser, Sponsor, Underwriter and Placement Agent



M & A SECURITIES SDN BHD
(197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 211.

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

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS IS DATED 27 JANUARY 2025

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

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

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

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

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

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 7 November 2024. Our admission to the Official List of ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The SC (as defined herein) has on 8 November 2024 approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

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

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

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

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

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

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

ELECTRONIC PROSPECTUS

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

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

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

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

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

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

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

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

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

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INDICATIVE TIMETABLE

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

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

Events	Indicative date
Issuance of this Prospectus/ Opening of Application	27 January 2025
Closing Date/ Closing of Application	5 February 2025
Balloting of Application	10 February 2025
Allotment/ Transfer of IPO Shares to successful applicants	18 February 2025
Date of Listing	20 February 2025

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

All references to "**ES Sunlogy**" or "**Company**" in this Prospectus are references to ES Sunlogy Berhad (202301046467 (1540381-T)). Unless otherwise stated, references to "**Group**" are to our Company and our subsidiaries taken as a whole; and references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company, and, save where the context otherwise requires our subsidiaries. Unless the context otherwise requires, references to "**Management**" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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

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

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

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

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

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

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FORWARD-LOOKING STATEMENTS

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

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

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

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

- (a) demand for our services;
- (b) our business strategies;
- (c) our future plans;
- (d) our future earnings, cash flows and liquidity; and
- (e) our ability to pay future dividends.

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

- (a) the economic, political and investment environment in Malaysia; and
- (b) Government policy, legislation or regulation.

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

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/ transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.

DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

"Energy ES"	: Energy ES Sdn Bhd (202101012981 (1413280-K))
"ES Sunlogy" or "Company"	: ES Sunlogy Berhad (202301046467 (1540381-T))
"ES Sunlogy Group" or "Group"	: ES Sunlogy and its subsidiaries, collectively
"Savelite"	: Savelite Engineering Sdn Bhd (201001019389 (903099-M))
"Selarong Pertama"	: Selarong Pertama Energy Sdn Bhd (202401004538 (1550388-H))

GENERAL:

"ACE Market"	: ACE Market of Bursa Securities
"Acquisition"	: Acquisition by ES Sunlogy of the entire equity interest of Savelite for a purchase consideration of RM50.34 million which was wholly satisfied by the issuance of 559,999,997 new Shares at an issue price of RM0.0899 per Share, which was completed on 17 December 2024
"Act"	: Companies Act 2016
"ADA"	: Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	: M&A Securities
"AGM"	: Annual general meeting
"Application(s)"	: Application for our Issue Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
"Application Form(s)"	: Printed application form(s) for the application of Issue Shares accompanying this Prospectus
"Askey"	: Askey Media Technology (M) Sdn Bhd (201001039132 (923056-D))
"Atlantic Blue"	: Atlantic Blue Sdn Bhd (200501009092 (686139-X)), a wholly-owned subsidiary of Solarvest Holdings Berhad (listed on Main Market)
"ATM"	: Automated teller machine
"Blazing Solar"	: Blazing Solar Sdn Bhd (202201041274 (1486971-X)), a wholly-owned subsidiary of Solarvest Holdings Berhad (listed on Main Market)
"BNM"	: Bank Negara Malaysia

DEFINITIONS (Cont'd)

"Board"	:	Board of Directors of ES Sunlogy
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"CCC"	:	Certificate of completion and compliance
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Cena Power"	:	Cena Power Sdn Bhd (201601022587 (1193526-K))
"Central Depositories Act" or "SICDA"	:	Securities Industry (Central Depositories) Act 1991
"CF"	:	Certificate of fitness for occupation
"CGPA"	:	Corporate Green Power Agreement dated 16 February 2024 between Selarong Pertama and Client M
"CIDB"	:	Construction Industry Development Board of Malaysia
"CIDB Act"	:	Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
"Client M"	:	A private limited company incorporated in Malaysia, which is principally involved in designing, developing and manufacturing of memory and storage products and semiconductors devices such as diodes and transistors.

Client M is a subsidiary of a USA-based corporation listed on the NASDAQ Global Select Market, which is principally involved in investment holding in subsidiaries involved in designing, developing, manufacturing of memory and storage products.

We are unable to disclose the identity of Client M due to contractual obligations to keep all information confidential under the CGPA executed with Client M

DEFINITIONS (Cont'd)

"Client S" : A private limited company incorporated in Malaysia, which is principally involved in manufacturing and supplying computer, peripheral equipment and electrical products, as well as assembling and supplying solid state storage systems and other electronic storage systems associated with the semiconductor industry.

Client S is an indirect subsidiary of a USA-based corporation listed on the NASDAQ Global Select Market, which is principally involved in investment holding in subsidiaries involved in developing, manufacturing and providing data storage devices and solutions such as solid-state drives, digital audio players, memory cards and readers.

We are unable to disclose the identity of Client S due to contractual obligations to keep all information confidential under the agreements executed with Client S

"Client ST" : A private limited company incorporated in Malaysia, which is principally involved in civil and structural construction works and registered as a G7 contractor with CIDB.

We are unable to disclose the identity of Client ST as they do not consent to the disclosure of any information relating to them, in line with their policy with their customers and suppliers

"Client W" : A private limited company incorporated in Malaysia, which is principally involved in the manufacturing and supplying of thin film magnetic disks which provides (i) high-capacity storage medium for digital data in computers and appliances; (ii) services focusing on data management, specifically in collecting, managing, and using digital information; and (iii) produces hard drives that keep users' data.

Client W is an indirect subsidiary of a USA-based corporation listed on the NASDAQ Global Select Market, which is principally involved in investment holding in subsidiaries involved in developing, manufacturing and providing data storage devices and solutions such as solid-state drives, digital audio players, memory cards and readers.

We are unable to disclose the identity of Client W due to contractual obligations to keep all information confidential under the agreements executed with Client W

"Client Z" : A private limited company incorporated in Malaysia, which is principally involved in diversified construction works such as civil, structural, mechanical, electrical engineering works; and property development of high-rise residential projects.

We are unable to disclose the identity of Client Z as they do not consent to the disclosure of any information relating to them, in line with their policy with their customers and suppliers

"Closing Date" : Date adopted in this Prospectus as the last date for acceptance and receipt of the Application

DEFINITIONS (Cont'd)

"CMSA"	:	Capital Markets and Services Act 2007
"Company E"	:	Company E is a private limited company incorporated in Malaysia, which is principally involved in trading and provision of installation services of solar energy products and system. Company E is a subsidiary of a public listed company on ACE Market, which is principally involved in investment holding in subsidiaries involved in manufacturing, trading and sales of doors, door and window frames, trading of ironmongery, electronics and electrical systems and accessories. We are unable to disclose the identity of Company E due to contractual obligations to keep all information confidential under the agreement executed with Company E
"Constitution"	:	Our constitution
"COVID-19"	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and it is a global pandemic
"Depository Rules"	:	Rules of Bursa Depository and any appendices thereto
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EC"	:	Energy Commission Malaysia
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/ or an electronic storage medium
"Electronic Share Application(s)"	:	Application(s) for our Issue Shares through a Participating Financial Institution's ATM
"Eligible Person(s)"	:	Eligible Director(s), employee(s) of our Group, and person(s) who have contributed to the success of our Group who are eligible to participate in the Pink Form Allocations, collectively
"EPS"	:	Earnings per share
"ERP"	:	Enterprise resource planning
"Frasers Construction"	:	Frasers Construction (M) Sdn Bhd (201701031156 (1245326-M))
"FYE"	:	Financial year(s) ended/ ending 31 July, as the case may be
"Government"	:	Government of Malaysia
"GP"	:	Gross profit

DEFINITIONS (Cont'd)

"Headquarters"	:	Our head office, which is a 3-storey super link terraced light industrial factory located at 2A, Jalan Industri Tangkas 2, Taman Industri Tangkas, 14000 Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Providence"	:	Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A)), our independent market researcher
"IMR Report"	:	Independent Market Research Report titled "Outlook of the Mechanical and Electrical Engineering Industry and Solar Photovoltaic Industry in Malaysia" dated 7 January 2025
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"Internet Participating Financial Institution(s)" or "Participating Securities Firm(s)"	:	Participating financial institution(s) or Participating Securities Firm(s) for Internet Share Application as listed in Section 16.6
"Internet Share Application(s)"	:	Application for our IPO Share(s) through an online share application service provided by Internet Participating Financial Institution(s) or Participating Securities Firm(s)
"IPO Price"	:	Issue price/ offer price of RM0.30 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"IRB"	:	Inland Revenue Board of Malaysia
"Issue Share(s)"	:	New Share(s) to be issued under our Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
"ISO"	:	International Organisation for Standardisation
"IT"	:	Information technology
"Itramas"	:	Itramas Technology Sdn Bhd (199901022177 (497077-A))
"Junjong Consortium"	:	Savelite, Frasers Construction and Moderntent Development, collectively

DEFINITIONS (Cont'd)

"Junjong Land"	: 4 pieces of freehold lands as described below:
	(a) Geran Mukim 503, Lot No. 228, Tempat Penyangga, Mukim Junjong, Daerah Kulim, Kedah
	(b) Geran Mukim 165, Lot No. 1568, Tempat Charok Sidan, Mukim Junjong, Daerah Kulim, Kedah
	(c) Geran Mukim 37, Lot No. 446, Tempat Balai Dan, Pekan Junjong, Daerah Kulim, Kedah
	(d) Geran 94252, Lot No. 1074, Tempat Balai Dan, Pekan Junjong, Daerah Kulim, Kedah
"Junjong LSSPV Plant"	: A 20.76MWac LSSPV plant which is owned, operated and maintained by Energy ES and located at Junjong Land
"Listing"	: Listing of and quotation for our entire enlarged share capital of RM92.34 million comprising 700,000,000 Shares on the ACE Market
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	: Comprising the Public Issue, Offer for Sale and Listing, collectively
"LPD"	: 24 December 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	: M & A Securities Sdn Bhd (197301001503 (15017-H))
"Main Market"	: Main Market of Bursa Securities
"Malaysian Public"	: Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day"	: A day on which the stock market of Bursa Securities is open for trading in securities, which may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"MCCG"	: Malaysian Code on Corporate Governance
"MCO"	: The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"Members"	: Any person(s) whose name(s) is/ are entered in our Company's register of members including depositors whose names appear on the Record of Depositors except Bursa Depository and/ or its nominee company in its capacity as a bare trustee
"MFRS"	: Malaysian Financial Reporting Standards
"MIA"	: Malaysian Institute of Accountants
"MITI"	: Ministry of Investment, Trade and Industry

DEFINITIONS (Cont'd)

"Moderntent Development"	:	Moderntent Development Sdn Bhd (200001023777 (526385-M))
"MOF"	:	Ministry of Finance
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	Offer for sale of 70,000,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered under our Offer for Sale
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities
"OSHA"	:	Occupational Safety and Health Act 1994
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application as listed in Section 16.5
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"PETRA"	:	Ministry of Energy Transition and Water Transformation
"Pink Form Allocations"	:	Allocation of 17,500,000 Issue Shares to our Eligible Persons, which forms part of our Public Issue
"Promoter(s)"	:	Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng, collectively
"Prospectus"	:	This prospectus dated 27 January 2025 in relation to our IPO
"Public Issue"	:	Public issue of 140,000,000 Issue Shares at our IPO Price
"Record of Depositors"	:	A record of securities holders established by Bursa Depository under the Depository Rules
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia
"SEDA"	:	Sustainable Energy Development Authority
"Selarong Land"	:	2 pieces of freehold lands as described below: (a) Hakmilik No. Geran 35020, Lot No. 42, Mukim Padang China, Daerah Kulim, Kedah (b) Hakmilik No. HSD 4106, Lot No. PT 442, Mukim Padang Meha, Daerah Kulim, Kedah

DEFINITIONS (*Cont'd*)

"Selarong LSSPV Plant"	:	A 29.99MW LSSPV plant which is developed, constructed and operated by Selarong Pertama and located at Selarong Land
"Selling Shareholder(s)"	:	Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng, who are undertaking the Offer for Sale, collectively
"Share(s)" or "ES Sunlogy Share(s)"	:	Ordinary share(s) in ES Sunlogy
"SOP(s)"	:	Standard operating procedure(s)
"Specified Shareholder(s)"	:	Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng, collectively
"Supplier W"	:	A private limited company incorporated in Malaysia, which is principally involved in the trading of electrical machinery and components such as lighting, cable, wire, cable tray and related products across Malaysia, Thailand and China. We are unable to disclose the identity of Supplier W as they do not consent to the disclosure of any information relating to them, in line with their policy with their customers and suppliers
"TNB"	:	Tenaga Nasional Berhad (199001009294 (200866-W))
"TRe"	:	TNB Renewables Sdn Bhd (201801003171 (1265184-A)), a wholly-owned subsidiary of TNB
"UK"	:	United Kingdom
"Underwriting Agreement"	:	Underwriting agreement dated 19 December 2024 entered into between ES Sunlogy and M&A Securities for the purpose of our IPO
"USA"	:	United States of America
"U-Teknik KL"	:	U-Teknik Trading (KL) Sdn Bhd (201501014895 (1140227-K))
"U-Teknik Trading"	:	U-Teknik Trading Sdn Bhd (200401014194 (652697-H))
"W Group"	:	Client S and Client W, collectively
"Yansnest"	:	Yansnest Sdn Bhd (202001002466 (1359786-U))

DEFINITIONS (*Cont'd*)

CURRENCY AND UNITS:

"km"	:	Kilometre
"kV"	:	Kilovolt
"MW"	:	Megawatts
"MWac"	:	Megawatt alternating current
"MWh"	:	Megawatt hour
"RM" or "sen"	:	Ringgit Malaysia and sen respectively
"sq ft"	:	Square feet

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TECHINICAL GLOSSARY

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

"AC"	:	Alternating current, an electrical current that periodically reverses direction and changes its magnitude continuously with time
"ACMV"	:	Air-conditioning and mechanical ventilation, the technology of indoor environmental comfort to provide thermal comfort and acceptable indoor air quality
"Busbar"	:	Metal bars used to carry electrical current
"CGPP"	:	Corporate Green Power Programme, a programme which allows eligible corporate consumers to enter into virtual power purchase agreement with solar power producers for the purchase of renewable energy virtually based on an agreed price instead of via direct delivery of the physical energy
"Chargeman"	:	A certified individual responsible for supervising and overseeing electrical installations, maintenance, and operations within a designated area or project site. In Malaysia, a chargeman is required to hold valid certifications issued by the EC which specify their competency levels and authorise them to perform electrical works up to certain voltage levels. A chargeman typically ensures that electrical installations comply with safety regulations, industry standards and project specifications
"CMGD"	:	Certificate of making good defects
"CPC"	:	Certificate of practical completion
"DC"	:	Direct current, an electrical current that flows in one direction
"Distribution licencee"	:	TNB in Peninsular Malaysia and Sabah Electricity Sdn Bhd in Sabah, being the holders of the licence to distribute electricity issued by the EC under Section 9 of the Electricity Supply Act 1990 [Act 447]
"DLP"	:	Defect liability period, a warranty period where a contractor is required to repair or make good defects in the work performed at their own costs
"Earthing systems"	:	A grounding system that connects specific parts of an electrical and electronic system to the earth's conductive surface for safety and functional purposes
"Electrical faults"	:	An abnormal condition in a power system or equipment that occurs when the current flowing through a circuit is partially or completely interrupted. Faults can occur for various reasons, including equipment failure, environmental conditions and human error

TECHNICAL GLOSSARY (*Cont'd*)

"Electricity"	:	A secondary energy source derived from electromagnetism, one of the natural forces. As a secondary energy source, the generation of electricity relies on primary energy sources such as solar, wind, fossil fuels, hydropower and radioactive materials. In the context of this Prospectus, it is used synonymously with "power", unless indicated otherwise
"ELV"	:	Extra low voltage, a voltage less or equal to 50 volts
"EPCC"	:	Engineering, procurement, construction and commissioning, a form of contract to undertake construction contracts where the contractor is responsible for the design, procurement, construction, commissioning and handover of a project
"EUC"	:	Electricity utility company, being TNB in Peninsular Malaysia
"Fault current"	:	Electrical current which flows through a circuit during electrical faults
"Fire protection system"	:	Consist of various components that work together to provide early warning, suppress fires and ensure the safe evacuation of occupants. These systems are crucial for preventing fire-related injuries, minimising property damage, and maintaining a safe environment
"HV"	:	High voltage, a voltage more than 50kV but less or equal to 230kV
"Interconnection"	:	Refers to a point at which a solar PV system at a facility is connected to the utility grid, commonly within the premises of the facility. For solar PV power plants designed for export to the utility grid, the interconnection includes power cables connecting the solar PV power plant to a substation of the utility grid
"Inverter"	:	A device or circuitry that converts DC generated by solar panels into AC prior to transmission to the utility grid
"LAD"	:	Liquidated ascertained damages, damages payable to a client when a contractor fails to deliver the completed work within the stipulated period in the contract. Such damages payable is calculated at a rate stated in the contract
"LED"	:	Light-emitting diode, a semiconductor device that emits light when current flows through it
"Levelised cost of energy"	:	Price at which the generated electricity should be sold for the system to break even at the end of its lifetime
"LSS"	:	Large scale solar, a competitive bidding programme to drive down the levelised cost of energy for the development of LSSPV plants and EC is the implementing agency for this scheme
"LSSPV plant"	:	Large scale solar PV plant
"LV"	:	Low voltage, a voltage more than 50 volts but less or equal to 1kV
"M&E engineering"	:	Mechanical and electrical engineering

TECHNICAL GLOSSARY (*Cont'd*)

"MV"	:	Medium voltage, a voltage of more than 1kV but less or equal to 50kV
"NEDA"	:	New Enhanced Dispatch Arrangement, a programme which allows non-power purchase agreement/ service level agreement generators such as co-generators, renewable energy generators/ producers, embedded generators and expired power purchase agreement/ service level agreement generators to operate as merchant generators to sell energy to the Single Buyer. NEDA allows these power generators to bid their variable costs (fuel cost and O&M cost) compared to those stated in the power purchase agreements and service level agreements. NEDA is designed to enhance competition and cost efficiency of the Single Buyer market
"O&M"	:	Operations and maintenance
"PV"	:	Photovoltaic, refers to the conversion of light into electricity using semiconducting materials
"REC"	:	Renewable energy certificate, market-based instruments that represents the generation of renewable energy from renewable sources such as solar
"Renewable energy"	:	Energy from renewable resources that are naturally replenished such as solar, wind, hydro, current, wave and geothermal heat
"REPPA"	:	Renewable energy power purchase agreement
"Single Buyer"	:	Entity authorised by PETRA pursuant to the Electricity Supply Act (ESA) 1990 to conduct electricity planning and manage electricity procurement services for Peninsular Malaysia. The Single Buyer's main responsibility is to procure electricity from independent power producers and TNB
"SMP"	:	System marginal price, the price of the most expensive marginal generator scheduled/ dispatched to meet demand in the applicable half hourly period
"Solar PV panel(s)"	:	A device that converts sunlight into electricity by using PV cells
"Solar PV system(s)"	:	Comprises one or more solar PV panels combined with an inverter and other electrical and mechanical hardware that converts sunlight into electricity
"Utility grid" or "Power grid"	:	An interconnected network for electricity delivery from producers to consumers. Electrical grids consist of power stations (often located near source of energy and away from heavily populated areas), electrical substations to step voltage up or down, electric power transmission to carry power long distances, and lastly electric power distribution to individual clients, where voltage is stepped down again to the required service voltage(s)
"Wireman"	:	A skilled technician specialising in the installation, maintenance and repair of electrical wiring systems, components and equipment.

In Malaysia, a wireman may hold different grades of certification issued by the EC, indicating their competency levels and authorisation to work on electrical systems of varying complexity and voltage ratings

PROJECTS

This following is a brief description of some of the projects undertaken by our Group:

Ongoing projects

"Bangsar Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of a block of serviced apartments together with car parking bays, related amenities and facilities located at Bangsar, Kuala Lumpur
"Bukit Jalil Apartments Project"	:	Provision of M&E engineering services comprising electrical installation works for the development of 2 blocks of serviced apartments together with car parking bays, related amenities and facilities located at Bukit Jalil, Kuala Lumpur
"Bukit Jalil Hospital Project"	:	Provision of M&E engineering services comprising electrical installation works for the development of a private hospital together with car parking bays, related amenities and facilities located at Bukit Jalil, Kuala Lumpur
"Bukit Jalil Project"	:	Provision of M&E engineering services comprising electrical installation works for the development of a mixed development comprising residential units and commercial space located at Bukit Jalil, Kuala Lumpur
"Gemmas Project (Phase I)"	:	Provision of M&E engineering services comprising electrical and ELV installation works for the development of livestock barns located at Gemmas, Negeri Sembilan
"Gemmas Project (Phase II)"	:	Provision of M&E engineering services comprising electrical and ELV installation works for the development of a dairy factory located at Gemmas, Negeri Sembilan
"Jalan Mas Project"	:	Provision of M&E engineering services comprising electrical installation works and distribution systems for the development of a block of serviced apartments together with car parking bays, related amenities and facilities located at Jalan Mas, Kuala Lumpur
"Jalan Raja Chulan Project"	:	Provision of M&E engineering services comprising electrical installation works for the development of a block of hotel suites together with car parking bays, related amenities and facilities located at Jalan Raja Chulan, Kuala Lumpur
"Kajang Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of 4 blocks of serviced apartments together with car parking bays, related amenities and facilities located at Kajang, Selangor
"Kulim Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for LV main switchboard, sub-switchboard, distribution board and motor control centre panel of a semiconductor manufacturing facility located at Kulim, Kedah

PROJECTS (Cont'd)

"Old Klang Road Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of a mixed development project comprising 2 blocks of serviced apartments and a block of affordable homes located at Old Klang Road, Kuala Lumpur
"Segambut Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of 2 blocks of serviced apartments together with car park podiums and related amenities and facilities located at Segambut, Selangor
"Seputeh Project"	:	Provision of M&E engineering services comprising electrical, lightning protection and earthing works for the development of 3 blocks of serviced suites and villas located at Taman Seputeh, Kuala Lumpur
"Seri Kembangan Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of 2 blocks of serviced apartments, car park podiums, shop lot units together related amenities and facilities located at Seri Kembangan, Selangor
"Seri Tanjung Pinang Project"	:	Provision of M&E engineering services comprising electrical installation works for the development of 2 blocks of serviced apartments together with car park podiums, related amenities and facilities located at Seri Tanjung Pinang, Pulau Pinang
"Setapak Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of 1 block of serviced apartments and villas located at Setapak, Kuala Lumpur
"Subang Project"	:	Provision of M&E engineering services comprising electrical installation works and ELV systems for the development of 2 blocks of hotel suites located at Subang Jaya, Selangor
"Sungai Buloh Project"	:	Provision of M&E engineering services comprising electrical installation works for the development of 1 block of serviced apartments together with related amenities and facilities located at Sungai Buloh, Selangor

Completed projects

"Alor Setar Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the construction of a medical specialist centre located at Alor Setar, Kedah
"Batu Ferringhi Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of a block of apartments located at Batu Ferringhi, Pulau Pinang
"Batu Kawan Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for LV main switchboard, sub-switchboard, distribution board and motor control centre panel for the expansion and renovation for an industrial complex located at Batu Kawan, Pulau Pinang

PROJECTS (Cont'd)

"Cyberjaya Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for an existing solar PV panel manufacturing facility located at Cyberjaya, Selangor
"George Town Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the construction of a showroom unit and service centre together with related facilities located at George Town, Pulau Pinang
"Junjong LSSPV Plant Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of Junjong LSSPV Plant
"Kinta Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the construction of a rubber glove factory and machinery platform cum packing area located at Kinta, Perak
"Kulim 1 Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for transformers and LV main switchboard, sub-switchboard, distribution board and related electrical accessories/ facilities for the expansion of a semiconductor manufacturing facility located at Kulim, Kedah
"Langkawi Apartments Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of a block of serviced apartments located at Langkawi, Kedah
"Langkawi Hotel Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of hotel and villas located at Langkawi, Kedah
"Pasir Gudang Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the expansion and renovation project relating to an existing industrial complex located at Pasir Gudang, Johor
"Petaling Jaya Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the development of a block of serviced apartments located at Petaling Jaya, Selangor
"Retirement Project"	Village :	Provision of M&E engineering services comprising electricity supply distribution systems for the development of 2 blocks of commercial buildings as retirement village complex located at Seremban, Negeri Sembilan
"Seberang Perai Selatan Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the renovation and extension works for an industrial complex located at Seberang Perai Selatan, Pulau Pinang
"Seremban Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the construction of an electronics manufacturing facility located at Seremban, Negeri Sembilan
"Seri Iskandar Project"	:	Provision of M&E engineering services comprising electricity supply distribution systems for the solar PV systems of a higher education learning centre located at Seri Iskandar, Perak

PROJECTS (*Cont'd*)

- "Shah Alam Project" : Provision of M&E engineering services comprising electricity supply distribution systems for the development of landed residential properties located at Shah Alam, Selangor
- "Sitiawan Project" : Provision of M&E engineering services comprising electricity supply distribution systems for the development of a LSSPV plant located at Sitiawan, Perak
- "Sri Petaling Project" : Provision of M&E engineering services comprising electricity supply distribution systems for the development of 2 blocks of serviced apartments located at Sri Petaling, Kuala Lumpur
- "Tanjung Pinang Project" : Provision of M&E engineering services comprising electricity supply distribution systems for the development of a block of serviced apartments together with commercial units, car parking bays, related amenities and facilities located at Bandar Tanjung Pinang, Pulau Pinang

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality/ Profession	Gender
Loh Kwang Yean	Independent Non-Executive Chairman	2A-8-5, Regency Heights Cangkat Kenari, Sungai Ara 11900 Bayan Lepas Pulau Pinang	Malaysian/ Director	Male
Khor Chuan Meng	Managing Director	12A, Lorong Tambun Indah 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Malaysian/ Director	Male
Chu Kerd Yee	Executive Director	26, Lorong Tambun Indah 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Malaysian/ Director	Male
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director	3-3A-10, Amaya Saujana Persiaran Golf Seksyen U2 40150 Shah Alam Selangor	Malaysian/ Director	Female
Datuk Hajah Nor Zamani binti Abdol Hamid	Independent Non-Executive Director	7, Jalan P14B 1/7 Presint 14 62050 Putrajaya	Malaysian/ Director	Female
Lim Kwee Yong	Independent Non-Executive Director	3, Jalan Pekaka 8/16A Kota Damansara 47810 Petaling Jaya Selangor	Malaysian/ Director	Female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lim Kwee Yong	Chairperson	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director
Datuk Hajah Nor Zamani binti Abdol Hamid	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (*Cont'd*)

NOMINATION COMMITTEE

Name	Designation	Directorship
Datuk Hajah Nor Zamani binti Abdol Hamid	Chairperson	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director
Lim Kwee Yong	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Magaret Ting Thien Hung	Chairperson	Independent Non-Executive Director
Datuk Hajah Nor Zamani binti Abdol Hamid	Member	Independent Non-Executive Director
Lim Kwee Yong	Member	Independent Non-Executive Director

COMPANY SECRETARIES

: Chua Siew Chuan (SSM PC No. 201908002648)
(MAICSA 0777689) (Practitioner)
(Chartered Secretary and Chartered Governance Professional, Fellow of the Malaysian Institute of Chartered Secretaries and Administrators)

Cheng Chia Ping (SSM PC No. 202008000730)
(MAICSA 1032514) (Practitioner)
(Chartered Secretary and Chartered Governance Professional, Associate of the Malaysian Institute of Chartered Secretaries and Administrators)

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REGISTERED OFFICE

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Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Telephone: 03-2084 9000

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Taman Industri Tangkas
14000 Bukit Mertajam
Seberang Perai Tengah
Pulau Pinang

Telephone: 04-508 8272

EMAIL ADDRESS AND WEBSITE

: Website: www.essunlogy.com
Email address: info@essunlogy.com

1. CORPORATE DIRECTORY (*Cont'd*)

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING	: PKF PLT (202206000012 (LLP0030836-LCA)) & (AF 0911) 67, Jalan Seang Tek 10400 George Town Pulau Pinang Partner-in-charge: Ng Chew Pei <i>(Chartered Accountant, Fellow of the Association of Chartered Certified Accountants and Member of the MIA)</i> Approved number: 03373/06/2026 J Telephone: 04-218 9653
SOLICITORS FOR OUR LISTING	: Ong and Manecksha 200, Victoria Street 10300 George Town Pulau Pinang Telephone: 04-250 5811
ISSUING HOUSE	: Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H)) Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone: 03-2783 9299
SHARE REGISTRAR	: Securities Services (Holdings) Sdn Bhd (197701005827 (36869-T)) Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Telephone: 03-2084 9000
INDEPENDENT MARKET RESEARCHER	: Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A)) 67-1, Block D, Jaya One Jalan Prof Diraja Ungku Aziz 46200 Petaling Jaya Selangor Person-in-charge: Elizabeth Dhoss <i>(Bachelor of Business Administration from the University of Malaya)</i> Telephone: 03-7625 1769

1. CORPORATE DIRECTORY (*Cont'd*)

**ADVISER, SPONSOR,
UNDERWRITER AND
PLACEMENT AGENT** : **M & A Securities Sdn Bhd**
(197301001503 (15017-H))

45 & 47, Levels 3 and 7
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone: 03-2284 2911

LISTING SOUGHT : ACE Market

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2. PROSPECTUS SUMMARY

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

2.1 PRINCIPAL DETAILS OF IPO

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

No. of Shares to be issued under Public Issue	140,000,000
- For application by the Malaysian Public	35,000,000
- For Pink Form Allocations	17,500,000
- For private placement to Bumiputera investors approved by MITI	87,500,000
No. of Shares to be offered under Offer for Sale	70,000,000
- For private placement to selected investors	70,000,000
Enlarged no. of Shares upon Listing	700,000,000
IPO Price per Share (RM)	0.30
Market capitalisation (RM) (calculated based on our IPO Price and enlarged number of Shares upon Listing)	210,000,000

Further details of our IPO are set out in Section 4.

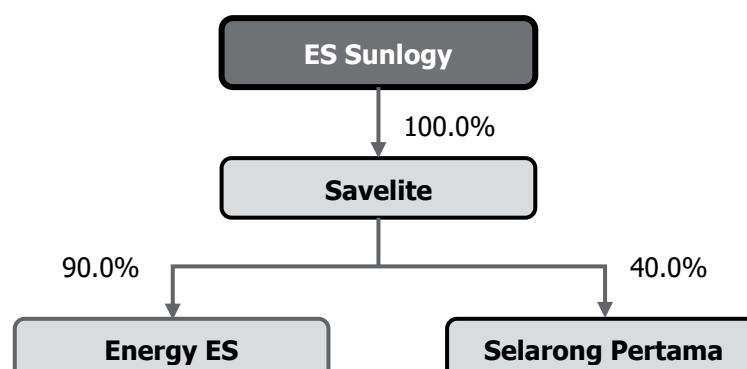
Our Specified Shareholders' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Thereafter, their shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their shares held under moratorium upon expiry of the second 6 month period.

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

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 23 November 2023 as a public limited company under the name of ES Sunlogy Berhad.

Our Group structure as at LPD is as follows:



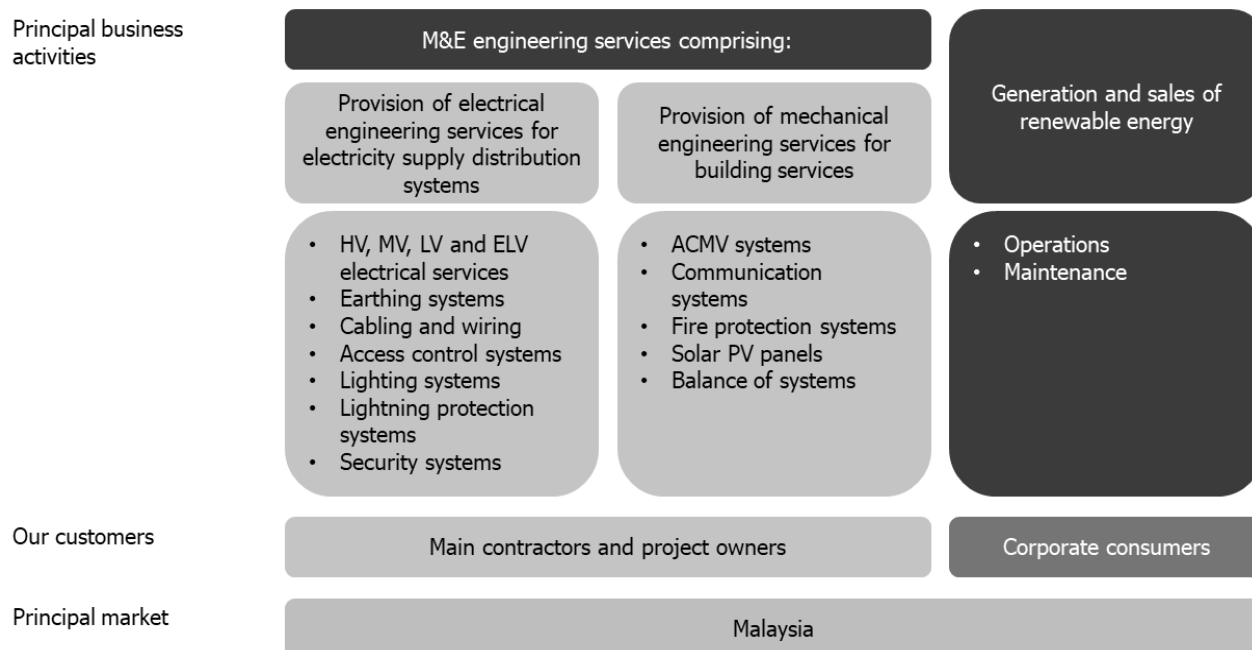
Further details of our Group structure are set out in Section 6.3.

2. PROSPECTUS SUMMARY (Cont'd)

Our Group provides M&E engineering services for various types of properties such as industrial, commercial and residential as well as solar facilities. Our Group is principally involved in the following:

- (a) provision of electrical engineering services for electricity supply distribution systems;
- (b) provision of mechanical engineering services for building services; and
- (c) generation and sales of renewable energy.

Our Group's business model is as follows:



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

Our principal market is Malaysia as we generate all our revenue locally for FYE 2021 to 2024. During FYE 2021 to 2024, our Group's revenue was mainly derived from provision of M&E engineering services, which contributed approximately 88.4% to 96.1% of our Group's total revenue, whereas the remaining revenue was generated from the trading of electrical components as well as generation and sales of renewable energy.

Further details on the breakdown of our revenue are set out in Section 12.2.2.

2.3 INTERRUPTIONS IN BUSINESS

Save for the interruptions to our business operations arising from the COVID-19, we did not experience any other interruptions to our operations which had a significant effect on our business and operations during the financial years under review up to LPD.

2. PROSPECTUS SUMMARY (*Cont'd*)

Our business and onsite operations were affected by the various phases of MCOs, which resulted in the temporary suspension and slowdown of M&E engineering services performed during these periods and we have sought extensions of time from our clients for several of our projects.

As a result of the temporary suspension of our operations, our financial performance was adversely affected due to the temporary halt of our projects causing a delay in recognition of revenue which is based on percentage completion. In FYE 2020, we encountered a temporary suspension of our onsite operations for certain projects between March 2020 and May 2020. In FYE 2021, we were able to commence work at our various project sites, but with restrictions resulting in lower workforce capacity. This resulted in slower progress of works completed for the first half of 2021. In FYE 2022, our Group was primarily working on ongoing projects carried forward from prior years and secured lesser new projects which commenced works in FYE 2022. As such, we recorded a lower revenue of RM50.82 million in FYE 2022 as compared to RM54.89 million in FYE 2021. As our economy and business went back to normalcy after the endemic phase, we recorded a higher revenue of RM136.73 million for FYE 2023 which was primarily attributed to the increased revenue from the provision of M&E engineering services. In FYE 2024, our Group's revenue further increased to RM191.09 million, driven by stronger sales from the provision of M&E engineering services, as well as higher revenue from our trading segment.

Further details on the impact of COVID-19 on our operations are set out in Section 7.17.

2.4 COMPETITIVE STRENGTHS

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

- (a) our Group's wide range of M&E engineering services has enabled us to establish our presence in the M&E engineering industry in Malaysia. We are able to cater to various building types namely industrial, commercial and residential properties as well as solar facilities;
- (b) our Group has an established track record in undertaking M&E engineering projects. We have been operating in the M&E engineering industry in Malaysia for approximately 13 years. During FYE 2021 to 2024 and up to LPD, our Group has completed 49 M&E engineering projects with a total contract sum of RM230.76 million;
- (c) our Group's experience and track record has enabled us to diversify into the generation and sales of renewable energy. Since 2017, our Group has been involved in M&E engineering services for solar PV plants where our Group carries out the installation, testing and commissioning of solar PV panels and balance of systems. Since our Junjong LSSPV Plant was commercialised on 24 July 2023, we commenced generating revenue from the generation of renewable energy, which our Group sells to TNB. In January 2024, Savelite via a joint venture in Selarong Pertama intends to jointly collaborate for the development, construction and operations of the Selarong LSSPV Plant; and
- (d) our Group has a qualified and experienced management team headed by our Managing Director, Khor Chuan Meng, who has contributed to our growth and development. He is supported by our Executive Director, Chu Kerd Yee as well as key senior management who have relevant experience in their respective fields covering M&E engineering, finance, project tendering, project management and implementation, contract matters, procurement and human resource management.

2. PROSPECTUS SUMMARY (*Cont'd*)

Further details of our competitive strengths are set out in Section 7.9.

2.5 BUSINESS STRATEGIES

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

- (a) we intend to develop our Selarong LSSPV Plant. The Selarong LSSPV Plant shall be constructed on the Selarong Land with a capacity to export 29.99MW to the utility grid. The capital expenditure and operating expenditure for the Selarong LSSPV Plant is RM131.50 million and RM3.23 million respectively, to be funded via capital contribution by the respective shareholders of Selarong Pertama (27.0%) and bank borrowing (73.0%). As at LPD, Savelite, TRe and Blazing Solar holds 40.0%, 30.0% and 30.0% shareholdings respectively in Selarong Pertama. As such, our share of the capital contribution is 40.0% or RM14.19 million. Out of this RM14.19 million, RM14.10 million will be funded from the proceeds of the Public Issue, with the remaining RM0.09 million to be funded via our Group's internally generated funds. We intend to commence operations at our Selarong LSSPV Plant in December 2025;
- (b) we intend to secure more solar projects to further grow our revenue from the renewable energy segment. During FYE 2021 to 2024, revenue from solar projects contributed to 23.8%, 11.7%, 33.2% and 6.6% of our Group's revenue respectively. Being a registered PV service provider with SEDA, we intend to increase our revenue from the solar segment by securing more M&E engineering works for solar facilities through tenders and direct client negotiations in both the private and public sectors;
- (c) we intend to increase our market share within the M&E engineering industry in Malaysia by tendering for more projects with larger contract sums. Since 1 August 2023 up to LPD, we have also submitted 103 tenders with a total tender sum of RM1.04 billion which are still pending decision from clients. Moving forward, we will continue to replenish and grow our order book from the M&E engineering services segment which will further enhance our revenue and increase our market share in the industry;
- (d) we intend to strengthen our internal workforce through the recruitment of qualified employees, to support the growth of our existing business operations and the expected growth in our business. This will also allow us to better manage and control the progress of various M&E engineering projects undertaken by our Group. We plan to allocate RM1.50 million from the Public Issue to recruit 7 additional employees over 24 months from the date of our Listing; and
- (e) we intend to participate in the LSS5 programme to generate recurrent revenue. The LSS5 programme is an initiative by EC to accelerate the development of LSSPV projects in the country. In July 2024, our Group has submitted our proposal for LSS5. We expect the results of the shortlisted bidders to be announced by first half of 2025. Our Group has not finalised the construction cost and related development plans for the LSS5 project. Our Group intends to fund the capital expenditure relating to the LSS5 project via a combination internally generated funds and/or bank borrowings, the breakdown of which has not been determined at this juncture.

Further details of our business strategies are set out in Section 7.18.

2. PROSPECTUS SUMMARY (Cont'd)

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) we rely on certain registration, approvals, licences and permits to continue our core business operations. Any revocation and/ or failure to obtain renewals for such registrations, approvals, licences and permits which are required for us to continue business activities, will have a material impact on our ability to continue business operations;
- (b) our M&E engineering projects are non-recurring in nature and all of our projects were awarded on a project-by-project basis. It is therefore critical that we continuously and consistently secure new projects of similar value and volume. If we cannot maintain the number of contracts at a similar level or obtain new projects of similar or larger contract sums, our business, financial performance and business prospects may be materially and adversely affected;
- (c) failure to complete our projects in a timely manner could materially affect our reputation. The contracts with our clients generally contain a LAD clause under which we are liable to pay LAD to our clients if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract;
- (d) any significant cost overruns may materially and adversely affect our business operations. Our contracts were generally determined on a fixed-price basis upon execution of the contract. The estimated contract sum quoted in our tender is determined on a case-by-case basis having regard to various factors prevailing at the time of tender. There is no assurance that our actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastages, inefficiencies, damages or unforeseen additional costs incurred during the course of the contract;
- (e) we are subject to the risk of defects liability claims from our clients, where we are liable for any repair works, reconstruction or rectification of any defects which may surface or be identified during the DLP at our own cost. There can be no assurance that in the future we will not be subject to material defects liability claims, which may have an adverse impact on our business operations, profitability, reputation and financial performance;
- (f) we derive our revenue from the generation and sales of renewable energy from our Junjong LSSPV Plant by supplying electricity to TNB. The ability and/ or availability of our Junjong LSSPV Plant to generate and transmit power to the utility grid can be disrupted by a number of events, which may have a material adverse effect on our business and financial performance;
- (g) we have 1 corporate client, namely Client M, in relation to CGPP. In the event we are unable to develop, construct and commercialise Selarong LSSPV Plant or Client M ceases to be our corporate client for Selarong LSSPV Plant, our Group's financial performance may be affected; and
- (h) we are dependent on our Executive Directors and key senior management for the continued success of our business. Due to their in-depth knowledge of our operations and experience in the industry, they are critical to the overall management and operations of our business, work culture and strategic direction.

Further details of our risk factors are set out in Section 9.

2. PROSPECTUS SUMMARY (*Cont'd*)

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Loh Kwang Yean	Independent Non-Executive Chairman
Khor Chuan Meng	Managing Director
Chu Kerd Yee	Executive Director
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director
Datuk Hajah Nor Zamani binti Abdol Hamid	Independent Non-Executive Director
Lim Kwee Yong	Independent Non-Executive Director
Key senior management	
Teo Chee Teong	Chief Executive Officer
Fong Weng Keong	Chief Financial Officer
Khoor Sok Yin	Head of Business Division
Lai Kwang Huan	Head of Operations Division

Further details of our Directors and key senior management are set out in Sections 5.2 and 5.3.

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2. PROSPECTUS SUMMARY *(Cont'd)*

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Nationality	⁽¹⁾ Before IPO				⁽²⁾⁽³⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Khor Chuan Meng	Malaysian	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Chu Kerd Yee	Malaysian	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Datuk Keh Chuan Seng	Malaysian	224,000,000	40.0	-	-	196,000,000	28.0	-	-

Notes:

- (1) Based on the share capital of 560,000,000 Shares before IPO.
- (2) Based on the enlarged share capital of 700,000,000 Shares after IPO.
- (3) After Public Issue and Offer for Sale.

Further details of our Promoters and substantial shareholders are set out in Section 5.1.

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2. PROSPECTUS SUMMARY (Cont'd)**2.9 UTILISATION OF PROCEEDS**

The gross proceeds to be raised by our Company from the Public Issue of RM42.00 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
Development and construction of Selarong LSSPV Plant	14,100	33.6	Within 12 months
Repayment of borrowings	14,000	33.3	Within 6 months
General working capital	9,180	21.9	Within 24 months
Purchase of ERP system	720	1.7	Within 24 months
Estimated listing expenses	4,000	9.5	Within 1 month
	42,000	100.0	

Note:

⁽¹⁾ From the date of listing of our Shares.

There is no minimum subscription to be raised from IPO.

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

The gross proceeds from the Offer for Sale of approximately RM21.00 million shall accrue entirely to the Selling Shareholders.

2.10 FINANCIAL HIGHLIGHTS**2.10.1 Combined statements of profit or loss and other comprehensive income**

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 2021 to 2024:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	54,887	50,822	136,727	191,091
GP	6,323	8,372	22,033	30,939
Other income	184	145	977	289
PAT attributable to owners of our Company	383	2,330	11,835	13,541
GP margin (%) ⁽¹⁾	11.5	16.5	16.1	16.2
PAT margin (%) ⁽²⁾	0.7	4.6	8.6	7.1
Basic EPS (sen) ⁽³⁾	0.07	0.42	2.11	2.42
Diluted EPS (sen) ⁽⁴⁾	0.05	0.33	1.69	1.93

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

Notes:

⁽¹⁾ Calculated based on GP over revenue.

⁽²⁾ Calculated based on PAT over revenue.

2. PROSPECTUS SUMMARY (Cont'd)

(3) Calculated based on PAT attributable to owners of our Company over enlarged share capital of 560,000,000 Shares before IPO.

(4) Calculated based on PAT attributable to owners of our Company over enlarged share capital of 700,000,000 Shares after IPO.

There were no exceptional items during the financial years under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

2.10.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Group based on our audited combined financial statements as at 31 July 2024 to show the effects of the Acquisition, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma combined statements of financial position as set out in Section 14.

	Audited	I	II	III
	As at 31 July 2024	After Acquisition	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	104,852	104,852	104,852	119,672
Total current assets	102,115	102,115	144,115	111,295
TOTAL ASSETS	206,967	206,967	248,967	230,967
Share capital	(1)-	50,344	92,344	90,696
Invested equity	21,310	-	-	-
Merger deficit ⁽²⁾	-	(29,034)	(29,034)	(29,034)
Retained earnings	35,633	35,633	35,633	33,281
	56,943	56,943	98,943	94,943
Non-controlling interests	142	142	142	142
TOTAL EQUITY	57,085	57,085	99,085	95,085
Total non-current liabilities	66,786	66,786	66,786	52,786
Total current liabilities	83,096	83,096	83,096	83,096
TOTAL LIABILITIES	149,882	149,882	149,882	135,882
TOTAL EQUITY AND LIABILITIES	206,967	206,967	248,967	230,967
No. of Shares in issue	3	560,000,000	700,000,000	700,000,000
NA per Share (RM)	19,028,410	0.10	0.14	0.14
Borrowings (excluding lease liabilities)	77,473,091	77,473,091	77,473,091	63,473,091
Gearing (times)	1.36	1.36	0.78	0.67

Notes:

(1) Represents RM3.00.

2. PROSPECTUS SUMMARY (Cont'd)

- (2) Merger accounting was used to prepare the pro forma combined statements of financial position as at 31 July 2024 as ES Sunlogy and Savelite were under the common control of Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng. The purchase consideration of RM50.34 million (which was satisfied by the issuance of 559,999,997 new Shares to Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng) for the Acquisition exceeds the share capital of Savelite of RM21.31 million, resulting in a merger deficit of RM29.03 million.

2.11 DIVIDEND POLICY

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

For FYE 2021 to 2024 and up to LPD, we did not declare and pay any dividends. Further, we do not intend to declare and pay any dividends from LPD up to our Listing.

Further details of our dividend policy are set out in Section 12.16.

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3. APPROVALS AND CONDITIONS**3.1 APPROVALS AND CONDITIONS****3.1.1 Bursa Securities approval**

Bursa Securities had, vide its letter dated 7 November 2024, approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(1)	Submit the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	Complied
(2)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(3)	The Bumiputera equity requirements for public listed companies as approved/ exempted by the SC including any conditions imposed thereon;	Complied
(4)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements;	To be complied
(5)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of ES Sunlogy on the first day of Listing;	To be complied
(6)	In relation to the Public Issue to be undertaken by ES Sunlogy, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of places who become substantial shareholders of ES Sunlogy arising from the Public Issue, if any; and	To be complied
(7)	ES Sunlogy/ M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of ES Sunlogy to the Official List of the ACE Market.	To be complied

3. APPROVALS AND CONDITIONS (Cont'd)**3.1.2 SC approval**

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

The SC had, vide its letter dated 8 November 2024, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	ES Sunlogy is to allocate Shares equivalent to 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved by the MITI in conjunction with the Listing; and	Complied
(b)	ES Sunlogy is to make available at least 50.0% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors.	Complied

The effects of our Listing on our equity structure are as follows:

Category of shareholders	As at incorporation		After Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera investors to be approved by MITI	-	-	⁽¹⁾ 87,500,000	12.5
- Bumiputera public investors via balloting	-	-	⁽¹⁾ 17,500,000	2.5
Total Bumiputera	-	-	105,000,000	15.0
Non-Bumiputera	3	100.0	595,000,000	85.0
Malaysians	3	100.0	700,000,000	100.0
Foreigners	-	-	-	-
	3	100.0	700,000,000	100.0

Note:

- ⁽¹⁾ Based on the assumption that Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

3.1.3 MITI approval

The MITI had, vide its letter dated 26 September 2024, taken note and has no objection to our Listing.

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3. APPROVALS AND CONDITIONS (Cont'd)

3.2 MORATORIUM ON OUR SHARES

In compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of those Shares held under moratorium.

Details of our Specified Shareholders and their Shares which will be subject to the abovementioned moratorium, are set out below:

Specified Shareholders	Year 1				Year 2		Year 3	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%
Khor Chuan Meng	147,000,000	21.0	94,500,000	13.5	63,000,000	9.0	31,500,000	4.5
Chu Kerd Yee	147,000,000	21.0	94,500,000	13.5	63,000,000	9.0	31,500,000	4.5
Datuk Keh Chuan Seng	196,000,000	28.0	126,000,000	18.0	84,000,000	12.0	42,000,000	6.0
	490,000,000	70.0	315,000,000	45.0	210,000,000	30.0	105,000,000	15.0

Notes:

(1) After Offer for Sale.

(2) Based on the enlarged share capital of 700,000,000 Shares after IPO.

3. APPROVALS AND CONDITIONS (Cont'd)

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

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

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 27 January 2025 and will remain open until 5.00 p.m. on 5 February 2025. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/ Opening of Application	27 January 2025
Closing Date/ Closing of Application	5 February 2025
Balloting of Application	10 February 2025
Allotment/ Transfer of IPO Shares to successful applicants	18 February 2025
Date of Listing	20 February 2025

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(a) Public Issue

A total of 140,000,000 Issue Shares, representing approximately 20.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

35,000,000 Shares, representing approximately 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

- (aa) 17,500,000 Shares, representing 2.5% of our enlarged share capital, made available to public investors; and
- (bb) 17,500,000 Shares, representing 2.5% of our enlarged share capital, made available to Bumiputera public investors.

(ii) Eligible Persons

17,500,000 Shares, representing approximately 2.5% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

(iii) Private placement to Bumiputera investors approved by MITI

87,500,000 Shares, representing approximately 12.5% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

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

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM50.34 million comprising 560,000,000 Shares to RM92.34 million comprising 700,000,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

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4. DETAILS OF OUR IPO (Cont'd)

(b) Offer for Sale

A total of 70,000,000 Offer Shares, representing 10.0% of our enlarged share capital, are offered by our Selling Shareholders to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus. The details of our Selling Shareholders and their relationship with our Group are as follows:

Name/ Residential address	Relationship with our Group	⁽¹⁾ As at LPD/ Before IPO		Offer Shares offered			After IPO	
		No. of Shares	⁽²⁾ o/o	No. of Shares	⁽²⁾ o/o	⁽³⁾ o/o	No. of Shares	⁽³⁾ o/o
Khor Chuan Meng/ 12A, Lorong Tambun Indah 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Promoter, substantial shareholder and Managing Director	168,000,000	30.0	21,000,000	3.8	3.0	147,000,000	21.0
Chu Kerd Yee/ 26, Lorong Tambun Indah 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Promoter, substantial shareholder and Executive Director	168,000,000	30.0	21,000,000	3.8	3.0	147,000,000	21.0
Datuk Keh Chuan Seng/ 31, Taman Johan Fasa 2 Jalan Kuala Kedah 05400 Alor Setar Kedah	Promoter and substantial shareholder	224,000,000	40.0	28,000,000	5.0	4.0	196,000,000	28.0

Notes:

- ⁽¹⁾ After completion of Acquisition but prior to Public Issue.
- ⁽²⁾ Based on the share capital of 560,000,000 Shares before IPO.
- ⁽³⁾ Based on the enlarged share capital of 700,000,000 Shares after IPO.

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

Further details of our Selling Shareholders, who are also our Promoters, substantial shareholders and Directors can be found in Sections 5.1 and 5.2.

(c) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM92.34 million comprising 700,000,000 Shares shall be listed on the ACE Market.

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4. DETAILS OF OUR IPO (Cont'd)**4.3.2 Pink Form Allocations**

We have allocated 17,500,000 Issue Shares under the Pink Form Allocations to our Eligible Persons as follows:

Category	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Eligible Directors	2	1,000,000
Eligible employees	27	6,585,700
Persons who have contributed to the success of our Group	58	9,914,300
	87	17,500,000

Pink Form Allocations which are not accepted by certain Eligible Persons will be re-allocated among the Eligible Persons in a sequence and priority at the discretion of our Board. After said reallocation, any balance portion of Issue Shares under the Pink Form Allocations will be allocated to the Malaysian Public. Further details are set out in Section 4.3.3.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on, amongst others, their anticipated contributions to our Group. Khor Chuan Meng (our Managing Director) and Chu Kerd Yee (our Executive Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders. Datuk Hajah Nor Zamani binti Abdol Hamid and Lim Kwee Yong, our Independent Non-Executive Directors, have opted not to participate in our Pink Form Allocations.

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

Name	Designation	No. of Issue Shares allocated
Loh Kwang Yean	Independent Non-Executive Chairman	500,000
Dato' Margaret Ting Thien Hung	Independent Non-Executive Director	500,000
		1,000,000

(b) Allocation to our eligible employees

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

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

4. DETAILS OF OUR IPO (Cont'd)

Included in the allocation to our eligible employees are the proposed allocations to our key senior management:

Name	Designation	No. of Issue Shares allocated
Teo Chee Teong	Chief Executive Officer	3,000,000
Fong Weng Keong	Chief Financial Officer	200,000
Khoor Sok Yin	Head of Business Division	200,000
Lai Kwang Huan	Head of Operations Division	133,400
		3,533,400

(c) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, clients, subcontractors and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship, length of their relationship and the level of contribution and support to our Group.

4.3.3 Placement and underwriting arrangement

Our Underwriter will underwrite 52,500,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 87,500,000 Issue Shares and 70,000,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will be placed out by our Placement Agent and will not be underwritten.

Any of our Issue Shares not subscribed by the Malaysian Public or Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

- (a) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by Eligible Persons, subject to public spread requirements being met. Likewise, any Issue Shares not taken up under the Pink Form Allocations, will be allocated to the Malaysian Public in the event of an oversubscription.
- (b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.
- (c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

- (a) Any unsubscribed Issue Shares allocated by MITI shall firstly be reallocated to Bumiputera public investors via public balloting. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Malaysian institutional investors.

4. DETAILS OF OUR IPO (Cont'd)

- (b) After (a) above, the remaining portion will be made available for:
- (i) Malaysian Public, in the event of an oversubscription; or
 - (ii) application by way of private placement to selected investors to be identified, the proportion of which will be determined by our Board and the Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI. Our Board will ensure that any excess IPO Shares will be allocated in a fair and equitable manner.

4.3.4 Minimum and over-subscription

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

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

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly, whereby in addition to our liability to repay such monies, our officers (i.e. our Directors, secretary or executive officer) shall be jointly and severally liable to repay such money with interest at the rate of 10.0% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

As at LPD, save for the Pink Form Allocations as disclosed in Section 4.3.2, to the extent known to our Company:

- (a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4. DETAILS OF OUR IPO (Cont'd)**4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS**

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

Details	No. of Shares	RM
Share capital		
As at date of incorporation	3	3
Issued pursuant to the Acquisition	559,999,997	50,344,000
As at date of this Prospectus	560,000,000	50,344,003
To be issued under our Public Issue	140,000,000	42,000,000
Enlarged share capital upon our Listing	700,000,000	92,344,003

Our Offer for Sale will not have effect on our share capital.

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

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

Our Offer Shares rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

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

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

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation when tendering for new M&E engineering services projects and to retain and attract new, skilled employees from the M&E engineering and solar PV industries in Malaysia;
- (c) To provide an opportunity for the Malaysian Public, including our Eligible Persons to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4. DETAILS OF OUR IPO (Cont'd)**4.6 BASIS OF ARRIVING AT OUR IPO PRICE**

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

- (a) Our pro forma NA per Share as at 31 July 2024 after Acquisition, IPO and utilisation of proceeds of RM0.14, calculated based on our pro forma NA after Acquisition, Public Issue and utilisation of proceeds as at 31 July 2024 of approximately RM95.09 million and enlarged share capital of 700,000,000 Shares upon our Listing;
- (b) The PE Multiple of our IPO Price of approximately 15.5 times based on our EPS of approximately 1.93 sen for FYE 2024, calculated based on our PAT attributable to owners of our Company for FYE 2024 of RM13.54 million and enlarged share capital of 700,000,000 Shares upon our Listing;
- (c) Our historical financial track record as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	54,887	50,822	136,727	191,091
GP	6,323	8,372	22,033	30,939
PAT attributable to the owners of our Company	383	2,330	11,835	13,541

- (d) Our competitive strengths, as set out in Section 7.9;
- (e) Our business strategies, as set out in Section 7.18; and
- (f) Our unbilled order book of RM269.12 million as at LPD, as set out in Section 12.13.

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

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 700,000,000 Shares upon Listing, our total market capitalisation will be RM210.00 million.

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

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

	RM
IPO Price	0.30
Pro forma NA per Share as at 31 July 2024 after Acquisition and before Public Issue	0.10
Pro forma NA per Share as at 31 July 2024 after Acquisition, Public Issue and utilisation of proceeds	0.14
Increase in pro forma NA per Share attributable to existing shareholders	0.04
Dilution in pro forma NA per Share to our new public investors	0.16
Dilution in pro forma NA per Share as a percentage of our IPO Price	53.3%

Further details of our pro forma NA per Share as at 31 July 2024 is set out in Section 14.

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

Shareholders	(1)No. of Shares received	(2)Total consideration RM'000	Average effective cost per Share RM
Khor Chuan Meng	168,000,000	15,103	0.0064
Chu Kerd Yee	168,000,000	15,103	0.0064
Datuk Keh Chuan Seng	224,000,000	20,138	0.0439
	560,000,000	50,344	

Notes:

- (1) Issued under the Acquisition and including the issuance of 1 subscriber share each in ES Sunlogy to Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng.
- (2) Being the consideration for the Acquisition and including the issuance of 1 subscriber share each in ES Sunlogy to Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng.

Save as disclosed above and the Pink Form Allocations to our Eligible Persons, there has been no acquisitions or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4. DETAILS OF OUR IPO (Cont'd)**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM42.00 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
Development and construction of Selarong LSSPV Plant	(a)	14,100	33.6	Within 12 months
Repayment of borrowings	(b)	14,000	33.3	Within 6 months
General working capital	(c)	9,180	21.9	Within 24 months
Purchase of ERP system	(d)	720	1.7	Within 24 months
Estimated listing expenses	(e)	4,000	9.5	Within 1 month
Total		42,000	100.0	

Note:

⁽¹⁾ From the date of our Listing.

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

(a) Development and construction of our Selarong LSSPV Plant

We intend to expand our generation and sales of renewable energy business segment, by developing Selarong LSSPV Plant. On 9 May 2023, Savelite, TRe and Blazing Solar ("**Consortium**") have jointly submitted a tender application for the development, construction and operation of a 29.99MW LSSPV plant located at Selarong Land under the CGPP.

The CGPP is a renewable energy initiative launched by the Government in November 2022, to provide opportunities for business entities to participate in the promotion and use of renewable energy in their business operation. The CGPP also allows corporate consumers to virtually purchase solar energy from solar power producers through the use of virtual power purchase agreements or corporate green power agreements. CGPP is essentially a mechanism of virtual power purchase agreement, which is implemented using the existing NEDA framework. Further details on the CGPP are set out in Section 7.2.1.3.

On 7 August 2023, the Consortium received a notification letter from the EC that the Consortium has met the required criteria under the CGPP (for Selarong LSSPV Plant) with export capacity of 29.99MW, of which the Consortium has acknowledged the terms stated in the notification letter from the EC on 18 August 2023.

On 17 January 2024, Savelite entered into a joint venture and shareholder agreement with TRe and Blazing Solar to jointly collaborate for the development, construction and operations of our Selarong LSSPV Plant. Pursuant to the said joint venture and shareholder agreement, Selarong Pertama was incorporated on 31 January 2024 as the joint venture company to undertake the development, construction and operations of Selarong LSSPV Plant, with Savelite, TRe and Blazing Solar holding 40.0%, 30.0% and 30.0% of the shareholdings in Selarong Pertama, respectively. The Directors of Selarong Pertama are represented by the following: (i) representatives of Savelite: Khor Chuan Meng and Teo Chee Teong; (ii) representatives of Blazing Solar: Lim Chin Siu and Tan Qi Jie; and (iii) representatives of TRe: Hanif bin Siraf and Mohd Yusrizal bin Mohd Yusof.

4. DETAILS OF OUR IPO (Cont'd)

We have allocated RM14.10 million or 33.6% of our proceeds from the Public Issue to part finance the development and construction of our Selarong LSSPV Plant with built-up area of approximately 5,880,600 sq ft, on the Selarong Land. Further details on the tenancy of Selarong Land is set out in Section 6.9.2(d). Further details of our Selarong LSSPV Plant are set out in Section 7.2.1.3.

The capital expenditures and operating expenditures for the development, construction and operation of our Selarong LSSPV Plant are as follows:

(i) Capital expenditures

No.	Description	Total estimated cost	
		RM'000	%
(a)	EPCC works ⁽¹⁾	120,042	93.0
(b)	Land cost ⁽²⁾	1,138	0.9
(c)	Financing cost ⁽³⁾	7,950	6.1
		129,130	100.0

Notes:

(1) The breakdown of the EPCC works are as follows:

Description	Total estimated cost	
	RM'000	%
Purchases of solar PV system (i.e. solar PV modules, inverters, transformers and mounting structures)	42,095	35.1
Site clearance	900	0.7
Earthworks and infrastructure works	4,180	3.5
Solar power producer interconnectors and interconnection facility	27,896	23.2
Onshore works (i.e. design, engineering and procurement services, preliminaries, construction mobilisation and logistic charges, charges for major machineries and equipment usage for the development and construction)	31,718	26.4
Project insurances	155	0.1
Contingencies	2,354	2.0
TNB bay setup and extension	9,000	7.5
Logistics	1,744	1.5
	120,042	100.0

(2) Comprising one-off payment from Selarong Pertama to SD Guthrie Berhad (formerly known as Sime Darby Plantation Berhad) as compensation for the loss of income from the harvest of oil palm trees previously planted by SD Guthrie Berhad on Selarong Land, security deposit for our Selarong Land and land rental during construction period (from February 2024 to December 2025).

(3) The breakdown of the financing cost are as follows:

Description	Total estimated cost	
	RM'000	%
Bank guarantee commission, legal cost and stamp duty for financing	1,648	20.7
Loan interest during the development and construction period (from February 2025 to December 2025)	2,473	31.1

4. DETAILS OF OUR IPO (Cont'd)

Description	Total estimated cost	
	RM'000	%
Upfront instalment payment of 6 months as security deposit	3,829	48.2
	7,950	100.0

The capital expenditures to be incurred for the development and construction of our Selarong LSSPV Plant shall be funded via the following:

Sources	RM'000	%
Capital contribution from the respective shareholders of Selarong Pertama	⁽¹⁾ 43,630	33.8
Bank borrowings	⁽²⁾ 85,500	66.2
Total	129,130	100.0

Notes:

- (1) Pursuant to the terms of the joint venture and shareholder agreement, each of the shareholders of Selarong Pertama shall contribute the initial capital amount for the capital injection of the development and construction of our Selarong LSSPV Plant based on their respective shareholdings held in Selarong Pertama. Savelite's portion of the capital contribution is RM17.45 million, representing 40.0% of the shareholdings held by Savelite in Selarong Pertama, which we intend to utilise from the IPO proceeds to be raised (i.e. RM14.10 million). The remaining RM3.35 million will be funded via our Group's internally generated funds. Such internally generated funds are currently being utilised for EPCC works, site preparation, clearing and earthworks for Selarong LSSPV Plant as such works have commenced since December 2024.
- (2) As at LPD, Selarong Pertama has yet to secure any bank borrowings to fund the development and construction of the Selarong LSSPV Plant and is in discussion with financial institutions to finance up to approximately 66.2% of the estimated development and construction costs of Selarong LSSPV Plant. We expect to secure such bank borrowings by February 2025. As Selarong Pertama is our associated company, our gearing level will not be affected by the borrowings to be obtained. The repayment of these bank borrowings will be funded via our Group's internally generated funds.

After evaluations of tenders and bids received from various EPCC contractors, Atlantic Blue Sdn Bhd has been identified as the EPCC main contractor for the development and construction of Selarong LSSPV Plant, as approved by the directors of Selarong Consortium in a board meeting in August 2024. On 13 September 2024, Selarong Pertama awarded the EPCC works for our Group's Selarong LSSPV Plant to Atlantic Blue, for a total contract sum of RM117.69 million, to act as main contractor for the project.

4. DETAILS OF OUR IPO (Cont'd)

The indicative timeline of development and construction for our Selarong LSSPV Plant is as follows:

Timeframe	Milestones
October 2024	Submitted the development order/ planning permission, earthworks, building plans and other relevant regulatory applications to local councils and authorities for the development, construction and operations of Selarong LSSPV Plant
November 2024	- Executed NEDA agreement - Obtained approvals for building plans and other relevant approvals from local councils and authorities for the commencement of EPCC works on Selarong LSSPV Plant
December 2024	Commenced EPCC works, site preparation, clearing and earthworks for Selarong LSSPV Plant
August 2025	Pre-application submitted to the EC for the issuance of generation licence for Selarong LSSPV Plant
November 2025	- Completion of EPCC works for Selarong LSSPV Plant - Testing and commissioning works of Selarong LSSPV Plant - Notification submitted to the EC for the commencement date of Selarong LSSPV Plant
December 2025	Commencement of operations

The development and construction cost of our Selarong LSSPV Plant was estimated based on quotations received. In the event there are any excess available from the above development and construction cost, such excess of proceeds will be allocated for our general working capital requirements. Conversely, if the allocated proceeds are insufficient for the development and construction cost, such shortfall will be funded via internally generated funds. We have allocated 12 months from our Listing to utilise the allocated proceeds. In the event that we are unable to complete the development and construction of Selarong LSSPV Plant within the specified timeline, we may consider extending the timeframe or reallocate the proceeds for other purposes, and in such an event, we will seek shareholders' approval, if required under the Listing Requirements, for such variation.

(ii) Operating expenditures (per annum basis)

Following the commencement of operations of Selarong LSSPV Plant, we expect to incur the following operating expenditure annually, which will be funded via our Group's internally generated funds (contributions will be based on the respective shareholdings of shareholders, with our Group contributing 40.0%):

4. DETAILS OF OUR IPO (Cont'd)

No.	Description	Total estimated cost	
		RM'000	%
(a)	O&M, other technical service fees as well as annual land rental ⁽¹⁾	1,148	16.6
(b)	Insurance	517	7.5
(c)	Staff costs	540	7.8
(d)	Licence fee	74	1.1
(e)	Administration and management fee	77	1.1
(f)	Renewable energy certification fee	78	1.1
(g)	Financing cost ⁽²⁾	4,472	64.8
		6,906	100.0

Notes:

- (1) Refers to land rental for a year, after the commercialisation of Selarong LSSPV Plant.
- (2) Being annual financing cost forecasted, with a gradual decrease in subsequent years due to annual repayment of principal.

(b) Repayment of borrowings

We intend to allocate RM14.00 million or 33.3% from our Public Issue proceeds to partially repay our borrowings, details of which are as follows:

Financiers/ Type of facilities	Purposes	⁽³⁾ Maturity date	⁽¹⁾ Effective interest rate %	⁽²⁾ Balance as at LPD RM'000	Amount to be repaid from IPO proceeds
					RM'000
AmBank (M) Berhad/ Trade financing	Working capital requirements	January 2025 to December 2025	5.13 – 5.30	6,897	5,000
CIMB Islamic Bank Berhad/ Trade financing	Project financing for our M&E engineering projects and working capital requirements	January 2025 to October 2025	5.43 – 5.47	11,555	7,000
Affin Bank Berhad/ Trade financing	Working capital requirements	December 2024 to July 2025	5.28	4,873	2,000
				23,325	14,000

Notes:

- (1) The interest rates are based on floating interest rate.
- (2) Representing principal outstanding sums and excludes the applicable interest sums payable.
- (3) For maturity dates which precede the date of our Listing, we intend to roll-over such trade financing.

The selection on the type of financing facilities to be repaid via utilisation of IPO proceeds was determined after taking into account the following factors:

- (a) interest cost of such financing facilities; and

4. DETAILS OF OUR IPO (Cont'd)

(b) outstanding loan amount.

As at LPD, our outstanding total borrowings stood at RM97.51 million. The proposed repayment of borrowings above will reduce our overall gearing level from 1.36 times as at 31 July 2024 to a pro forma gearing level of 0.67 times after our IPO and utilisation of proceeds. This will result in an expected total interest savings of approximately RM0.74 million based on the interest rate of 5.13% to 5.47% per annum as tabulated above. However, the actual interest savings may vary depending on the then applicable interest rates. In addition, our Group will not incur any early settlement fees and/ or penalties for the early repayment of the above bank borrowings.

In the event there are any excess available from the above repayment of borrowings, such excess of proceeds will be allocated for our general working capital requirements.

(c) General working capital

A total of RM9.18 million or 21.9% of our Public Issue proceeds will be used to finance our general working capital requirements in tandem with the expected growth in our business and operations. The following is a breakdown of the utilisation of proceeds for our working capital requirements:

Details	RM'000
Expansion of workforce ⁽¹⁾	1,500
Payment to suppliers for purchase of materials (such as power cables and wires, distribution board boxes, busbars, switchgears, transformers, generator sets and other electrical components) ⁽²⁾	7,680
	9,180

Notes:

- (1) We plan to expand our project department by recruiting additional personnel to support the growth of our existing business operations and the expected growth in our business. Our Group expects to utilise approximately RM1.50 million of our Public Issue proceeds for the payment of salaries of additional personnel to be recruited, estimated based on our Group's current payroll. In this respect, we intend to hire the following additional personnel:

Positions	No. of employees	Estimated cost RM'000	Functions
Project managers	1	360	Overseeing the implementation of M&E engineering projects at various sites
Project/ Site engineers	3	570	Managing works of subcontractors and quality control at various sites
Quantity surveyors	1	160	Overseeing overall budgeting, costing and project timeline implementation
Site supervisors	2	410	Supporting project managers in implementation of M&E engineering projects at various sites
	7	1,500	

4. DETAILS OF OUR IPO (Cont'd)

Such amount is expected to be utilised over a period of 24 months and the payments of salaries of additional personnel will subsequently be funded through internally generated funds.

- (2) RM7.68 million of the Public Issue proceeds are earmarked for the purchase of materials required for both our ongoing and future projects, as it is our largest cost of sales items, contributing between 51.1% and 67.3% in FYE 2021 to 2024.

The allocation of proceeds for our general working capital requirements will reduce our dependency on external financing and allow us to undertake more projects for M&E engineering services concurrently.

(d) Purchase of ERP system

We intend to utilise approximately RM0.72 million or 1.7% of the Public Issue proceeds to purchase an ERP system known as "Speedbrick", a cloud-based construction cost management software, which is able to integrate with our existing AutoCount accounting system and purchasing system. The integrated ERP system namely, Speedbrick will support our Group in the following:

- (i) **Streamlining our Group's business operations** - integrates our Group's purchasing process on a single platform, automatically linking project site and office team activities. It automates manual tasks, reduces tedious work, removes manual entry, and ensures smooth integrated operations with real-time data synchronisation. For clarification, our existing workflow involves manual 3-way documents matching of our purchase orders, goods receipt notes and purchase invoices.

However, Speedbrick automatically performs a 3-way documents matching of our purchase orders, goods receipt notes and purchase invoices of products and/or services procured across both our accounting and purchasing systems. This automation eliminates the need of manual entry leading to cost- and time-savings and subsequently enhances the accuracy of our financial information in a timely manner;

- (ii) **Empowering data-driven decision-making** - delivers the right data to the right people at the right time, enabling our Group to make informed, data-driven decisions. This capability improves resource allocation, financial management and enhances our Group's ability to deliver projects on time and within budget; and
- (iii) **Enhancing business analytics** - offers advanced business analytics capabilities, where it automatically builds our Group's costing database, tracks material price trends, predicts future purchases, generates up to date real-time project-level costs and profit forecast and generates valuable insights for improved and confident decision-making. These features aid in identifying trends, forecasting needs, and improving overall business performance.

By integrating with Speedbrick, our Group aims to enhance our operational efficiency, make better-informed decisions, leverage advanced analytics, and improve financial management for our continuous business growth.

The ERP system cost was estimated based on quotations received. Such amount is expected to be utilised over a period of 24 months. Out of the RM0.72 million allocated, RM0.50 million will be utilised for the acquisition of the ERP and the first year implementation cost, the breakdown of which are as follows:

4. DETAILS OF OUR IPO (Cont'd)

Details	RM'000
Integration with accounting system (includes first year maintenance fees)	59
Implementation of ERP system ⁽¹⁾	298
Licence fee, maintenance fee, hosting and storage of data fees for the first year	147
	504

Note:

- ⁽¹⁾ Includes training for employees, data cleaning and migration to the new ERP system.

The remaining RM0.22 million will be utilised for the licences, services and maintenance cost for the following year.

If the actual cost of purchasing the ERP system exceeds the amount allocated, the deficit will be funded from our internally generated funds and/ or bank borrowings. Conversely, if there are excess available from the purchase of the abovementioned ERP system, such excess will be reallocated for our general working capital.

(e) Estimated listing expenses

An amount of RM4.00 million or 9.5% is allocated to meet the estimated expenses of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Details	RM'000
Professional fees ⁽¹⁾	2,100
Fees payable to the authorities	85
Underwriting, placement and brokerage fees	1,060
Printing, advertising fees and contingencies ⁽²⁾	755
	4,000

Notes:

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

In the event the allocated proceeds are insufficient for our Listing expenses, any shortfall will be funded from the amount allocated for our general working capital requirements. Conversely, if our actual Listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

Pending deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions as our Directors may deem appropriate. The financial impact of the utilisation of proceeds from the Public Issue on our pro forma combined statement of financial position is set out in Section 14.

4.9.2 Offer for Sale

The Offer for Sale will raise gross proceeds of approximately RM21.00 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

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

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.53 million.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

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

4.10.2 Placement fees

Our Placement Agent will place out a total of 87,500,000 Issue Shares and 70,000,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be borne entirely by the Selling Shareholders.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 52,500,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 52,500,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The salient terms in the Underwriting Agreement are as follows:

- 1.1 The obligations of our Underwriter under the Underwriting Agreement shall further be conditional upon *inter alia* the following ("**Conditions Precedent**"):
 - (a) our Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:
 - (i) no material adverse change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group from the date of the Underwriting Agreement; or
 - (ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings by our Company materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;

4. DETAILS OF OUR IPO (Cont'd)

- (b) our Underwriter receiving a certificate in the form or substantially in the form dated the Closing Date signed by the duly authorised officers of our Company stating *inter alia* that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in the Underwriting Agreement;
- (c) our Underwriter receiving copies certified by a Director of our Company or the secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the Directors and the shareholders of our Company in general meeting:
 - (i) approving the Prospectus and the application forms, the Public Issue, Offer for Sale, the Listing, the Underwriting Agreement and the transactions contemplated by it;
 - (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company and the issuance of the Prospectus;
- (d) the issuance and subscription of the Issue Shares are not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the IPO Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the Public Issue, Offer for Sale and our Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
- (e) our Underwriter being satisfied that our Company has complied with and that the issuance and subscription of the Issue Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/ or supplements to it;
- (f) the offering of the Issue Shares having been approved by Bursa Securities and any other appropriate authorities and remaining in full force and effect and that all conditions precedent to the approvals, to the extent possible have been complied with;
- (g) the listing of and quotation for the Issue Shares/ our entire enlarged issued share capital on the ACE Market having been unconditionally approved-in-principle by Bursa Securities or subject only to conditions which are acceptable to our Underwriter and such approval is not withdrawn;
- (h) the approvals from relevant authorities for our Listing as set out in Section 3.1 remaining valid, unwithdrawn, unrevoked, unsuspended or unchanged and all the conditions imposed therein which have to be complied by us prior to our Listing, have been complied by us;
- (i) all other necessary approvals and consents required in relation to our IPO and our Listing having been obtained and are in full force and effect as at our Listing date and that all conditions of the approvals (except for any which can only be complied with after our IPO has been completed) have been complied with;
- (j) the launching of Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as our Underwriter and our Company may from time to time agree in writing;

4. DETAILS OF OUR IPO (Cont'd)

- (k) this Prospectus having been lodged with the Companies Commission of Malaysia and registered with Bursa Securities together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;
 - (l) our Underwriting Agreement being duly signed by all parties and stamped;
 - (m) our Listing is within 1 month from the Closing Date or any later date as may be approved by the relevant authorities and agreed in writing by our Underwriter; and
 - (n) the Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions of the Underwriting Agreement and upon our Underwriter's (in this regard, in its capacity as our Placement Agent for the shares to be placed out by our Placement Agent) receipt of the full subscription monies for the shares to be placed out by our Placement Agent on or before the last date for payment of the same.
- 1.2 If after the Conditions Precedent have been complied with and our Company decides not to proceed with the IPO, our Underwriter may treat itself as so released or discharged from its obligations and the Underwriting Agreement shall be terminated and be of no further force or effect provided that our Company shall remain liable for the payment of the sum as set out in the Underwriting Agreement and all other costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable).
- 1.3 Our Underwriter may waive all or any of the Conditions Precedent except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement. Any Conditions Precedent so waived by our Underwriter in writing shall be deemed to have been satisfied in relation to it.
- 1.4 Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may in its discretion and without liability on its part, by giving notice in writing to us at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:
- (a) any of the Conditions Precedent under the Underwriting Agreement is not duly satisfied by the Closing Date; or
 - (b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within 10 Market Days from the date our Company is notified by the Underwriter of such breach; or
 - (c) there is withholding of material information by our Company which, in the reasonable opinion of our Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Issue Shares; or
 - (d) approval of Bursa Securities in respect of the IPO or the approval-in-principle of Bursa Securities for the listing and quotation of its entire enlarged issued share capital on the ACE Market is withdrawn; or

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

- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Company or our Group; or
- (f) our Company or any of our subsidiaries becomes insolvent or is unable to pay our debts or admits in writing our inability to pay our debts as they fall due or enters into any composition or arrangement with our creditors or makes a general assignment for the benefit of our creditors; or
- (g) our IPO is stopped or delayed by us, Bursa Securities, the SC or any appropriate authority for any reason whatsoever (unless such delay has been approved by our Underwriter); or
- (h) there shall have occurred, or happened any of the force majeure event including, but not limited to:
 - (i) any government requisition or other occurrence of any nature whatsoever which in the opinion of our Underwriter seriously affects or will seriously affect the business and/ or financial position of our Group; or
 - (ii) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing which, would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/ or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (iii) any new law or regulation or any change in existing laws or regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of our Underwriter has or is likely to have a material adverse effect on the condition (financial or otherwise) or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of our Group; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise; or
 - (v) there having been on or prior to the Closing Date and in the reasonable opinion of our Underwriter, any adverse and material change or development reasonably likely to involve a prospective adverse and material change in the financial or business condition of our Group from that set out in this Prospectus which is material in the context of the offering of the Issue Shares and/ or Offer Shares thereunder or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the warranties and representations of our Company under the Underwriting Agreement as though given or made on such date; or

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

- (vi) any event or series of events beyond the reasonable control of our Underwriter (including without limitation, acts of government, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lockouts, fire, explosion, earthquake, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which would have, or can reasonably be expected to have, in the reasonable opinion of our Underwriter, a material adverse effect on, and/ or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (vii) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 80.0% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days; or
 - (viii) there is any failure on the part of our Company to perform any of our material obligations under the Underwriting Agreement.
- 1.5 In the event that the Underwriting Agreement is terminated pursuant to item 1.4 above, our Underwriter and our Company may confer with a view to deferring the Public Issue by amending the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither our Underwriter nor our Company shall be under any obligation to enter into a fresh agreement.
- 1.6 If our Underwriter terminates its obligation pursuant to item 1.4 above, the parties shall be released and discharged from their respective obligations under the Underwriting Agreement, save for our Underwriter's rights to the following:
 - (a) the payment of the sum of RM10,000, where termination occurs prior to issuance of the Prospectus or the underwriting commission, where the termination occurs subsequent thereto;
 - (b) costs and expenses incurred by our Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable); and
 - (c) right to be indemnified by our Company.

4. DETAILS OF OUR IPO (Cont'd)

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

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

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

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

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

Name	Nationality	⁽¹⁾ Before IPO				⁽²⁾⁽³⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Khor Chuan Meng	Malaysian	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Chu Kerd Yee	Malaysian	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Datuk Keh Chuan Seng	Malaysian	224,000,000	40.0	-	-	196,000,000	28.0	-	-

Notes:

- (1) After completion of Acquisition but before Public Issue and Offer for Sale, based on share capital of 560,000,000 Shares.
- (2) After Public Issue and Offer for Sale.
- (3) Based on enlarged share capital of 700,000,000 Shares after IPO.

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

5.1.2 Profiles of Promoters and/ or substantial shareholders

Save for the profiles of Khor Chuan Meng and Chu Kerd Yee who are also our Directors are set out in Section 5.2.2, the profile of our other Promoter is as follows:

- (a) **Datuk Keh Chuan Seng**, a Malaysian male aged 53, is our Promoter. On 18 January 2025, he resigned as our Non-Independent Non-Executive Director.

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

In 1989, he completed his Sijil Rendah Pelajaran ("**SRP**") at Sin Min (Private) High School, Alor Setar, Kedah. Upon completion of SRP, he left for Singapore and undertook part-time jobs involving the maintenance and repair of ships. In 1991, he decided to venture to Japan where he stayed until November 2005, during which he was involved in real estate development on a personal basis where he was responsible for identifying and sourcing for potential investors.

In December 2005, he was appointed as Director of Shanghai JM Development Sdn Bhd, where he ventured into property development business in Kedah and Sadao, a district in Songkhla Province, Thailand. Shanghai JM Development Sdn Bhd is principally involved in property investment holding, general trading of bird nest and swiftlet bird nest farming. He still presently assumes this position where he is responsible for identifying and sourcing for potential investment properties.

In 2016, he founded Frazel Group Sdn Bhd and was appointed as the Executive Chairman, a position he presently assumes, where he is responsible for the strategic planning of residential and commercial building construction projects.

In 2020, he was appointed as Non-Independent Non-Executive Chairman of EG Industries Berhad (listed on Main Market), an investment holding company with subsidiaries involved in printed board assembly, where he provides advice on corporate strategy. He subsequently resigned in May 2023.

In 2021, he was appointed as Non-Independent Non-Executive Director and Chairman of HB Global Limited (listed on Main Market) and was subsequently redesignated as Executive Chairman in the same year, where he provides advice for the group's business operations focusing on strategic matters such as major investments. HB Global Limited is a Singapore investment holding company with subsidiaries involved in telecommunication services, food manufacturing and processing as well as research and development in wellness technology. He subsequently resigned from his role as Executive Chairman in February 2024.

He was appointed as Executive Chairman of K. Seng Seng Corporation Berhad (listed on Main Market), an investment holding company with subsidiaries involved in the manufacturing and processing of secondary stainless steel products as well as the trading of industrial hardware including marine hardware and consumables in January 2023 and Tex Cycle Technology (M) Berhad (listed on ACE Market), an investment holding company with its subsidiaries primarily engaged in the waste management business, the supply of specialised products for the defence industry, the supply of further endow chemical products for related industries, as well as the undertaking of renewable energy projects in May 2023, where he is responsible for managing both the companies and providing strategic guidance to their board of directors.

On 6 June 2023, he was also appointed as Executive Director of Ge-Shen Corporation Berhad (listed on Main Market), which is involved in the provision of management services as well as investment holding with subsidiaries involved in various sectors including automotive, medical devices & consumables, industrial applications, consumer electronics, office automation, home appliances and aerospace. He was subsequently redesignated as Executive Chairman on 8 June 2023, where he is responsible for the development and implementation of strategic initiatives.

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

In August 2023, he was appointed as Non-Independent Non-Executive Deputy Chairman of Agricore CS Holdings Berhad (listed on ACE Market), an investment holding company with subsidiaries involved in provision of sourcing and distribution solutions for plant-based agricultural food ingredients and production and sale of food additives and fried shallots. He currently still assumes the aforementioned positions in K. Seng Seng Corporation Berhad, Tex Cycle Technology (M) Berhad, Ge-Shen Corporation Berhad and Agricore CS Holdings Berhad.

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation on 23 November 2023 up to the date of this Prospectus are as follows:

Name	As at incorporation				⁽¹⁾ After Acquisition				⁽²⁾⁽³⁾ After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Khor Chuan Meng	1	33.3	-	-	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Chu Kerd Yee	1	33.3	-	-	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Datuk Keh Chuan Seng	1	33.4	-	-	224,000,000	40.0	-	-	196,000,000	28.0	-	-

Notes:

- (1) After completion of Acquisition but before Public Issue and Offer for Sale, based on share capital of 560,000,000 Shares.
- (2) After Public Issue and Offer for Sale.
- (3) Based on enlarged share capital of 700,000,000 Shares after IPO.

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, there is no arrangement between our Company, our Promoters and our substantial shareholders, with any other third party of which may, at a subsequent date, result in a change in control of our Company, at a date subsequent to our IPO and our Listing.

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

5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders

Save for the issuance of our Shares as consideration for the Acquisition, aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities and capitalisation/ repayment of advances as disclosed in Sections 5.2.4, 5.3.5 and 10.1 respectively there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

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

5.2 DIRECTORS

5.2.1 Directors' shareholdings

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

Name	Designation/ Nationality	⁽¹⁾ As at LPD/ Before IPO				⁽²⁾⁽³⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Loh Kwang Yean	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	500,000	<0.1	-	-
Khor Chuan Meng	Managing Director/ Malaysian	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Chu Kerd Yee	Executive Director/ Malaysian	168,000,000	30.0	-	-	147,000,000	21.0	-	-
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director/ Malaysian	-	-	-	-	500,000	<0.1	-	-
Datuk Hajah Nor Zamani binti Abdol Hamid	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Lim Kwee Yong	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-

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

Notes:

- (1) After completion of Acquisition but before Public Issue and Offer for Sale, based on share capital of 560,000,000 Shares.
- (2) After Public Issue and Offer for Sale.
- (3) Based on enlarged share capital of 700,000,000 Shares after IPO and assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.

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

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

Loh Kwang Yean, a Malaysian male aged 48, is our Independent Non-Executive Chairman. He was appointed to our Board on 1 June 2024. He graduated with a Bachelor of Accountancy from Universiti Utara Malaysia in 1999. He became a member of MIA in March 2003.

Upon graduation, he began his career as an Audit Assistant with Deloitte KassimChan in 1999. In 2000, he was promoted to Audit Senior II, and subsequently, to Audit Senior I in 2001, where he was involved in the assurance and statutory audit assignments for various clients in various industries.

In 2002, he left Deloitte KassimChan and joined P.I.E. Industrial Berhad (listed on Main Market) as its Project Officer in the corporate finance department, where his duties involved preparing consolidation reports and compliance with the reporting requirements of various regulatory authorities, post-IPO compliances, detailing corporate finance strategies as well as developing an investor relationship programme for the company.

Subsequently in 2004, he left P.I.E. Industrial Berhad and joined Dufu Technology Corp. Berhad (listed on Main Market) as its Group Accountant. During his tenure in Dufu Technology Corp. Berhad, he assisted the company in its listing exercise and was also responsible to participate in due diligence meetings as well as assisting in the company's road shows. In 2008, he was promoted to Finance Manager, where his role involved detailing corporate finance strategies and managing the accounting, corporate finance, treasury, and bank relations functions. In the same year, he also headed the due diligence team in a cross-border acquisition of a manufacturing plant in China owned by a company in Hong Kong, namely Futron Technology Limited, which is principally involved in metal precision manufacturing and processing parts.

In 2011, he left Dufu Technology Corp. Berhad and founded Northern Bridge Advisory Sdn Bhd, an independent advisory company providing advisory services in the areas of finance and accounting services, where he also served as Executive Director until 2015.

Between 2012 and 2014, he joined LNG Resources Berhad (now known as YBS International Berhad) (listed on ACE Market) as its Executive Director where he was involved in the management of corporate finance strategy and outlining management policies.

Subsequently in 2015, he joined Perak Transit Berhad (listed on Main Market) as its Chief Financial Officer, where he was responsible for the company's overall finance, accounting and reporting functions.

In 2019, he left Perak Transit Berhad and co-founded and was appointed as a Director of Wise Rock Sdn Bhd, a company involved in the provision of accounting and business services, a position that he continues to hold todate, where he is responsible for overseeing the daily operations and business of the company. In 2021, he was re-appointed as a Director of Northern Bridge Advisory Sdn Bhd.

Kindly refer to Section 5.2.3(a) for his involvement in other business activities outside our Group.

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

Khor Chuan Meng, a Malaysian male aged 42, is our Managing Director. He was appointed to our Board on 23 November 2023. As our Managing Director, he is responsible for charting our Group's business direction, managing our strategic development and tendering, determining pricing and securing contracts as well as maintaining good rapport with our clients, suppliers and subcontractors.

In 2000, he completed his Sijil Pelajaran Malaysia at Sekolah Menengah Jenis Kebangsaan Kerian, Parit Buntar, Perak. In 2006, he was certified as a competent wireman (level PW4) under the Suruhanjaya Tenaga Akta Bekalan Elektrik 1990. In 2022, he received a Certificate of Qualified Person for completing the training programme requirements for the course on Grid-Connected Photovoltaic Systems for Wireman and Chargeman at TNB Integrated Learning Solution Sdn Bhd (ILSAS).

In 2001, Khor Chuan Meng started his career as a Technician Trainee with Kurihara Kogyo Co. Ltd., a Singapore-based electrical engineering contractor, where he participated in construction projects undertaken by the company. He resigned from the same position in 2002.

In 2003, he joined Kwee Hong Letrik Sdn Bhd as a Senior Technician and Project Coordinator, where he was responsible for project supervision, coordination and management. During his tenure in the company, he was also assigned to various electrical engineering projects based in the United Arab Emirates. He resigned from Kwee Hong Letrik Sdn Bhd in 2010.

In March 2011, he joined Savelite as Managing Director, a position that he holds until today.

Kindly refer to Section 5.2.3(b) for his involvement in other business activities outside our Group.

Chu Kerd Yee, a Malaysian male aged 51, is our Executive Director. He was appointed to our Board on 23 November 2023. He is responsible for managing and implementing our Group's business development plans and strategies as well as sales and marketing activities.

He obtained his Sijil Pelajaran Malaysia from Sekolah Menengah Jenis Kebangsaan Chung Ling Butterworth, Pulau Pinang in 1991. He was certified as a competent chargeman (level AO) in 1997 and competent wireman (level PW4) in 2001 under the Suruhanjaya Tenaga Akta Bekalan Elektrik 1990.

In 1992, he joined UTEC Trading Sdn Bhd, a manufacturer of switchboards, as a Supervisor overseeing the operations of the metal works department and wiring department. In 1996, he was promoted to the position of Manager and was responsible for the sales and marketing functions in the company. In 2002, he resigned from UTEC Trading Sdn Bhd.

In 2001, he became a shareholder and was appointed as a director of Kejuteraan U-Teknik Sdn Bhd, a manufacturer of main switchboards, sub-switchboards and distribution boards, where he was primarily responsible for the overall operations and business of the company. He held this position until 2004 when the business of Kejuteraan U-Teknik Sdn Bhd was sold to U-Teknik Trading, where the latter was also co-founded by him and he was responsible for the sales and marketing of U-Teknik Trading's products, namely its main switchboards, sub-switchboards and distribution boards.

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

In April 2015, he joined our Group as Business Development Advisor where he supports Khor Chuan Meng in developing business strategies and setting the direction of the company. Upon joining our Group, he handed over his previous role relating to sales and marketing at U-Teknik Trading to the other shareholders and sales team at U-Teknik Trading. In March 2017, he was promoted to the position of Business Development and Strategies Director, where he was responsible for implementing our Group's business development strategies. Subsequently, he was promoted to Executive Director of Savelite in January 2020.

Kindly refer to Section 5.2.3(c) for his involvement in other business activities outside our Group.

Dato' Magaret Ting Thien Hung, a Malaysian female aged 43, is our Independent Non-Executive Director. She was appointed to our Board on 1 June 2024. She is the Chairman of our Remuneration Committee, and member of our Audit and Risk Management Committee as well as our Nomination Committee.

She graduated with a Bachelor of Laws degree from the University of the West of England, Bristol, UK in 2001. In 2002, she obtained her Certificate in Legal Practice from the Legal Profession Qualifying Board, Malaysia.

In 2002, she started her career by joining SC Lim & Partners as a pupil. Upon completion of her pupillage in 2003, she was admitted as an Advocate and Solicitor of the High Court of Malaya. After leaving SC Lim & Partners in 2004, she joined Bong & Co Advocates in Sarawak as a pupil. Upon completion of her pupillage in 2005, she was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak and commenced legal practice in Sarawak.

In 2006, she left Bong & Co Advocates and established a legal firm known as Ting & Ting and she has since been its Managing Partner. She is primarily involved in conveyancing, litigation and corporate legal work, where she leads her team of associates in conveyancing works as well as managing the firm's business including branding marketing, client relationship management, securing mandates and overseeing matters relating to general administration of the firm.

In 2018, she was appointed as Independent Non-Executive Director of Sycal Ventures Berhad (listed on Main Market), involved in construction and property development. She currently still holds the position. From 2021 until 2023, she served as Independent Non-Executive Director of Orgabio Holdings Berhad (listed on ACE Market), involved in the manufacturing and provision of instant beverage premixes and food supplement premixes for private labels. In 2021, she was appointed as Independent Non-Executive Director of Pappajack Berhad (listed on ACE Market), involved in pawnbroking services and subsequently retired in June 2024.

Kindly refer to Section 5.2.3(d) for her involvement in other business activities outside our Group.

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

Datuk Hajah Nor Zamani binti Abdol Hamid, a Malaysian female aged 62, is our Independent Non-Executive Director. She was appointed to our Board on 1 June 2024. She is the Chairman of our Nomination Committee and member of our Audit and Risk Management Committee as well as our Remuneration Committee.

She graduated with a Bachelor Degree with Honours in Sociology and Anthropology from University of Malaya in 1985. She further obtained a Masters in Education from University of Malaya in 2005.

In 1986, she started her career in education as Head of the A-Levels department at Kolej Tunku Kurshiah, Seremban, where she was responsible for overseeing the daily operations of the department including the quality of teaching and learning as well as monitoring student progress. In 1989, she was appointed as the Head of the History Department where she was responsible for overseeing the daily operations of the department and the curriculum for history studies.

She left the college in 1999 to join the Curriculum Development Centre (Pusat Perkembangan Kurikulum) under the Ministry of Education, Malaysia ("**MOE**") as an Assistant Director responsible for History and Places, and Social Science units. In 2006, she was promoted to the position of Senior Assistant Director. Subsequently in 2012, she was appointed to the Office of Director General of Education Malaysia and held the position of Special Officer to the Director General, where she was responsible for assisting the Director General in taking charge of all his monthly and daily schedules. Over the years in MOE, she rose the ranks and was appointed to various divisions where her responsibilities spans different functions within MOE. Her last held position in MOE was as Director General of Education, a position she held from 2021 until her retirement in 2022.

Datuk Hajah Nor Zamani binti Abdol Hamid was awarded the Excellent Service Award during her tenure in MOE.

Kindly refer to Section 5.2.3(e) for her involvement in other business activities outside our Group.

Lim Kwee Yong, a Malaysian female aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 1 June 2024. She is the Chairman of our Audit and Risk Management Committee and member of our Remuneration Committee as well as member of our Nomination Committee.

Lim Kwee Yong graduated from Royal Melbourne Institute of Technology, Australia with a Bachelor of Business majoring in Accountancy in 1995. She has been a member of MIA since October 1999.

In 1995, she started her career as an Audit Associate with PricewaterhouseCoopers in Kuala Lumpur, where she participated in various audit assignments of the firm. She was then promoted to Senior Associate in 1997, where she was responsible for supervising audit assignments of the firm. Subsequently, she was promoted to Assistant Manager in 1999, where she took on the additional task of managing clients assigned to her portfolio. She was then promoted to Manager in 2001 and Senior Manager in 2003, before her resignation from the firm in 2008.

She then joined Wasco Coatings Malaysia Sdn Bhd, a subsidiary of Wah Seong Corporation Berhad (now known as Wasco Berhad, listed on Main Market), involved in the coating of pipes for the oil and gas industry, as Head of Finance where she was responsible for the company's financial management and reporting as well as investment activities.

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

In 2014, she left the company and joined Cenviro Sdn Bhd, a company involved in waste management services, as its Chief Financial Officer. During her tenure in the company, she was responsible for the company's financial and treasury management, risk management, procurement and management information system.

In 2018, she left Cenviro Sdn Bhd and joined Econas Sdn Bhd, a company engaged in the provision of consultancy services in waste management, environmental and renewable energy services as Executive Director and Chief Financial Officer, both positions she still holds to-date. She is responsible for all financial strategies and management; internal control and corporate governance matters in the company.

From 2020 until 2023, she served as an Independent Non-Executive Director of APB Resources Berhad (listed on Main Market), an investment holding company principally involved in the fabrication of process equipment for the oleo-chemical, oil and gas, energy and petrochemical industries. In 2020, she was also appointed as an Independent Non-Executive Director of SMRT Holdings Berhad (listed on ACE Market), which is involved in information and communications technology, human resource solutions, provision of education services and property management services, a position she still holds to-date.

Kindly refer to Section 5.2.3(f) for her involvement in other business activities outside our Group.

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

5.2.3 Principal business performed outside our Group

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

(a) Loh Kwang Yean

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Wise Rock Sdn Bhd	Provision of accounting and business advisory services	Director/ Shareholder	14 February 2019	-	50.0	-
Northern Bridge Advisory Sdn Bhd	Provision of management and consultancy services	Director/ Shareholder	15 November 2021	-	100.0	-
Thirupathi Millennium Sdn Bhd	Property investment	Shareholder	-	-	83.3	-
Diet Angel Sdn Bhd	Distribution and wholesale of food ingredients	Director/ Shareholder	30 December 2019	-	20.0	-
Siliconmax Arvr Sdn Bhd	Research and design development (software and hardware), IT related training and consultancy	Shareholder	-	-	25.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Thirupathi TSJ Sdn Bhd	Investment holding company with subsidiary principally involved in property investment	Director/ Shareholder	21 November 2024	-	20.0	-
<u>Past involvement</u>						
Nationgate Holdings Berhad (listed on Main Market)	Investment holding company with subsidiaries principally involved in electronic manufacturing services provider	Independent Non-Executive Director/ Shareholder	18 May 2021	7 February 2022	0.2	-
Thirupathi Properties Sdn Bhd	Renting and operating of real estate properties	Director/ Shareholder	27 May 2020	30 September 2024	5.0	-

(b) Khor Chuan Meng

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Fraser's Construction (M) Sdn Bhd	Property investment	Director/ Shareholder	13 July 2020	-	50.0	-
CKT Nature Sdn Bhd	Property investment	Director/ Shareholder	24 October 2017	-	33.3	-
KCK Realty Sdn Bhd	Property investment	Director/ Shareholder	13 July 2020	-	30.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Eco Standard Berhad	Dormant, with no intended future principal activities	Director/Shareholder	24 December 2020	-	33.3	-
Qian Yik Enterprise (M) Sdn Bhd	Import of wood and manufacturing of wood pallet	Shareholder	20 December 2017	Resigned as director on 7 June 2019	-	⁽¹⁾ 50.0
<u>Past involvement</u>						
Cena Power	Trading of main switchboards, sub-switchboards and distribution boards	Director	1 July 2016	2 February 2023	-	-
Ace Automatic Car Wash	Car wash services	Sole Proprietor	13 August 2014	1 November 2022	-	-
Exprezza Worldwide Sdn Bhd	Dissolved on 11 July 2022 and previously involved in retail of coffee beans and coffee capsules	Director/Shareholder	20 April 2017	11 July 2022	33.3	-
ES Kinetic Sdn Bhd	Property investment	Director/Shareholder	20 September 2022	9 December 2023	-	⁽²⁾ 100.0
Renenergy Elite Sdn Bhd	Dormant, with no intended future principal activities	Director/Shareholder	8 March 2023	25 March 2024	-	⁽³⁾ 51.0
Savelite Vortex Sdn Bhd	Dissolved on 9 September 2024 and previously established to pursue business opportunities in the solar PV industry	Director/Shareholder	20 January 2023	9 September 2024	-	⁽⁴⁾ 85.0

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

Notes:

- (1) Deemed interested by virtue of his shareholdings in CKT Nature Sdn Bhd pursuant to Section 8 of the Act. As at LPD, CKT Nature Sdn Bhd is a 50.0% shareholder of Qian Yik Enterprise (M) Sdn Bhd.
- (2) Deemed interested by virtue of his shareholdings in Savelite pursuant to Section 8 of the Act. ES Kinetic Sdn Bhd was a wholly-owned subsidiary of Savelite and Savelite has disposed all its shareholdings on 27 July 2023 to Lim Cheang Teik (non-related party) for RM2, based on cost of investment.
- (3) Deemed interested by virtue of his shareholdings in Savelite pursuant to Section 8 of the Act. Savelite disposed all its 51.0% shareholdings of Renergy Elite Sdn Bhd on 7 December 2023 to Sim Zhen Zhee and Loo Jer Shen, both non-related parties and existing shareholders and directors of Renergy Elite Sdn Bhd for RM510, based on cost of investment.
- (4) Deemed interested by virtue of his shareholdings in Savelite pursuant to Section 8 of the Act. Savelite Vortex Sdn Bhd has been struck off from the ROC on 9 September 2024.

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Frasers Construction (M) Sdn Bhd	Property investment	Director/ Shareholder	13 July 2020	-	50.0	-
Cah Power Sdn Bhd	Manufacturing and trading of distribution boards and sub-switchboards	Director/ Shareholder	13 September 2019	-	33.3	-
U-Teknik Switchgear Sdn Bhd	Licence holder of a switchboard manufacturer	Director/ Shareholder	28 January 2016	-	50.0	-
Prestij Mega Development Sdn Bhd	Property investment	Director/ Shareholder	14 November 2012	-	50.0	-
Ken Link Capital Development Sdn Bhd	Property investment	Director/ Shareholder	4 October 2016	-	40.0	-
Millennium Megalink Sdn Bhd	Property investment	Director/ Shareholder	15 January 2014	-	100.0	-
U Design Hotel Sdn Bhd	Operator of boutique hotel	Director/ Shareholder	28 December 2013	-	37.5	-
CKT Nature Sdn Bhd	Property investment	Shareholder	-	-	33.3	-
U-Teknik Trading	Manufacturing and trading of main switchboards, sub-switchboards and distribution boards	Director/ Shareholder	18 May 2004	-	93.3	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
U-Teknik KL	Trading of main switchboards, sub-switchboards and distribution boards	Director/Shareholder	14 April 2015	-	60.0	-
KCK Realty Sdn Bhd	Property investment	Director/Shareholder	13 July 2020	-	30.0	-
Eco Standard Berhad	Dormant, with no intended future principal activities	Director/Shareholder	24 December 2020	-	33.3	-
ES Kinetic Sdn Bhd ⁽¹⁾	Property investment	Director/Shareholder	10 August 2021	-	65.0	-
Cena Power	Trading of main switchboards, sub-switchboards and distribution boards	Shareholder	-	-	-	⁽¹⁾ 80.0
Qian Yik Enterprise (M) Sdn Bhd	Import of wood and manufacturing of wood pallet	Shareholder	-	-	-	⁽²⁾ 50.0
<u>Past involvement</u>						
PECC Sdn Bhd	Convention hall management for events and food and beverages business	Director	14 March 2017	15 October 2020	-	-
Kisaku Japanese Restaurant Sdn Bhd	Dissolved on 12 October 2022 and previously involved in operation of a food and beverage restaurant	Shareholder	-	-	33.3	-
ES Kinetic Sdn Bhd	Property investment	Shareholder	-	-	-	⁽³⁾ 100.0

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Renergy Elite Sdn Bhd	Dormant, with no intended future principal activities	Shareholder	-	-	-	⁽⁴⁾ 51.0
Savelite Vortex Sdn Bhd	Dissolved on 9 September 2024 and previously established to pursue business opportunities in the solar PV industry	Shareholder	-	-	-	⁽⁵⁾ 85.0

Notes:

- (1) Deemed interested by virtue of the shareholdings of Chu Ai Sehh (sister of Chu Kerd Yee) pursuant to Section 8 of the Act. Chu Ai Sehh is also a director of Cena Power since its incorporation date on 1 July 2016.
- (2) Deemed interested by virtue of his shareholdings in CKT Nature Sdn Bhd pursuant to Section 8 of the Act. As at LPD, CKT Nature Sdn Bhd is a 50.0% shareholder of Qian Yik Enterprise (M) Sdn Bhd.
- (3) Deemed interested by virtue of his shareholdings in ES Kinetic Sdn Bhd pursuant to Section 8 of the Act. ES Kinetic Sdn Bhd was a wholly-owned subsidiary of Savelite and Savelite has disposed all its shareholdings on 27 July 2023 to Lim Cheang Teik (non-related party) for RM2, based on cost of investment.
- Subsequently, Lim Cheang Teik disposed the entire shareholdings to Chu Kerd Yee on 26 November 2023. Subsequently based on a share allotment on 27 December 2023, Chu Kerd Yee's current shareholdings was diluted to 65.0%.
- (4) Deemed interested by virtue of his shareholdings held in Savelite pursuant to Section 8 of the Act. Savelite disposed all its 51.0% shareholdings in Renergy Elite Sdn Bhd on 7 December 2023 to Sim Zhen Zhee and Loo Jer Shen, both non-related parties and existing shareholders and directors of Renergy Elite Sdn Bhd for RM510, based on cost of investment.
- (5) Deemed interested by virtue of his shareholdings held in Savelite pursuant to Section 8 of the Act. Savelite Vortex Sdn Bhd has been struck-off from the ROC, on 9 September 2024.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
(d) Dato' Magaret Ting Thien Hung

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Ting & Ting	Legal firm involved in various areas such as conveyancing, litigation and corporate matters	Partner	6 October 2006	-	-	-
Sycal Ventures Berhad (listed on Main Market)	Investment holding company primarily engaged in the construction and property development industries with subsidiaries involved in (i) construction; (ii) property development; and (iii) manufacturing and trading of hardware, plumbing and hearing equipment	Independent Non-Executive Director	26 September 2018	-	-	-
Binattech Pave Sdn Bhd	Property investment	Director/Shareholder	1 July 2014	-	40.0	-
Ria Education Group Sdn Bhd	Operator of a private pre-primary education/ kindergarten	Shareholder	-	-	20.0	-
Pancaran 10 Sdn Bhd	Property investment	Director/Shareholder	14 March 2023	-	25.0	-
Income Path Sdn Bhd	Property investment	Director/Shareholder	28 February 2018	-	20.0	-
Pancaran Sebelas Sdn Bhd	Property investment	Director/Shareholder	15 August 2018	-	100.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Billion Dynasty Realty Sdn Bhd	Property investment	Director/Shareholder	25 March 2024	-	20.0	-
Nation Fleet Sdn Bhd	Property investment	Shareholder	-	-	22.0	-
Past involvement						
Pappajack Berhad (listed on ACE Market)	Investment holding company primarily involved in pawnbroking services, with subsidiaries also principally involved in the provision of pawnbroking services	Independent Non-Executive Director	3 May 2021	14 June 2024	-	-
Orgabio Holdings Berhad (listed on ACE Market)	Investment holding company primarily involved in instant beverage premix production, with subsidiaries also principally involved in instant beverage premix manufacturing, sales and marketing of house brand instant premixes	Independent Non-Executive Director	15 March 2021	29 November 2023	-	-
Garden Fortress Sdn Bhd	Dissolved on 27 July 2023 and previously was an investment holding company	Director	12 May 2022	27 July 2023	-	-
Phytosnest Sdn Bhd	Investment holding of shares in company and supply of seedlings of paulownia tree	Director	1 April 2019	26 April 2021	-	-
Amber Dynasty Sdn Bhd	Dissolved on 7 April 2022 and previously was a property investment company	Director	24 July 2019	22 June 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
(e) Datuk Hajah Nor Zamani binti Abdol Hamid

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Nil						
<u>Past involvement</u>						
Padu Corporation	Facilitating, supporting, and delivering MOE's vision in transforming Malaysia's education system through the success of the Malaysia Education Blueprint for 2013 to 2025	Director	12 October 2021	1 August 2022	-	-

(f) Lim Kwee Yong

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
SMRT Holdings Berhad (listed on ACE Market)	Investment holding with subsidiaries involved in (i) IT solutions related to telecommunication; (ii) development and marketing software of human resources; (iii) provision of education services; (iv) provision of human resource development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services; and (v) provision of property management services	Independent Non-Executive Director	10 March 2020	-	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Bee San Lim Sdn Bhd	Investment holding and cultivation of oil palm	Shareholder	-	-	3.66	-
Econas Sdn Bhd	Investment holding in Econas Energy Sdn Bhd	Director/ Shareholder	23 October 2018	-	20.0	-
Maha Sawit Holdings Berhad	Investment holding with subsidiaries mainly involved in manufacturing and trading or organic fertiliser and planting medium and wholesale of palm oil	Independent Non-Executive Director	18 July 2022	-	-	-
Merit Advisory Sdn Bhd	Taxation and accounting services	Shareholder	-	-	50.0	-
Econas Energy Sdn Bhd	Provision of project management, operation and maintenance services such as hazardous waste transfer station operation, non-hazardous waste treatment	Director	23 October 2018	-	-	⁽¹⁾ 100.0
Econas Resource To Energy Sdn Bhd	Investment holding and provision of waste management services	Shareholder	-	-	-	⁽²⁾ 10.0
Past involvement						
APB Resources Berhad (listed on Main Market)	Investment holding company principally involved in fabrication of process equipment for the oleo-chemical, oil and gas, energy and petrochemical industries	Independent Non-Executive Director	27 February 2020	14 June 2023	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Econas Resource To Energy Sdn Bhd	Investment holding and provision of waste management services	Director/ Alternate Director to an Executive Director	12 June 2019/ 14 July 2020	Resigned as director on 14 July 2020/ Resigned as alternate director to an executive director on 29 March 2024	-	-

Notes:

- (1) Deemed interested by virtue of her shareholdings in Econas Sdn Bhd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of her indirect shareholdings in Econas Energy Sdn Bhd pursuant to Section 8 of the Act.

The involvement of our Directors as disclosed above excludes shares in public listed companies which are held by them as minority shareholders (less than 5.0% of the total number of issued shares of a public listed company), and for which they do not hold any directorship. Such shares are held by them only for trading and personal investment purposes.

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

Save as disclosed in Section 11, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business as such other companies that our Directors are involved in does not carry on a similar or related trade as our Group's business nor are they our clients, suppliers or subcontractors. Further, the involvement of our Executive Directors in other businesses or corporations does not preclude them from committing their time and effort to our Group as they do not hold any executive position in the other businesses and are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management. Our Executive Directors are of the view that although they are involved in other businesses as set out above, they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties. The involvement of our Independent Non-Executive Directors in other directorships or business activities outside our Group are not expected to affect their contribution to our Group as they are not involved in our Group's day-to-day operations.

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

5.2.4 Directors remuneration and benefits

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

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2023 to 2025 are as follows:

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
	RM'000					
Directors						
FYE 2023 (Paid)						
Khor Chuan Meng	-	430	105	70	60	665
Chu Kerd Yee	-	420	105	69	60	654
Datuk Keh Chuan Seng	-	-	-	-	-	-
FYE 2024 (Paid)						
Khor Chuan Meng	-	490	120	74	60	744
Chu Kerd Yee	-	430	105	70	60	665
Datuk Keh Chuan Seng	-	-	-	-	-	-
FYE 2025 (Proposed)						
Loh Kwang Yean	(1)24	-	-	4	3	31
Khor Chuan Meng	-	549	(2)-	83	60	692
Chu Kerd Yee	-	488	(2)-	74	60	622
Dato' Magaret Ting Thien Hung	(1)24	-	-	4	3	31
Datuk Hajah Nor Zamani binti Abdol Hamid	(1)24	-	-	4	3	31
Lim Kwee Yong	(1)24	-	-	4	3	31

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

Notes:

- (1) The Directors are only entitled to their fees upon the date of our Listing. Such Directors' fees will be subject to shareholders' approval at a general meeting pursuant to Section 230 of the Act.
- (2) The bonuses for FYE 2025 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

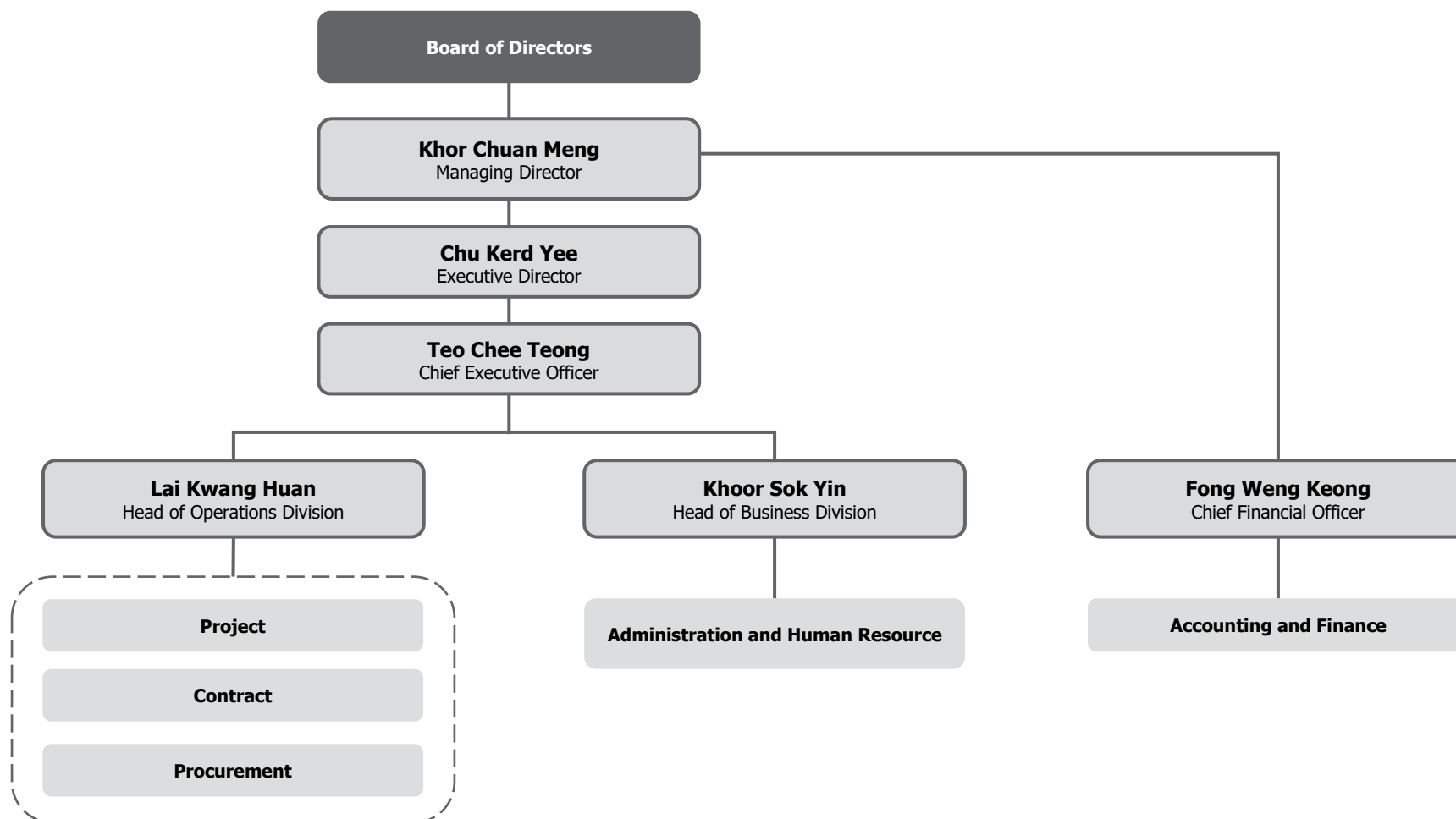
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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



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

5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company (who are all Malaysians) before and after IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	⁽¹⁾ As at LPD/ Before IPO				⁽²⁾⁽³⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Teo Chee Teong	Chief Executive Officer/ Malaysian	-	-	-	-	3,000,000	0.4	-	-
Fong Weng Keong	Chief Financial Officer/ Malaysian	-	-	-	-	200,000	<0.1	-	-
Khoor Sok Yin	Head of Business Division/ Malaysian	-	-	-	-	200,000	<0.1	-	-
Lai Kwang Huan	Head of Operations Division/ Malaysian	-	-	-	-	133,400	<0.1	-	-

Notes:

- ⁽¹⁾ After completion of Acquisition but before Public Issue and Offer for Sale, based on share capital of 560,000,000 Shares.
- ⁽²⁾ After Public Issue and Offer for Sale.
- ⁽³⁾ Based on enlarged share capital of 700,000,000 Shares after IPO.

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

5.3.3 Profiles of key senior management

Save for the profiles of Khor Chuan Meng and Chu Kerd Yee, which are set out in Section 5.2.2, the profiles of the other key senior management of our Group are as follows:

Teo Chee Teong, a Malaysian male aged 48, is our Chief Executive Officer. He is primarily responsible for managing and overseeing our Group's daily operations as well as implementing the strategic plans for the growth of our Group.

He graduated with a Bachelor of Arts (Honours) in Business Administration from the University of Abertay Dundee, Scotland in 2002.

In January 2002, he began his career with Yan Jin (M) Sdn Bhd, a metal stamping company, as a Sales Officer where he was responsible for the sales and marketing of the company.

In July 2002, he resigned from Yan Jin (M) Sdn Bhd and joined Galantprise Sdn Bhd, which is principally involved in trading of building materials as an Assistant Marketing and Operations Manager overseeing the business development and marketing functions of the company. He resigned from Galantprise Sdn Bhd in 2003.

In 2004, he joined Kurnia Insurans (M) Bhd as a Marketing Executive and was involved in the business development and marketing of the company's insurance products.

In 2006, he left Kurnia Insurans (M) Bhd and joined American Home Assurance (now known as AIG Malaysia Insurance Berhad) as its Sales Manager in Ipoh where he was responsible for sales and marketing activities of its branch office. Subsequently, in 2012, he was transferred to its branch office in Bukit Mertajam, Pulau Pinang and assumed the position as its Branch Manager, where he was responsible for managing and overseeing the operations and business development for the company's branch office. He was promoted to Regional Manager – Assistant Vice President in 2016 where he was responsible for managing and overseeing all the company's branches in the northern region of Peninsular Malaysia.

In 2018, he resigned from AIG Malaysia Insurance Berhad and incorporated Qian Yik Enterprise (M) Sdn Bhd, a manufacturer of wooden pine pallet, packaging cases, crates, where he also served as General Manager cum Business Division Director. He was responsible for overseeing the daily business operations, developing strategies and charting the direction for the company. He ceased active involvement in the company in 2020 but remains as its shareholder.

In March 2020, he joined Savelite as our General Manager, where he was responsible for overseeing the daily operations of Savelite. In June 2022, he was promoted to his current position.

Please refer to Section 5.3.4(a) for further details of his involvement in other business activities outside our Group.

Fong Weng Keong, a Malaysian male aged 69, is our Chief Financial Officer. He is primarily responsible for overseeing our Group's overall accounting and finance functions.

He graduated with a Bachelor of Science in Chemistry, Botany and Zoology from the University of Udaipur, India in 1978. Subsequently, he obtained The Institute of Chartered Accountants of India certification as Chartered Accountant in 1985. He has been a member of MIA since 1987.

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

In 1985, Fong Weng Keong started his career with Coopers & Lybrand as a Senior Audit Supervisor where he was involved in various audit engagements and led an audit team. He resigned from Coopers & Lybrand in 1989.

In 1990, he joined Olinco (M) Sdn Bhd (part of the Cargill's Group of Companies), which was previously involved in the palm oil refinery activities, as its Accountant, where his responsibilities were to oversee the finance, accounts, taxation and audit matters of the company.

In 1994, he left Olinco (M) Sdn Bhd and joined Latexx Partners Berhad, a company involved in the manufacturing of rubber gloves, as its Senior Group Accountant. During his stint there, he was responsible for the company's overall finance, accounts, taxation and audit matters.

In 1996, he left Latexx Partners Berhad and joined Taiping Super Berhad (now known as G Capital Berhad, listed on Main Market), which was previously involved in the fabrication of coaches for buses as its Financial Controller. During his tenure in the company, he was responsible to supervise and oversee the preparation of financial reports of the company, including the treasury and cash flow management of the company. He resigned from the company in 1998.

In 1999, he joined Prostyle Management Services as Managing Partner where he managed the daily operations of the firm in the provision of accounting and taxation services. He resigned from Prostyle Management Services in 2004.

In 2005, he joined KBES Berhad (now known as One Glove Group Berhad, listed on Main Market), which was previously involved in the provision of bus services, as its Chief Financial Officer and Executive Director where he was responsible for managing the group's financial operations. He resigned from the position in 2015.

In 2016, he joined MTK Steel Sdn Bhd, a manufacturer of steel pipes, as its Financial Controller where he was responsible for the company's financial reporting, compliance audits and overseeing the finance and accounting departments.

In March 2022, he left MTK Steel Sdn Bhd and joined our Group in his current position in April 2022.

Please refer to Section 5.3.4(b) for further details of his involvement in other business activities outside our Group.

Khoor Sok Yin, a Malaysian female aged 42, is our Head of Business Division. She is primarily responsible for planning and managing human resource and administrative matters (including IT matters) of our Group.

She graduated with a Internal Diploma in Applied Information Technology from the Institute of Perkim-Goon, Pulau Pinang in 2002. She subsequently obtained a Technical Diploma in Information Processing from The City and Guilds of London Institute in 2003 and a Diploma in Accounting from the London Chamber of Commerce and Industry International Qualifications Pearson Education Limited in 2023.

Upon graduation, she started her career in 2003 with EM Furniture Sdn Bhd, a manufacturer of furniture products, as a Graphic Clerk where her responsibility was to design furniture products and develop instruction manuals for the self-assembly of furniture products of the company.

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

In 2006, she resigned from EM Furniture Sdn Bhd and joined Mint Advance Management Sdn Bhd as an Account Assistant, where she managed the preparation of financial reports, accounting data, corporate taxation and payroll matters.

In August 2011, she resigned from Mint Advance Management Sdn Bhd, a company secretarial services firm, and joined Savelite in September 2011 as Account Clerk where she was responsible for handling the company's accounts, human resource and administrative matters. In June 2022, she was promoted to her current position.

Please refer to Section 5.3.4(c) for further details of her involvement in other business activities outside our Group.

Lai Kwang Huan, a Malaysian male aged 48, is our Head of Operations. He is primarily responsible for managing the tendering, project management and implementation of our Group's projects.

Lai Kwang Huan graduated with a Bachelor of Engineering (Honours) majoring in Electrical Engineering from the University of Hertfordshire, UK, in 2000.

Upon graduation, he started his career in 2000 as a Project Engineer with Conaire Engineering Sdn Bhd, a mechanical engineering contracting firm, where he gained experience in electrical engineering works. He was also responsible for designing air-conditioning systems for factories and hotels for the engineering projects undertaken by the company. He resigned from the position in 2021.

In January 2022, he joined Savelite as a Senior Project Manager where he was responsible for overseeing and managing M&E engineering projects, including resource planning and quality control. In April 2022, he was promoted to his current position.

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

5.3.4 Principal business performed outside our Group

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

(a) Teo Chee Teong

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Qian Yik Enterprise (M) Sdn Bhd	Import of wood and manufacturing of wood pallets	Director/Shareholder	7 June 2019	-	-	⁽¹⁾ 50.0
CKT Nature Sdn Bhd	Property investment	Director/Shareholder	3 July 2018	-	33.3	-
Qian Yik Enterprise	Export and import of wood products and wood pallets	Partner	3 July 2019	-	-	-
<u>Past involvement</u>						
Yuraku Tei Japanese Cuisine	Dormant, previously involved in operation of food and beverage restaurant, with no intended future principal activities	Partner	25 July 2019	24 July 2023	-	-

Note:

- ⁽¹⁾ Deemed interested by virtue of his shareholdings in CKT Nature Sdn Bhd pursuant to Section 8 of the Act. As at LPD, CKT Nature Sdn Bhd is a 50.0% shareholder of Qian Yik Enterprise (M) Sdn Bhd.

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Raintown Consultancy Sdn Bhd	Business management consultancy services in relation to taxation, accounting and secretarial services	Shareholder	26 January 2018	Resigned as director on 29 February 2024	1.0	-

Past involvement

Nil

(c) Khoor Sok Yin

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Nil						
<u>Past involvement</u>						
Smart Cycle House	Repairing and selling bicycles	Partner	11 November 2016	12 November 2022	-	-

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business as such other companies that our key senior management are involved in does not carry on a similar or related trade as our Group's business nor are they our clients, suppliers or subcontractors. They are not directly involved in the management and day-to-day operations of these business activities which are managed by other shareholders. As such, their involvement in other directorship or business activities outside our Group are not expected to affect their contribution to our Group and does not affect their ability to perform their role and responsibilities to our Group.

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

5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Managing Director and Executive Director which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2023 to 2025 are as follows:

	⁽¹⁾ Remuneration band		
	FYE 2023 (Paid)	FYE 2024 (Paid)	⁽²⁾ FYE 2025 (Proposed)
	RM'000		
Teo Chee Teong	300 - 350	350 - 400	350 – 400
Fong Weng Keong	50 - 100	50 - 100	100 – 150
Khoor Sok Yin	100 - 150	100 - 150	150 – 200
Lai Kwang Huan	100 - 150	150 - 200	250 – 300

Notes:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.
- (2) The bonuses for FYE 2025 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG that:

- (a) at least half of our Board comprises Independent Non-Executive Directors;
- (b) chairman of our Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee; and
- (c) to have at least 30% women directors on our Board.

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

- (a) our Board should objectively discharge their fiduciary duties and responsibilities at all times in the interests of our Company. Our Board must act with integrity, led by example, keep abreast of his/ her responsibilities and of the conduct, business activities and development of our Company. The duties and responsibilities of our Board are as follows:

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

- (i) our Board is charged with leading and managing our Group in an effective and responsible manner. Each Director has a legal duty to act in the best interests of our Company. Our Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of our Group are managed. Our Board sets our Group's values and standards and ensures that its obligations to the shareholders and stakeholders are understood and met;
- (ii) our Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the principles and best practices stated in the MCCG. Post Listing our Board will provide an overview in our Group's annual report the application of the principles and best practices set out in the MCCG pursuant to Rule 15.25 of the Listing Requirements;
- (iii) our Board's duties include establishing the corporate vision and mission, as well as the philosophy of our Company, setting the aims of our Executive Directors and key senior management and monitoring their performance;
- (b) in overseeing the conduct of our Group's businesses, our Board shall ensure that an appropriate financial planning, operations and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the strategic business plan and budget, financial statements, performance review reports and risk management reports; and
- (c) our Board as well as any Director may seek independent professional advice relating to the affairs of our Group or his/ her responsibilities as a Director, at our Company's expense. If a Director considers such advice as necessary, for the benefit of our Company, such Director shall first discuss it with our Managing Director and having done so, shall be free to proceed, where appropriate. Our Director must also ensure that it is practicable and the cost is reasonable.

In accordance with our Constitution, an election of Directors shall take place each year at the AGM of our Company. At the first AGM of our Company, all the Directors shall retire from office, and at the AGM in every subsequent year, 1/3 of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office. This is provided always that all Directors including Managing Director shall retire from office once at least in each 3 years and shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Our Directors shall have power at any time, and from time to time, to appoint any person to be a Director either to fill a casual vacancy or as an addition to our Board provided that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with our Constitution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

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

The members of our Board, date of expiration of their current term of office and period that they have served in that office as at LPD are as follows:

Name	Designation	Date of appointment as Director	Date of expiration of the current term of office	No. of months in office up to LPD
Loh Kwang Yean	Independent Non-Executive Chairman	1 June 2024	Subject to retirement at the AGM in 2025	6
Khor Chuan Meng	Managing Director	23 November 2023	Subject to retirement at the AGM in 2025	13
Chu Kerd Yee	Executive Director	23 November 2023	Subject to retirement at the AGM in 2025	13
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director	1 June 2024	Subject to retirement at the AGM in 2025	6
Datuk Hajah Nor Zamani binti Abdol Hamid	Independent Non-Executive Director	1 June 2024	Subject to retirement at the AGM in 2025	6
Lim Kwee Yong	Independent Non-Executive Director	1 June 2024	Subject to retirement at the AGM in 2025	6

Further details of the members of our Board are set out in Section 5.2.

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

5.4.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 1 June 2024. The current members of our Audit and Risk Management Committee consist of the following:

Name	Designation	Directorship
Lim Kwee Yong	Chairperson	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director
Datuk Hajah Nor Zamani binti Abdol Hamid	Member	Independent Non-Executive Director

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

The principal objectives of our Audit and Risk Management Committee is to assist our Board in discharging its statutory and fiduciary duties and responsibilities relating to accounting and reporting practices as well as risk management policies and strategies of our Group.

In addition, our Audit and Risk Management Committee shall:

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct;
- (d) determine the quality, adequacy and effectiveness of our Company's control environment;
- (e) ensure financial statements comply with applicable financial reporting standards; and
- (f) fulfil its corporate governance, risk management and statutory responsibilities in order to manage the overall risk exposure.

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

5.4.3 Remuneration Committee

Our Remuneration Committee was established by our Board on 1 June 2024. The current members of our Remuneration Committee consist of the following:

Name	Designation	Directorship
Dato' Magaret Ting Thien Hung	Chairperson	Independent Non-Executive Director
Datuk Hajah Nor Zamani binti Abdol Hamid	Member	Independent Non-Executive Director
Lim Kwee Yong	Member	Independent Non-Executive Director

The duties and responsibilities of our Remuneration Committee are as follows:

- (a) to formulate and recommend a framework of remuneration for our Managing Director, Executive Directors and key senior management for our Board's approval. There should be a balance in determining the remuneration package, which takes into account the demands, complexities and performance of our Group as well as skills and experience required; and which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;
- (b) to review and assess the remuneration package of our Executive Directors and key senior management in all forms, with or without other independent professional advice or other external advice. The remuneration packages shall be determined on the basis of our Directors' and key senior management's merits, qualifications and competencies, while having regard to our Group's operating results, individual performance and comparable market statistics, which are aligned with the business strategy and long-term objectives of our Group. In addition, the performance of our Group in managing material sustainability risks and opportunities should also be considered;
- (c) to ensure the level of remuneration is sufficiently attractive and able to retain and reward our Directors and key senior management in order to operate our Group's business successfully;
- (d) to ensure the level of remuneration or fee should reflect the experience and level of responsibilities undertaken by any particular Director;
- (e) to recommend to our Board the remuneration package of our Executive Directors and fees and other benefits for our Non-Executive Directors;
- (f) to ensure that the remuneration and incentives for our Independent Directors do not conflict with their obligations to being objective and provide independent judgement to our Board;
- (g) to recommend matters relating to the remuneration of our Directors and key senior management for our Board's consideration and decision;
- (h) to act in line with the directions of our Board and to consider and examine such other matters as our Remuneration Committee considers appropriate; and
- (i) to consider any other relevant matters as delegated by our Board.

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

5.4.4 Nomination Committee

Our Nomination Committee was established by our Board on 1 June 2024. The current members of our Nomination Committee consist of the following:

Name	Designation	Directorship
Datuk Hajah Nor Zamani binti Abdol Hamid	Chairperson	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director
Lim Kwee Yong	Member	Independent Non-Executive Director

The principal objective of our Nomination Committee is to assist our Board in their responsibilities in appointing new nominees to our Board and Board Committees and ensure that their compositions meet the needs of our Group. Our Nomination Committee shall also assess the performance of our Board, Board Committees and the individual directors of our Company on an on-going basis.

The duties and responsibilities of our Nomination Committee are as follows:

- (a) to formulate and review the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of our Company, strengthen Board leadership and oversight of sustainability issues;
- (b) to source, identify, review and recommend candidates for appointment to our Board and Board Committees, which is led by the Chairperson of the Nomination Committee, taking into consideration the optimum and effective size of our Board and the candidates experiences, expertise and contributions to our Board;
- (c) to consider, in making its recommendations, candidates for directorships and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and to take steps to ensure that gender, ethnicity and age group diversity are sought as part of its recruitment exercise;
- (d) to review the tenure of each Director on our Board;
- (e) to recommend the re-election of Directors who are due to retire in accordance with our Company's Constitution;
- (f) to assess the independence of our Independent Directors annually;
- (g) to establish and review the performance criteria to evaluate the performance of our Board, Board Committees and each individual Director;
- (h) to recommend to our Board the nominees to fill the seats on Board Committees;
- (i) to review on an annual basis, the required mix of skills, experience, gender diversity and other qualities, including core competencies which Non-Executive and Executive Directors should have;

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

- (j) to assess on an annual basis, the effectiveness of our Board and the Committees of our Board as a whole and each individual Director of our Board including a review of the performance of our Board in addressing our Company's material sustainability risks and opportunities. All assessments and evaluations carried out by our Nomination Committee in the discharge of all its functions would be properly documented;
- (k) to review on an annual basis, the terms of office and performance of our Audit and Risk Management Committee and each of its members to determine whether our Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference;
- (l) to assist our Board in assessing and evaluating circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving declaration of the same from the Director and thereafter, to inform our Audit and Risk Management Committee of the same. After deliberation with our Audit and Risk Management Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest;
- (m) to ensure that orientation and education programmes are provided for new members of our Board;
- (n) to ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the marketplace, changes in new statutory and regulatory requirements and understand the sustainability issues relevant to our Company and its business, including climate-related risks and opportunities;
- (o) to formulate and review the nomination, selection and succession policies and plans for members of our Board, Board Committees and key senior management;
- (p) to act in line with the directions of our Board;
- (q) to consider and examine such other matters as the Nomination Committee considers appropriate; and
- (r) to consider any other relevant matters as delegated by our Board.

5.5 RELATIONSHIPS AND/ OR ASSOCIATIONS

There are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

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

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

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

- (a) in the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged and/ or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) has any unsatisfied judgment against him.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated under our present name in Malaysia on 23 November 2023 as a public limited company by shares under the Act.

Our Group provides M&E engineering services for various types of properties such as industrial, commercial and residential as well as solar facilities. We are principally involved in the following:

- (a) provision of electrical engineering services for electricity supply distribution systems;
- (b) provision of mechanical engineering services for building services; and
- (c) generation and sales of renewable energy.

Save for our diversification into the generation and sales of renewable energy in July 2023 via the Junjong LSSPV Plant, there has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM50.34 million comprising 560,000,000 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
23 November 2023	3	RM3/ Subscribers' shares	3
10 December 2024	559,999,997	RM50,344,000/ Consideration for the Acquisition	50,344,003

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

Upon completion of our IPO, our enlarged share capital will increase to RM92.34 million comprising 700,000,000 Shares.

6.2 DETAILS OF OUR ACQUISITION

In preparation for our Listing, we have undertaken the Acquisition. On 25 July 2024, we entered into a conditional share sale agreement with Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng to acquire the entire equity interest in Savelite comprising 3,562,500 ordinary shares for a purchase consideration of RM50.34 million which was satisfied by the issuance of 559,999,997 new Shares to the vendors of Savelite at an issue price of RM0.0899 each.

6. INFORMATION ON OUR GROUP (Cont'd)

Details of the vendors of Savelite and the number of Shares issued to them under the Acquisition are as follows:

Savelite vendors	Shareholdings in Savelite		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Khor Chuan Meng	1,068,750	30.0	15,103,200	167,999,999
Chu Kerd Yee	1,068,750	30.0	15,103,200	167,999,999
Datuk Keh Chuan Seng	1,425,000	40.0	20,137,600	223,999,999
	3,562,500	100.0	50,344,000	559,999,997

The purchase consideration for the Acquisition of RM50.34 million was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Savelite as at 31 January 2024 of RM50.36 million.

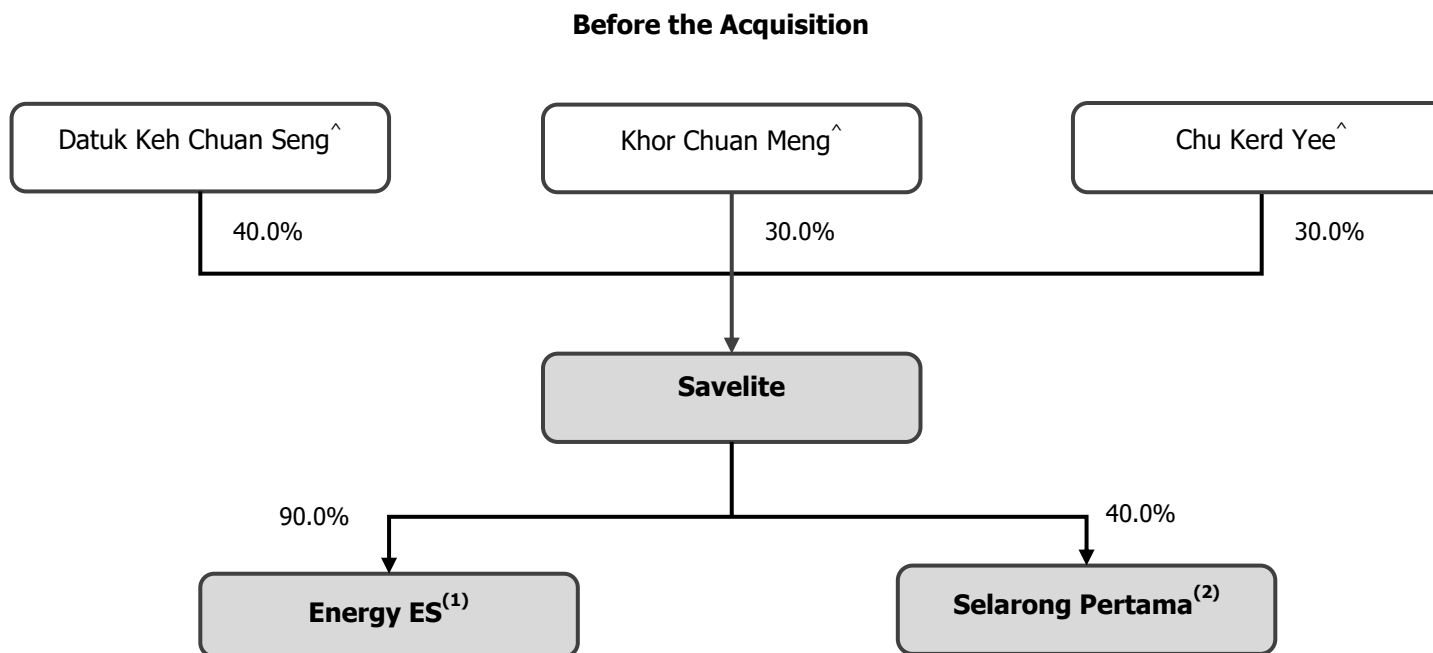
The Acquisition was completed on 17 December 2024. Thereafter, Savelite became our wholly-owned direct subsidiary.

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

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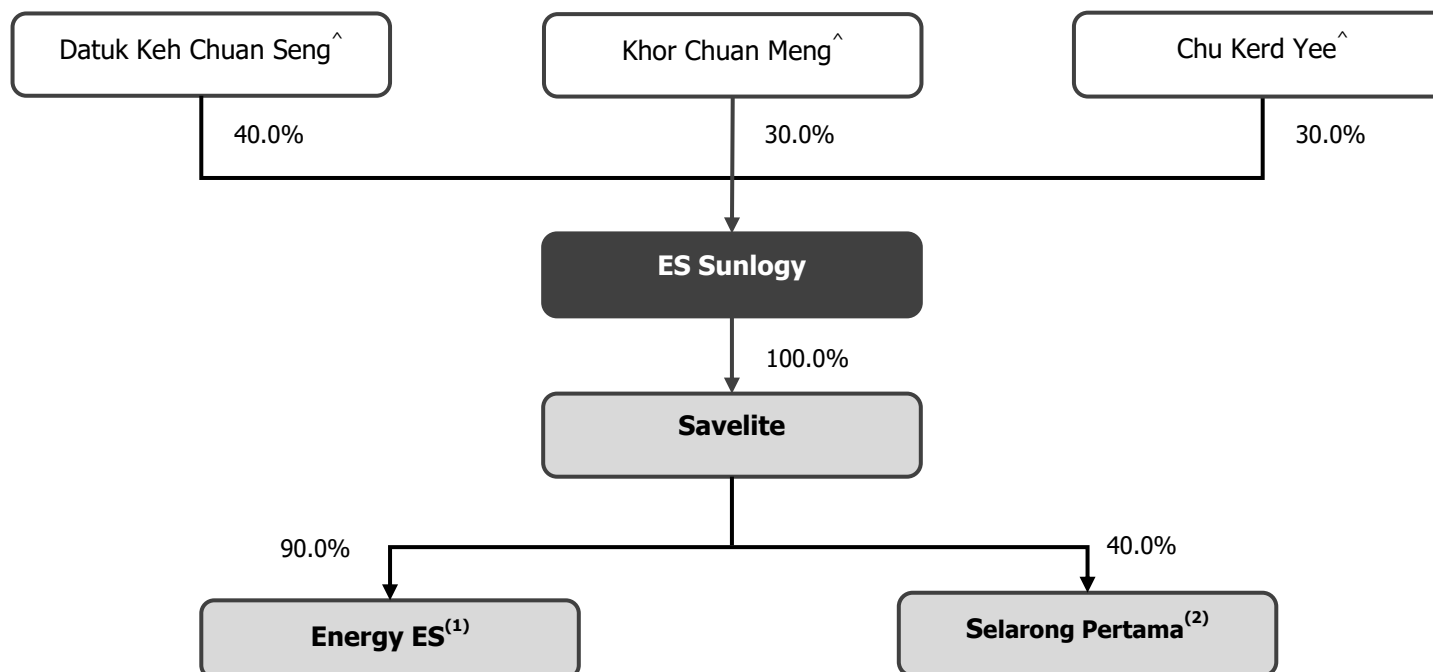
6. INFORMATION ON OUR GROUP *(Cont'd)*

6.3 GROUP STRUCTURE

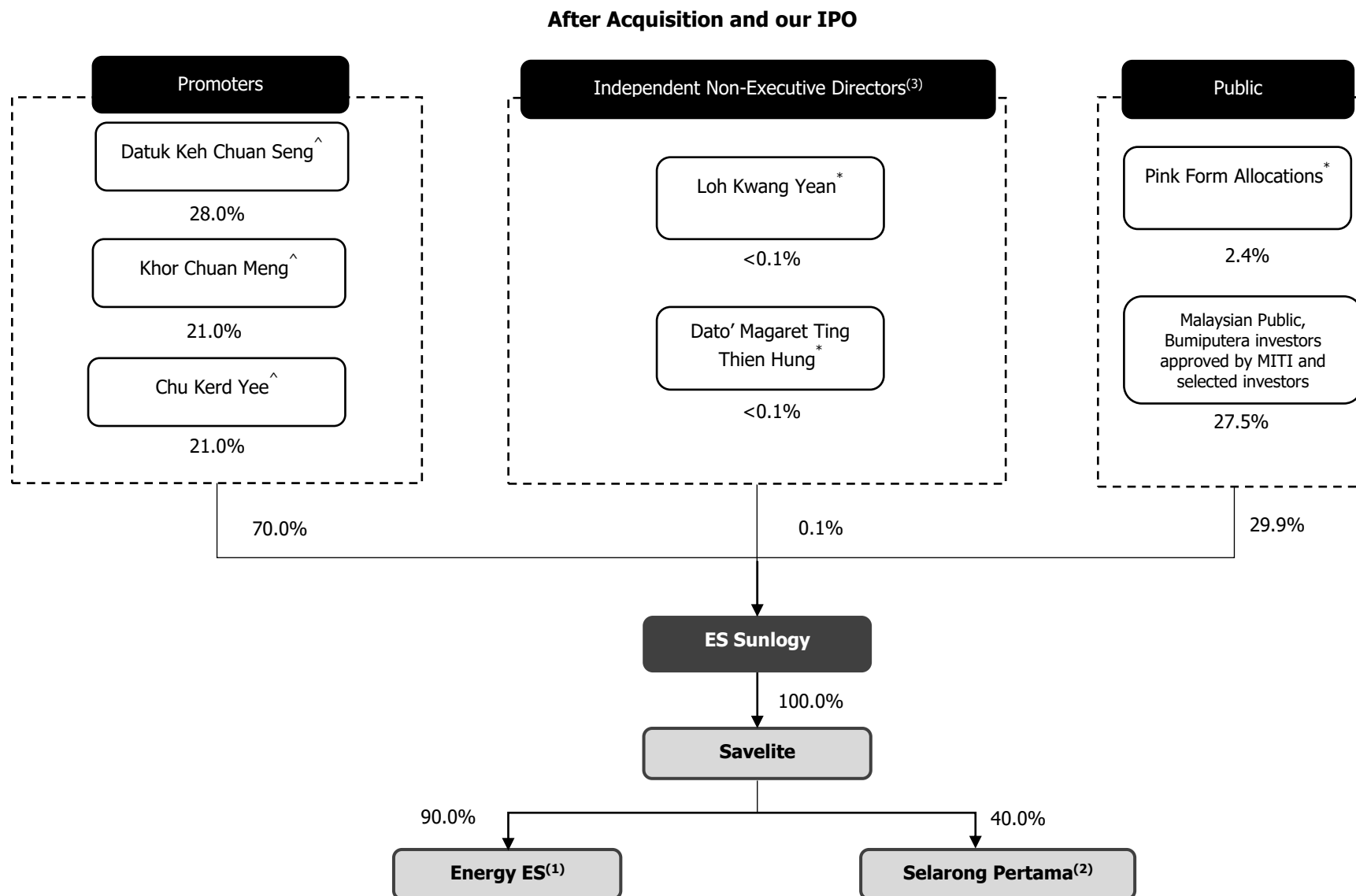


6. INFORMATION ON OUR GROUP (Cont'd)

After Acquisition but before our IPO



6. INFORMATION ON OUR GROUP (Cont'd)



6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) The remaining shares are held by Frasers Construction (5.0%) and Moderntent Development (5.0%). Frasers Construction's directors and shareholders are Chu Kerd Yee (50.0%) and Khor Chuan Meng (50.0%) whereas Moderntent Development's directors and shareholders are Hamdan bin Khalid (40.0%), Suhaimi bin Hanapiah (30.0%) and Mohd Shahril Adli bin Sulaiman (30.0%).
- (2) The remaining shares are held by Blazing Solar (30.0%) and TRe (30.0%). Blazing Solar is a wholly-owned subsidiary of Solarvest Holdings Berhad (100.0%). Similarly, TRe is a wholly-owned subsidiary of TNB (100.0%). Blazing Solar's directors are Chong Chun Shiong and Tan Chyi Boon; whereas TRe's directors are Ir. Mohd Yusrizal bin Mohd Yusof, Mohd Zarihi bin Mohd Hashim, Mohd Thushan bin Abdul Majid, Zainudin Sabai bin Mohd Salleh Sabai, Shahrir bin Haji Abdul Latiff and Nazmi bin Othman.
- (3) Datuk Hajah Nor Zamani binti Abdol Hamid and Lim Kwee Yong, our Independent Non-Executive Directors, have opted not to participate in the Pink Form Allocations.
- ^ Promoters of our Group.
- * Assuming that all the Eligible Persons will subscribe for their entitlements under the Pink Form Allocations.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.4 SUBSIDIARIES AND ASSOCIATED COMPANY

Details of our subsidiaries and associated company are summarised as follows:

Company	Date/ Place of incorporation	Principal place of business	Issued share capital RM	Effective equity interest %	Principal activities
Savelite	2 June 2010/ Malaysia	Malaysia	21,310,230	100.0	Provision of M&E engineering services
<u>Held through Savelite</u>					
Energy ES	8 April 2021/ Malaysia	Malaysia	1,750,000	90.0	Generation and sales of renewable energy ⁽¹⁾
Selarong Pertama	31 January 2024/ Malaysia	Malaysia	100	40.0	Generation and sales of renewable energy ⁽²⁾

Notes:

⁽¹⁾ Relates to Junjong LSSPV Plant.

⁽²⁾ Relates to Selarong LSSPV Plant.

Details of the share capital of our subsidiaries and associated company are set out in Section 15.2.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no other material contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2021 to FYE 2024 and up to LPD:

- (a) consortium agreement dated 1 August 2020 between Savelite, Frasers Construction and Moderntent Development wherein the parties are joint bidders to participate in the Junjong LSSPV Project;
- (b) sale and purchase agreement dated 18 December 2020 entered into between Tangkas Properties Sdn Bhd (non-related party) and Savelite for the acquisition of our Headquarters for a purchase consideration of RM3,700,000.00, which was completed on 22 July 2021;
- (c) sale and purchase agreement dated 15 February 2021 entered into between Savelite with Ooi Swee Hau and Lim Yen Nee (both non-related parties) for the disposal of a 3-storey terrace house at 32, Jalan Nuri 10, Mk 12, Setia Pulau Mutiara, 11900 Bayan Lepas, Pulau Pinang, for a disposal consideration of RM970,000.00, which was completed on 8 May 2021;
- (d) sale and purchase agreement dated 31 March 2021 entered into between Platinum Eminent Sdn Bhd (non-related party) and Savelite for the acquisition of a single storey shop lot located at Lot 01-08, Blok A, Aera Servis Residensi, Jalan PJS 5/28A, 46300 Petaling Jaya, Selangor, for a purchase consideration of RM611,168.00, which was completed on 18 November 2021;
- (e) sale and purchase agreement dated 26 February 2022 entered into between Savelite and Ong Bee Keo (spouse of Chu Kerd Yee) for the disposal of a 1½ storey terrace light industrial factory at 78, Jalan IKS Bukit Tengah, Taman IKS Bukit Tengah, 14000 Bukit Mertajam, Pulau Pinang, for a disposal consideration of RM850,000.00, which was completed on 2 February 2023;
- (f) sale and purchase agreement dated 26 February 2022 entered into between Savelite, Khor Chuan Meng and Tan Hooi Joo (spouse of Khor Chuan Meng) for the disposal of a 1½ storey intermediate terrace light industrial factory at 16, Jalan IKS Bukit Tengah, Taman IKS Bukit Tengah, 14000 Bukit Mertajam, Pulau Pinang, for a disposal consideration of RM850,000.00, which was completed on 2 February 2023;
- (g) sale and purchase agreement dated 29 November 2022 between Savelite and Ong Bee Keo (spouse of Chu Kerd Yee) for the disposal of a parcel of condominium at 28B-20-2, Jalan Desiran Tanjung 4, Marinox Sky Villas, 10470 Tanjung Tokong, Pulau Pinang, for a disposal consideration of RM780,000.00, which was completed on 30 July 2024;
- (h) collaboration agreement dated 8 May 2023 entered into between Savelite, TRe and Blazing Solar in relation to the joint development, construction and operation of Selarong LSSPV Plant under CGPP. Pursuant to the terms and conditions of this collaboration agreement and joint venture and shareholder agreement (stated as Section 6.5(i) below), Selarong Pertama (acting as the parties' consortium) has been incorporated to jointly collaborate for the development, construction and operation of the Selarong LSSPV Plant;
- (i) joint venture and shareholder agreement dated 17 January 2024 entered into between Savelite, TRe and Blazing Solar to regulate their relationship as shareholders of Selarong Pertama;

6. INFORMATION ON OUR GROUP (Cont'd)

- (j) conditional share sale agreement dated 25 July 2024 between our Company, Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng for the Acquisition, which was completed on 17 December 2024; and
- (k) underwriting agreement dated 19 December 2024 between our Company and M&A Securities for the underwriting of 52,500,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

6.6 PUBLIC TAKE-OVERS

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

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

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6. INFORMATION ON OUR GROUP (Cont'd)

6.7 MAJOR APPROVALS, LICENCES AND PERMITS

As at LPD, there are no other major approvals, major licences and major permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
(a)	Savelite	EC	21 September 2022/ 20 September 2025	Registration No. ST (UBT)PP/C/KE/01177/2015 Nature of Approval/ Licences Certificate of Registration as an Electrical Contractor No. 2022/ 04569 under Class A where Savelite is capable of carrying out electrical work above RM1.00 million in value.	(i) Savelite has employed on a full-time basis at least 3 wiremen with three phase restriction. (ii) Savelite has employed on a full-time basis at least 1 wireman with three phase restriction authorised to test an installation. (iii) Savelite has employed on a full-time basis at least 2 wiremen with single phase restriction.	Complied Complied Complied
(b)	Savelite	CIDB	27 February 2024/ 26 March 2026	Registration No. No. 0120110328-PP133419 Nature of Approval/ Licences Certificate of Registration as Contractor in respect of Grade 7 with no limit on grade and limit of tender/ value of work and for undertaking the services of building construction, civil engineering construction, mechanical and electrical engineering construction.	(i) The certificate is not transferrable. (ii) Savelite shall not participate in any tender or perform any construction work after the expiry of this certificate until it is renewed. (iii) Savelite shall not undertake to build any construction project that exceeds the value of the construction works specified under the relevant registration grade and shall not carry out any construction project which is outside the registered category.	Noted Noted Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status																																								
				The certificate allows Savelite to carry out the following scope of works:	(iv) Savelite shall submit information on any construction work or contract within 14 days after the award or before commencing work, whichever is earlier.	Noted																																								
				<table><tr><th>Code</th><th>Details</th></tr><tr><td>B04</td><td>General building construction works</td></tr><tr><td>CE21</td><td>Civil engineering construction</td></tr><tr><td>E01</td><td>Sound system</td></tr><tr><td>E02</td><td>Surveillance and security system</td></tr><tr><td>E03</td><td>Building automation system</td></tr><tr><td>E05</td><td>High voltage installation up to 11kV</td></tr><tr><td>E06</td><td>Special lighting system</td></tr><tr><td>E07</td><td>Internal communication system</td></tr><tr><td>E08</td><td>External communication system</td></tr><tr><td>E10</td><td>Uninterrupted power supply system</td></tr><tr><td>E11</td><td>General electrical work</td></tr><tr><td>E13</td><td>Rail service communication service</td></tr><tr><td>E15</td><td>Airport runway light</td></tr><tr><td>E16</td><td>Street lights and traffic lights</td></tr><tr><td>E17</td><td>Low voltage underground cables</td></tr><tr><td>E18</td><td>High voltage underground cable up to 11KV</td></tr><tr><td>E19</td><td>High voltage underground cable above 11kV to 33kV</td></tr><tr><td>E20</td><td>High voltage underground cable above 33kV</td></tr><tr><td>E21</td><td>Low voltage overhead line</td></tr></table>	Code	Details	B04	General building construction works	CE21	Civil engineering construction	E01	Sound system	E02	Surveillance and security system	E03	Building automation system	E05	High voltage installation up to 11kV	E06	Special lighting system	E07	Internal communication system	E08	External communication system	E10	Uninterrupted power supply system	E11	General electrical work	E13	Rail service communication service	E15	Airport runway light	E16	Street lights and traffic lights	E17	Low voltage underground cables	E18	High voltage underground cable up to 11KV	E19	High voltage underground cable above 11kV to 33kV	E20	High voltage underground cable above 33kV	E21	Low voltage overhead line	(v) Savelite shall apply for renewal of the certificate within 60 days prior to the expiry date as stated in the certificate.	Noted
Code	Details																																													
B04	General building construction works																																													
CE21	Civil engineering construction																																													
E01	Sound system																																													
E02	Surveillance and security system																																													
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E20	High voltage underground cable above 33kV																																													
E21	Low voltage overhead line																																													
					(vi) Savelite shall appoint skilled construction workers and site supervisors who are accredited and certified by CIDB.	Complied																																								
					(vii) All the workers at the construction site shall possess a valid CIDB Green Card.	Complied																																								

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits		Equity and/ or major conditions imposed	Compliance status
				Code	Details		
				E22	High voltage overhead line cable up to 33kV		
				E23	High voltage overhead line cable above 33kV		
				E24	High voltage installation above 11kV up to 33kV		
				E25	High voltage installation above 33kV		
				E32	Low voltage power		
				E33	High voltage power up to 33kV		
				E34	Solar PV system connected to the grid with a capacity of up to 72kW		
				M01	Air conditioning and ventilation system		
				M15	Installation, testing and commissioning of various mechanical system		
(c)	Savelite	MOF	29 May 2024/ 29 July 2027	Registration No. Acknowledgement of Registration Certificate No. K63628708163862964 Nature of Approval/ Licences Supplying electrical and electronic engineering equipment/ cables, electric wires and accessories under the following codes:		(i) Savelite must ensure that the business field that have been registered in this certificate do not overlap with the business field that have been approved for any company having the same owner, board of directors/ directors, management and employees, or operating at the same premise.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits		Equity and/ or major conditions imposed	Compliance status
				Code	Details		
				140301	Electrical and electronic engineering equipment/cables, electric wires and accessories/ electric cables and accessory	(ii) Failure of Savelite to apply for renewal of registration after 1 year from the date of expiry of the registration period may result in Savelite's registration with MOF being cancelled and removed automatically from the eProcurement system. Savelite will have to make a new application.	Noted
				140302	Electrical and electronic engineering equipment/cables, electric wires and accessories/ electric cables and accessory	(iii) Savelite must submit a renewal application for registration 3 months before the end of the registration period. Applications received after the expiration of the registration period will be considered as new registration.	Noted
(d)	Savelite	Telekom Malaysia	19 June 2024/ 18 June 2026	<u>Registration No.</u> No. 1028820843 <u>Nature of Approval/ Licences</u> Certificate of Registration as Telekom Malaysia Group Registered Supplier with the categories of generator installation, solar panel and batteries installation, cable accessories, electrical equipment and parts, rectifier installation, ups installation, electric switch board, power terminal box, auto-reset switch, lightning and earthing protection, electrical hardware, air conditioning installation, tools and test gear, Local Area Network and Wide Area Network equipment,		(i) Savelite is under an obligation to ensure that the product category that has been registered for and specified in the Certificate of Registration shall not be the same as or redundant to the product category that has been approved for another company of similar owner/ board of director that has already been registered as Telekom Malaysia Group Registered Supplier.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status												
				audio and video system, surveillance equipment, security access system, detection/ CCTV system, fire protection installation, firefighting equipment, air conditioner maintenance, electrical and lighting services, genset maintenance, batteries maintenance, voice and data wiring, data services, calibration services, guard/ patrol services as well as security system services.	(ii) Savelite shall make an application to renew its registration within 3 months before the expiry date specified in the Certificate of Registration. (iii) Any application received after the expiry date shall be considered as a new application.	Noted Noted												
(e)	Savelite	TNB	24 April 2024/ 26 March 2026	<u>Registration No.</u> TNB Registration No. 3058402 (CIDB Certificate of Registration No. 0120110328-PP133419) <u>Nature of Approval/ Licences</u> Appointment as contractor for following categories: <table><tr><th><u>Grade</u></th><th><u>Category</u></th><th><u>Specialisation</u></th></tr><tr><td>G7</td><td>B</td><td>B04</td></tr><tr><td></td><td>CE</td><td>CE21</td></tr><tr><td></td><td>ME</td><td>E01, E02, E03, E05, E06, E07, E08, E10, E11, E13, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M15</td></tr></table>	<u>Grade</u>	<u>Category</u>	<u>Specialisation</u>	G7	B	B04		CE	CE21		ME	E01, E02, E03, E05, E06, E07, E08, E10, E11, E13, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M15	The validity of the registration is subject to the validity period of the registration certificates issued by the MOF, CIDB and other relevant professional bodies.	Noted
<u>Grade</u>	<u>Category</u>	<u>Specialisation</u>																
G7	B	B04																
	CE	CE21																
	ME	E01, E02, E03, E05, E06, E07, E08, E10, E11, E13, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M15																

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status						
				The details of the scope of works in relation to the specialisation above can be referred to in Section 6.7(b) above.								
(f)	Savelite	TNB	6 June 2024/ 29 July 2027	<u>Registration No.</u> TNB Registration No. 3058402 (MOF Certificate No. K63628708163862964) <u>Nature of Approval/ Licences</u> Appointment as service provider and contractor for categories <i>140301 and 140302</i> <table><tr><th>Code</th><th>Details</th></tr><tr><td>140301</td><td>Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory</td></tr><tr><td>140302</td><td>Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory</td></tr></table>	Code	Details	140301	Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory	140302	Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory	The validity of this registration is subject to the validity period of the registration certificates issued by the MOF, CIDB and other relevant professional bodies.	Noted
Code	Details											
140301	Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory											
140302	Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory											

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
(g)	Savelite	Majlis Bandaraya Seberang Perai	20 November 2024/ 31 December 2025	<u>Registration No.</u> Business Licence No. PRI/01/20220518/7448 <u>Nature of Approval/ Licences</u> Licence for carrying out the business as electrical contractor at our Headquarters	Nil	Not applicable
(h)	Energy ES	Majlis Bandaraya Seberang Perai	20 November 2024/ 31 December 2025	<u>Registration No.</u> Business Licence No. PRI/01/20211110/2385 <u>Nature of Approval/ Licences</u> Licence to use the premise as office at our Headquarters	Nil	Not applicable
(i)	Savelite	Majlis Bandaraya Petaling Jaya	17 September 2024/ 31 December 2025	<u>Registration No.</u> Business Licence No. L2780000674757 <u>Nature of Approval/ Licences</u> Licence to use B-03-40, Persiaran Surian, Seksyen 3, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor as office	Nil	Not applicable

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
(j)	Savelite	Majlis Bandaraya Petaling Jaya	17 September 2024/ 31 December 2025	<u>Registration No.</u> Business Licence No. L2780000675664 <u>Nature of Approval/ Licences</u> Licence to use B-03-39, Persiaran Surian, Seksyen 3, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor as store	Nil	Not applicable
(k)	Energy ES	EC	12 June 2023/ 11 June 2044	<u>Registration No.</u> Licence No. LSS 12/1/11/62 (PV) <u>Nature of Approval/ Licences</u> - Public Installation Granted pursuant to Section 9 of the Electricity Supply Act 1990 to carry out the following licence activities: (i) use, work or operate a generating station and its associated installation; and (ii) supply electricity from a generating station and its associated installation to the grid under the REPPA dated 18 August 2021, disclosed in Section 7.2.1.3.	(i) Energy ES is to finance, construct, complete, own, operate and maintain a solar PV system and any associated facilities with a maximum licenced capacity of 28.3725MW at the Junjong Land, in order to supply electricity through the electricity distribution network to TNB under the REPPA dated 18 August 2021, or any other arrangement as approved by the EC. (ii) Energy ES shall ensure that all the times during the period of this licence, its sole activity shall be the generation and supply of electricity. Energy ES shall not undertake any other activities without the prior written approval of the EC.	Complied Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
				- Generating Station Type: Solar PV System - Licensed Capacity: 28.3725MW⁽¹⁾	(iii) For the electricity supply under the REPPA, Energy ES shall submit to the EC on monthly interval, information on the maximum daily load, electricity sold per month, overall plant efficiency and performance, quantity and type of fuel used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme. Energy ES shall submit to the EC the following information: (aa) within 3 months after this licence enters into force, a copy of the REPPA and site agreement (if any) and any subsequent amendment, modification, rectification or novation of the said agreement; and	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
					(bb) within 6 months after this licence enters into force, details of financial arrangements and construction programmes of the generating station and subsequently submission of reports at regular intervals on the status and progress of the said generating station during its stages of construction.	
					(iv) Energy ES shall at all times take cognisance of the Government's policies in particular Bumiputera equity participation, the transfer of technology and expertise to Malaysian, the employment of local or foreign personnel, contractors and services and the use of local or imported materials and products.	Noted
					(v) Energy ES shall deliver to the EC a copy of the accounts and audited reports as soon as reasonably practicable, and in any event not later than 3 months after the end of each financial year.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
					(vi) In carrying out its licensed activities, Energy ES shall establish a safety management programme (means the safety, reliability, maintenance and technical management programme in respect of electricity supply infrastructure) pursuant to the requirement under the Electricity Supply Act 1990 to ensure effective measurement and continual improvement to protect any person and electrical infrastructure from injury and damage that may be caused by the Energy ES's installations, and practices or operation of Energy ES.	Complied
					(vii) Energy ES undertakes to the Government that the present shareholders and shareholding structure remains the same throughout the period of the licence. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of PETRA, including the indirect shift in control of Energy ES due to substantial changes of shareholders of Savelite even though there is no direct change of equity structure of Energy ES.	Complied ⁽²⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
					(viii) Notwithstanding the condition (vii) above and subject to the prior written approval of PETRA, and the approval of all relevant authorities, Energy ES may apply for the shares of ES Sunlogy to be listed and quoted on the official list of the Bursa Securities.	Complied ⁽²⁾
					(ix) Energy ES shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under the terms and conditions of this licence except with the prior written consent of PETRA.	Noted
					(x) This licence shall not be charged, pledged or otherwise encumbered without the prior written consent of PETRA.	Noted
					(xi) The creation of any charge, mortgage, pledge, lien or other security over Selarong Land used for the generating station is prohibited unless with the written consent of PETRA.	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
					(xii) Energy ES shall, throughout the period of this licence, reasonably insure or keep insured the generating station against any possible risks and to pay the premiums necessary for that purpose and whenever required by the EC, to produce on demand a true copy of the policy of insurance and requisite evidence of payment of the premiums and other fees and duties for the said policy.	Complied
					(xiii) Energy ES shall set up its own quality control and quality assurance team consisting of suitably qualified personnel to ensure that the design, materials used, equipment and plants installed, technology, methods and procedures adopted for fabrication, installation, construction, testing and commissioning of the installation are in accordance to good engineering practices and of quality and standard as stipulated in the plan and specification.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
					(xiv) Energy ES shall comply with and implement all measures, conditions and requirements imposed by the Director General of Environmental and/ or other relevant authorities, in accordance to the approved environmental impact assessment report (EIA Report), for the construction and operation of the generating station, and for the protection of the environment throughout the period of this licence.	Noted
					(xv) EC may suspend this licence if Energy ES has failed to comply with any of the terms or conditions of this licence, any regulations, codes, guidelines or directions made by the EC.	Noted
(I)	Energy ES	Pejabat Daerah dan Tanah Kulim, Kedah	1 January 2025/ 31 December 2025	Registration No. Permit No. 15/2023 to Use Agricultural Land for Other Purposes Temporarily in Schedule VIII issued in favour of Energy ES pursuant to subrule 34(8) of the Kedah Land Rules 2018 ⁽³⁾ Nature of Approval/ Licences Permitted Purpose: Solar farm (Junjong LSSPV Plant)	(i) The approved lands cannot be used for purposes other than Junjong LSSPV Plant. (ii) The permit will be void if the premises or structure or building erected on the Junjong LSSPV Plant violates any other written laws. (iii) The application to renew the said permit shall be made 2 months before the expiry date pursuant to subrule 34(11) of the Kedah Land Rules 2018.	Complied Noted Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
(m)	Savelite	Jabatan Tenaga Kerja Semenanjung Malaysia Kementerian Sumber Manusia	3 July 2024/ 3 July 2027	<u>Registration No.</u> Certificate for Accommodation No. AC/10700/2024/0171 <u>Nature of Approval/ Licences</u> Accommodation address of 1892, 1 st Floor, Jalan Bukit Minyak, Taman Pulasan, 14100 Simpang Ampat, Pulau Pinang	(i) No more than 15 individuals be allowed to occupy at the said accommodation. (ii) To adhere to the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020. (iii) Free rent or charges for the said accommodation for every employee. (iv) To report on the occupation of the employees at the said accommodation within 30 days from the date of occupancy. (v) To report on the closure of operations of the said accommodation at least 30 days before the date of closure. (vi) To exhibit the said certificate on the exterior wall of the said accommodation that is suitable and conspicuous to the public.	Complied Noted Complied Noted Noted Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of Approvals/ Licences/ Permits	Equity and/ or major conditions imposed	Compliance status
(n)	Savelite	Jabatan Tenaga Kerja Semenanjung Malaysia Kementerian Sumber Manusia	11 July 2024/ 11 July 2027	<u>Registration No.</u> Certificate for Accommodation No. AC/10700/2024/0181 <u>Nature of Approval/ Licences</u> Accommodation address: 1 st and 2 nd floor of No. 1982, Jalan Bukit Minyak, Kawasan Industri Ringan Asasjaya, Mukim 14, 14000 Bukit Mertajam, Pulau Pinang	(i) No more than 60 individuals be allowed to occupy at the said accommodation. (ii) To adhere to the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020. (iii) Free rent or charges for the said accommodation for every employee. (iv) To report on the occupation of the employees at the said accommodation within 30 days from the date of occupancy. (v) To report on the closure of operations of the said accommodation at least 30 days before the date of closure. (vi) To exhibit the said certificate on the exterior wall of the said accommodation that is suitable and conspicuous to the public.	Complied Noted Complied Noted Noted Complied

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) EC granted Energy ES with a maximum licensed capacity of 28.3725MW, however, TNB has agreed to purchase a capacity of only 20.76MW (which is equivalent to 48,991 MWh) from Energy ES, pursuant to the terms of the REPPA dated 18 August 2021. For clarity, our Junjong LSSPV Plant was designed and installed with a contracted capacity of 20.76MW, allowing it to generate a maximum net energy output of up to 48,991MWh annually. However, depending on the sunlight and weather conditions, the actual energy output may be more or less than 48,991MWh. Any excess capacity of electricity generated from Junjong LSSPV Plant (i.e. above 48,991 MWh) may be purchased by TNB at a lower energy rate. From 1 August 2023 to 31 July 2024, our Junjong LSSPV Plant has generated an actual energy output of 38,072MWh.
- (2) We had on 26 July 2024 obtained approval from EC for the changes in the shareholders and shareholding structure of Savelite upon our Listing pursuant to the terms of the REPPA dated 18 August 2021. On 29 July 2024, EC notified us that PETRA has delegated the power to grant such consents to EC.
- (3) Presently, the Junjong Land is under the "agriculture" category, with an express condition for the cultivation of rubber and/or orchard. According to Rule 34 of the Kedah Land Rules 2018, the Kedah State Authority (which has delegated the powers to execute such duties to Pejabat Daerah dan Tanah Kulim, Kedah) may permit the agriculture land to be used for other purposes which it deems fit, temporarily, for a period which shall expire at the end of the calendar year in which it commences.

For the Junjong LSSPV Plant, the Pejabat Daerah dan Tanah Kulim, Kedah had vide a letter dated 16 July 2023 addressed to Yansnest, provided its consent to use Junjong Land for the operations of Junjong LSSPV Plant only. The consent is valid for 25 years, throughout the term of the lease agreement dated 1 July 2021. However, Energy ES shall apply for renewal of such licence 2 months prior to its expiry annually, as part of the procedural requirements pursuant to subrule 34(11) the Kedah Land Rules 2018.

Under the National Land Code, there are only 3 categories of land use to be endorsed on the document of title to any land as determined by the State Authority at the time when the land is approved for alienation, to be known respectively as "agriculture", "building" and "industry". For any land intended to use as LSSPV plant, an application is to be made to the State Authority for its temporary permit to use the land for solar installation subject to such conditions of the permit as may be imposed by the State Authority.

A similar permit will be required for Selarong Land since such land is located within Kedah and is also governed by the Kedah Land Rules 2018.

Our Group has not faced any issues in relation to renewal of our licences or any breach of the conditions imposed in the approvals, licences or permits, which will have material adverse impact on our operations as at LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

6.8 TRADEMARKS

As at LPD, our Group does not own any trademarks.

6.9 PROPERTY, PLANT AND EQUIPMENT

6.9.1 Properties owned by our Group

The summary of the material properties owned by our Group as at LPD are set out below:

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Registered owner	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 July 2024 RM'000
(a)	<u>Postal address</u> 12, Vila Elemen, Elemen 2 Jalan Kelab Golf Sultan Abdul Aziz Shah 13/6 Seksyen 13 40100 Shah Alam Selangor <u>Strata title details</u> Leasehold land held under PN 11894, No. Petak L23, No. Lot 740, Seksyen 13 Bandar Shah Alam Daerah Petaling Negeri Selangor	<u>Description of property</u> 3-storey semi-detached house <u>Existing use</u> Vacant and is intended for rent or sale <u>Expiry of lease</u> 99 years leasehold expiring on 29 May 2102 <u>Category of land use</u> Building <u>Express conditions</u> Residential building	Savelite	3,196.88/ 4,192	14 May 2018/ 2 November 2020	Charged to Hong Leong Islamic Bank Berhad	2,684

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Registered owner	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 July 2024 RM'000
		<u>Restriction-in-interest</u> The land cannot be transferred, leased or charged without the prior written consent of the Selangor State Authority.					
(b)	<u>Postal address</u> 2A, Jalan Industri Tangkas 2 Taman Industri Tangkas 14000 Bukit Mertajam Seberang Perai Tengah Pulau Pinang <u>Title details</u> Geran Mukim 9715 Lot 31602, Mukim 14 Daerah Seberang Perai Tengah Negeri Pulau Pinang	<u>Description of property</u> 3-storey super link terraced light industrial factory <u>Existing use</u> Our Headquarters <u>Expiry of lease</u> Freehold <u>Category of land use</u> None <u>Express conditions</u> (i) the compensation on the Penang State Authority's right of access or use of the Land/ State officer's right of way is not limited by the National Land Code;	Savelite	5,995.5/ 12,868	18 December 2020/ 27 November 2023	Charged to Ambank (M) Berhad	3,384

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Registered owner	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 July 2024 RM'000
		(ii) the land if abandoned for more than 3 years, the Penang State Authority can re-enter, and if the proprietor dies without heirs, the land will revert to the Penang State Authority; and the proprietor has absolute right to all forest produce and all natural deposits found on or below the land. <u>Restriction-in-interest</u> None					
(c)	<u>Postal address</u> Lot 01-08, Blok A, Aera Servis Residensi Jalan PJS 5/28A 46300 Petaling Jaya Selangor <u>Strata title details</u> Pajakan Negeri 119259, No. Bangunan M1 No. Tingkat 1, No. Petak 1 No. Lot 76116 Bandar Petaling Jaya Selatan	<u>Description of property</u> Single storey shop lot <u>Existing use</u> Rented to Moderntent Development for use as office <u>Expiry of lease</u> 99 years lease expiring on 12 July 2119 <u>Category of land use</u> Building	Savelite	Not applicable/ 764	31 March 2021/ 20 May 2022	Assigned to United Overseas Bank (Malaysia) Bhd ⁽¹⁾	580

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Registered owner	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 July 2024 RM'000
	Daerah Petaling Negeri Selangor together with Petak Aksesory No. A6	<u>Express conditions</u> Commercial building <u>Restriction-in-interest</u> The land cannot be transferred, leased or charged without the prior written consent of the Selangor State Authority.					6,648

Note:

- (1) As at LPD, Savelite has yet to perfect the transfer and charge in favour of United Overseas Bank (Malaysia) Bhd (the financier of Savelite as security for bank facilities granted to Savelite) as the developer is in the midst of obtaining the approval of blanket consent for the transfer and charge the title at Pejabat Tanah & Galian Negeri Selangor.

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

6. INFORMATION ON OUR GROUP (Cont'd)

6.9.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Postal address/ Title details	Landlord/ Lessor and Tenant/ Lessee ⁽¹⁾	Description/ Existing use	Land area/ Built-up area sq ft	Date of CPC/ CCC/ CF	Period of tenancy or lease/ Lease or rental per annum (RM)/ Option to renew
(a)	Junjong Land	Yansnest/ Energy ES	4 pieces of agricultural lands ⁽²⁾ / Operation of our Junjong LSSPV Plant	3,198,259.17/ 1,620,649.8	25 September 2023	25 years commencing from 24 July 2023 to 23 July 2048/ RM264,000.00/ Option to renew for a further term of 5 years
(b)	Kompleks Perindustrian Emhub B-03-39, Persiaran Surian Seksyen 3, Taman Sains Selangor Kota Damansara 47810 Petaling Jaya Selangor	Chu Kerd Yee/ Savelite	1½ storey factory cum warehouse unit/ Store	Not applicable/ 2,833.0	20 July 2023	2 years commencing from 1 September 2023 to 31 August 2025/ RM84,000.00/ No option to renew
(c)	Kompleks Perindustrian Emhub B-03-40, Persiaran Surian Seksyen 3, Taman Sains Selangor Kota Damansara 47810 Petaling Jaya Selangor	Khor Chuan Meng/ Savelite	1½ storey factory cum warehouse unit/ Office	Not applicable/ 2,833.0	20 July 2023	2 years commencing from 1 September 2023 to 31 August 2025/ RM84,000.00/ No option to renew

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address/ Title details	Landlord/ Lessor and Tenant/ Lessee ⁽¹⁾	Description/ Existing use	Land area/ Built-up area sq ft	Date of CPC/ CCC/ CF	Period of tenancy or lease/ Lease or rental per annum (RM)/ Option to renew
(d)	Selarong Land	SD Guthrie Berhad (formerly known as Sime Darby Plantation Berhad)/ Selarong Pertama	2 pieces of agricultural lands ⁽²⁾ / Operation of our Selarong LSSPV Plant	4,791,600/ Not applicable	To apply upon the completion of development and construction of Selarong LSSPV Plant	3 years commencing on the date where Selarong Pertama is permitted to commence execution works in Selarong LSSPV Plant/ ⁽³⁾ -/ Automatic renewal for further successive terms of 3 years each, not exceeding 24 years
(e)	PMT 1596, Jalan Perusahaan Valdor Kawasan Perindustrian Valdor 14200 Sungai Jawi Pulau Pinang	Passion Paradise Sdn Bhd/ Savelite	4 units of lodging at a centralised labour quarter/ Accommodation for 32 foreign employees	Not applicable/ 1,665.0	11 May 2021	1 year commencing from 15 June 2024 to 14 June 2025/ RM107,520.00/ A further term of 1 year subject to mutual agreement
(f)	1 st Floor of 1892, Jalan Bukit Minyak Taman Pulasan 14100 Simpang Ampat Pulau Pinang	Marilyn Khoo Mei Lin/ Savelite	A double storey shophot/ Accommodation for 15 foreign employees	1,733/ 726.1	29 January 1994	1 year commencing from 16 April 2024 to 15 April 2025/ RM13,200.00/ No option to renew

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address/ Title details	Landlord/ Lessor and Tenant/ Lessee ⁽¹⁾	Description/ Existing use	Land area/ Built-up area sq ft	Date of CPC/ CCC/ CF	Period of tenancy or lease/ Lease or rental per annum (RM)/ Option to renew
(g)	1 st and 2 nd floor of No. 1982, Jalan Bukit Minyak Kawasan Industri Ringan Asasjaya Mukim 14, 14000 Bukit Mertajam Pulau Pinang	Sam Iconic Hostel Management/ Savelite	3-storey shoplot/ Accommodation for 36 foreign employees	1,539.2/ 1,463.2	9 February 1998	1 year commencing from 1 February 2024 to 31 January 2025/ RM48,000.00/ A further term of 1 year
(h)	5, Jalan Industri USJ 1/8 Taman Perindustrian USJ 1 47600 Subang Jaya Selangor	Cagaran Ria Sdn Bhd/ Savelite	A double storey light industrial terrace factory/ Sub-let to Threadventure Sdn Bhd, principally involved in the business of e-commerce operations and operating a network operations centre ⁽⁴⁾	2,000/ 3,815	13 July 2005	2 years commencing from 10 September 2023 to expiring on 9 September 2025 RM60,000.00/ No option to renew

Notes:

- ⁽¹⁾ "Lessor/ Lessee" refers to Junjong Land as it is under a lease agreement, whereas "Landlord/ Tenant" refers to the rest of the properties rented by our Group as the rentals are under tenancy agreements.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) Presently, the Junjong Land and Selarong Land are under the "agriculture" category, with an express condition for the cultivation of rubber and/ or orchard. For the Junjong LSSPV Plant, the Pejabat Daerah dan Tanah Kulim, Kedah had vide a letter dated 16 July 2023 addressed to Yansnest, provided its consent to use Junjong Land for the operations of Junjong LSSPV Plant only. The consent is valid for 25 years, throughout the term of the lease agreement dated 1 July 2021. A similar permit will be required for Selarong Land since such land is located within Kedah and is also governed by the Kedah Land Rules 2018. Further details are set out in Note (5) of Section 6.7.
- (3) SD Guthrie Berhad had rejected our request for consent on the disclosure of rental amount.
- (4) Our Group has since 10 September 2021 rented and used this property as a store. However, arising from several floodings of the property, we intended to terminate the rental arrangement. However, the landlord refused our request for early termination and agreed for us to sub-let the property instead. We have since November 2023 relocated our inventories to the property stated in Section 6.9.2(b). We do not intend to renew the tenancy upon its expiry on 9 September 2025.

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

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6. INFORMATION ON OUR GROUP (Cont'd)

6.9.3 Acquisition of properties

Save as disclosed below, we have not entered into any agreements to acquire any properties during FYE 2021 to 2024 and up to LPD:

No.	Date of purchase	Postal address/ Title details	Purchase value RM'000
(a)	18 December 2020	Postal address 2A, Jalan Industri Tangkas 2 Taman Industri Tangkas 14000 Bukit Mertajam Seberang Perai Tengah Pulau Pinang Title details Geran Mukim 9715 No. Lot 31602 Mukim 14 Daerah Seberang Perai Tengah Negeri Pulau Pinang	(1)3,600
(b)	31 March 2021	Postal address Lot 01-08, Blok A, Aera Servis Residensi Jalan PJS 5/28A 46300 Petaling Jaya Selangor Strata Title details Pajakan Negeri 119259, No. Bangunan M1 No. Tingkat 1, No. Petak 1, No. Lot 76116 Bandar Petaling Jaya Selatan Daerah Petaling Negeri Selangor together with Petak Aksesory No. A6	611
			4,311

6. INFORMATION ON OUR GROUP (Cont'd)**Note:**

- (1) After deducting RM0.10 million discount from the vendor subsequent to executing the sale and purchase agreement with purchase consideration of RM3.70 million.

Please refer to Sections 6.9.1(b) and (c) for details of these properties.

6.9.4 Material capital expenditures and divestitures**(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2021 to 2024 and up to LPD:

Capital expenditures	At cost				1 August
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	2024 up to
	RM'000	RM'000	RM'000	RM'000	LPD
<u>Property, plant and equipment</u>					
Land and buildings ⁽¹⁾	4,470	581	30	-	-
Solar farm (Junjong LSSPV Plant) ⁽²⁾	6,165	20,795	68,470	(7)646	-
Container	7	-	-	-	-
Office equipment	8	147	24	43	2
Furniture and fittings	4	159	8	57	6
Renovation	-	(3)307	56	(8)294	-
Motor vehicles	(4)220	48	7	-	2
Computer and software	64	54	88	132	47
	10,938	22,091	68,683	1,172	57
<u>Right-of-use assets</u>					
Land	-	(5)4,146	67	-	-
Motor vehicles	(6)211	(6)511	3	(6)528	(6)499
	211	4,657	70	528	499
	11,149	26,748	68,753	1,700	556

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by the development of our Junjong LSSPV Project, as well as purchase of land and buildings for own use and investment holdings.

Notes:

- (1) Relates to the acquisition of the following properties by our Group:
- (aa) During FYE 2021, we acquired our Headquarters for RM3.60 million. Further details are disclosed in Sections 6.9.3(a).
- (bb) During FYE 2022, Savelite acquired a single-story shoplot unit located at Petaling Jaya, Selangor for RM0.61 million. Further details are disclosed in Section 6.9.3(b).

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) Relates to the capital expenditure incurred for the development and construction of our Junjong LSSPV Plant. Our Junjong LSSPV Plant was classified under capital work-in-progress in FYE 2021 and 2022 until its completion and commencement of operations on 24 July 2023.
- (3) Being the renovation cost incurred for our Headquarters.
- (4) Relates to the purchase of a motor vehicle during FYE 2021.
- (5) Relates to the lease of Junjong Land from Yansnest for the development and construction of the Junjong LSSPV Plant. Further details are disclosed in Section 6.9.2(a).
- (6) Being the purchase of motor vehicles for our Group, as follows:
- (aa) In FYE 2021, our Group purchased 2 units of trucks for business use;
- (bb) In FYE 2022, our Group purchased 2 units of trucks for business use; and 1 unit of passenger vehicle for use by our Directors;
- (cc) In FYE 2024, our Group purchased 2 units of truck for business use; and
- (dd) Subsequent FYE 2024, our Group purchased 1 unit of passenger vehicle for use by our Directors.
- (7) Relates to the final accounts issued by Atlantic Blue to Energy ES, being part of the capital expenditure incurred for the development and construction of our Junjong LSSPV Plant.
- (8) Being the renovation cost incurred mainly for our existing store and office located at Kota Damansara, Selangor as well as our Headquarters.

(b) Material capital divestitures

Save for the divestitures disclosed below, there were no other capital divestitures made by us for FYE 2021 to 2024 and up to LPD:

Capital divestitures	At cost				
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	1 August 2024 up to LPD RM'000
<u>Property, plant and equipment</u>					
<u>Disposal</u>					
Land and buildings	(1)1,250	-	-	-	-
Motor vehicles	-	-	100	(4)351	(4)231
<u>Write off</u>					
Office equipment	-	18	2	15	2
Renovation	-	-	-	105	-
<u>Assets held for sale</u>					
<u>Disposal</u>					
Properties	-	(2)1,073	-	-	-

6. INFORMATION ON OUR GROUP (Cont'd)

Capital divestitures	At cost				1 August 2024 up to LPD
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	RM'000
Right-of-use assets					
Disposal					
Leasehold building	-	-	-	(3)1,051	-
	1,250	1,091	102	1,522	233

Notes:

- (1) Relates to the disposal of a 3-storey terrace house located at Bayan Lepas, Pulau Pinang. Further details are disclosed in Section 6.5(c).
- (2) Relates to the disposal of 2 units of 1½ storey terrace light industrial factory at Bukit Mertajam, Pulau Pinang. Further details are disclosed in Sections 6.5(e), 6.5(f) and 10.1.
- (3) Relates to the disposal of a parcel of condominium located at Tanjung Tokong, Pulau Pinang. Further details are disclosed in Sections 6.5(g) and 10.1.
- (4) Relates to the disposal of 2 units of passenger vehicles for business use in FYE 2024 and up to LPD respectively.

The above 4 properties disclosed in Notes (1) to (3) above, were not sold at a discount and were disposed at market value.

Save for the disposal of land and buildings which were not used for our business operations, the above capital divestitures were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful life.

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.9.5 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

6.9.6 Material equipment and machinery

Our Group does not have any material equipment and machinery as at LPD.

6. INFORMATION ON OUR GROUP (*Cont'd*)

6.10 RELEVANT LAWS, REGULATIONS, RULES AND REQUIREMENTS

Save as disclosed below, as at LPD, there are no other laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our Group's business or operations.

(a) Local Government Act 1976 ("LGA 1976")

The LGA 1976 was enacted to revise and consolidate the laws relating to local government in Peninsular Malaysia for the purpose only of ensuring uniformity of law and policy to make a law with respect to local government.

Pursuant to Section 107(2) of the LGA 1976, every licence or permit granted by the local authority of any trade, occupation or premises shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefore.

Pursuant to Section 107(6) of the LGA 1976, a person who fails to exhibit or produce his licence in some prominent place on the licenced premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both such fine and imprisonment.

Our Group's business falls under the jurisdiction of the Seberang Perai City Council ("**MBSP**"). The relevant by-laws governing the conduct of our Group's business would be the Licensing Payment (Seberang Perai City Council) By-Laws 1980 ("**By-Laws 1980**") and the Licensing of Advertisements (Seberang Perai City Council) By-Laws 2001 ("**By-Laws 2001**").

By-Laws 1980 provides that it is an offence for a person to operate any business activity falling under Schedule 1 without a valid licence issued by MBSP. Any person who contravenes any provision of the By-Laws 1980 commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 1 year or to both such fine and imprisonment.

By-Laws 2001 establishes that no person shall exhibit or cause or permit to be exhibited any advertisement without a license issued by the MBSP. Any person who contravenes any of the provision of the By-Laws 2001 shall be guilty of an offence and shall upon conviction be liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 1 year or to both such fine and imprisonment.

Our Group's business also falls under the jurisdiction of Petaling Jaya City Council ("**PJCC**"). The relevant by-laws governing the conduct of our Group's business in Petaling Jaya would be the Licensing of Trades, Businesses and Industries (Petaling Jaya City Council) By-Laws 2007 ("**By-Laws 2007**").

By-Laws 2007 provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of PJCC for any activity of trade, business and industry without a licence issued by the licensing authority of PJCC. A contravention of the By-Laws 2007 would result in an offence, which upon conviction, would result in a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence to a fine not exceeding RM200.00 for each day during which such offence is continued after conviction.

As at LPD, our Group holds and maintains valid business licences issued by the respective local authorities.

6. INFORMATION ON OUR GROUP (Cont'd)**(b) CIDB Act and Registration of Contractors (Construction Industry) Regulations 1995 ("Regulations 1995")**

CIDB Act established a body corporate, CIDB, together with the regulations made thereunder provide for its functions relating to the construction industry and for matters connected therewith. CIDB Act involves 3 main areas namely:

- (i) improvement of construction quality through registration of contractors, construction personnel, certification of skills and competence;
- (ii) quality assurance of construction materials through setting and compliance with standards; and
- (iii) placement of responsibility for managing and ensuring the safety of buildings and construction work during or after construction work on contractors and site managers.

Compliance with the terms and conditions imposed under the certificate of registration issued by CIDB

Section 25(1) of the CIDB Act prescribes a contractor shall register with CIDB and holds a valid certificate of registration issued by CIDB in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Any person who contravenes subsection 25(1) shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000.00 but not more than RM100,000.00.

Regulation 8 of the Regulations 1995 provides that every registered contractor shall be capable of carrying out construction works according to the grade of registration specified in the certificate of registration which determines the value of construction works which a registered contractor is capable of undertaking and/ or carrying out construction works:

Grade	Capability of undertaking and/ or carrying out construction works
G1	To a value not exceeding RM0.2 million
G2	To a value not exceeding RM0.5 million
G3	To a value not exceeding RM1.0 million
G4	To a value not exceeding RM3.0 million
G5	To a value not exceeding RM5.0 million
G6	To a value not exceeding RM10.0 million
G7	No limit

CIDB may cancel, suspend or revoke the registration of the contractor if it contravenes or fails to comply with any provision of the CIDB Act or its regulations, the conditions of registration specified in the certificate of registration as a contractor issued by CIDB. During such period of cancellation, suspension or revocation by CIDB, the contractor shall not commence or proceed with any construction works.

Savelite was incorporated on 2 June 2010 and was registered with CIDB as a G3 contractor on 28 March 2011, G5 contractor on 19 April 2013 and subsequently G7 contractor on 12 May 2015.

6. INFORMATION ON OUR GROUP (Cont'd)

As a G3 contractor, Savelite may only tender for projects with a total contract limit of RM1.00 million. Between the period when Savelite was a G3 contractor up to the date it obtained the G5 contractor status (i.e. 28 March 2011 to 18 April 2013), Savelite successfully tendered and was awarded among others, 4 projects that exceeded the allowable tender limit of RM1.00 million, ranging from RM1.01 million to RM3.82 million, that individually breached the tender limit. These projects commenced and completed at various dates, with the earliest commencement being February 2012 and latest completion being February 2015.

Between the period when Savelite was a G5 contractor up to the date it obtained the G7 contractor status (i.e. 19 April 2013 to 11 May 2015), Savelite successfully tendered and was awarded among others, 1 project with contract value of RM8.13 million, that exceeds the allowable tender limit of RM5.00 million. This project commenced in November 2013 and completed in November 2014.

Since 12 May 2015 and as at LPD, Savelite holds valid Grade 7 certificate of registration as a registered contractor issued by CIDB pursuant to Regulation 3 of the Regulations 1995, which allows Savelite to undertake and/ or carry out unlimited value of construction works. Our Group has not been fined and/ or issued with any notice of such non-compliance from CIDB and/ or faced any cancellation, suspension or revocation by CIDB of its certificate of registration as a contractor for our prior breaches of the tender limit as prescribed under the CIDB certificate of registration. Our Board is of the view that it is unlikely for CIDB to take action against Savelite for the prior non-compliance given that CPC or final accounts for the 5 projects awarded to Savelite had already been issued, and that Savelite is now a registered G7 contractor with CIDB. Therefore, the above non-compliances have not resulted in any material impact to our business operations or financial performances.

Requirement to possess CIDB Green Card(s)

Section 33(1) of the CIDB Act stipulates that a person shall not be involved or engaged or undertake to be involved or engaged as a construction personnel unless he is registered with CIDB and holds a valid certificate of registration issued by the CIDB, commonly known as "**CIDB Green Card(s)**". Any person who contravenes subsection 33(1) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000.

Savelite's CIDB certificate of registration was temporarily suspended for 3 months from 9 December 2016 to 7 March 2017 as 17 of its construction site workers did not possess valid CIDB Green Cards to enter and work at a construction site. During the temporary suspension period, Savelite was unable to continue its construction operations. Nonetheless, there was no delay in its project deliverables as a result of the temporary suspension.

As at the date of this Prospectus, all our construction personnel comprising 69 local and 83 foreign employees have undergone the CIDB Green Card Safety and Health Course ("**SICW**") and obtained valid CIDB Green Cards to enter and work at the construction site.

As such, our Board is of the view that such non-compliances have not resulted in a material impact to our Group's business operations or financial performance, after taking the consideration the following:

- (i) our clients did not terminate their M&E engineering works contracts with our Group and we were able to continue providing M&E engineering works at our clients' sites after the re-registration with CIDB; and

6. INFORMATION ON OUR GROUP (Cont'd)

- (ii) our Group has been able to renew our CIDB certificate of registration as a contractor and has not faced any difficulty or additional conditions imposed on our Group during such renewal process.

Conclusion

The non-compliances were mainly due to an oversight by our Group, which occurred as we were focused on pursuing new M&E engineering contracts and expanding our operational staff at that point in time.

Other than the 3-month temporary suspension as stated above for failure by our construction site workers to hold valid CIDB Green Card and notwithstanding the above non-compliances, Savelite has not failed to renew its CIDB certificate of registration as a contractor since it became a member of CIDB on 28 March 2011 until LPD.

Our Group has taken steps to address and rectify the above non-compliances. We have implemented stringent internal control procedures to prevent the reoccurrence of the above non-compliances:

- (i) our 17 construction site workers have attended the SICW in 2016, which is an awareness course that aims to educate construction personnel on the importance of occupational safety and health aspects of the construction site environment. The total cost for the attendance of 17 construction site workers for SICW was RM1,260.00;
- (ii) our employees have attended regular briefings and reminders to ensure that they have valid CIDB Green Cards at all times. This is also monitored by our human resource and administrative department; and
- (iii) we have set up a dedicated team to regularly monitor the compliance status of all our registrations, approvals, licences and permits and applicable laws, rules and regulations that may impact our Group's operation and compliance, at a cost of approximately RM0.03 million per annum.

Notification of changes of ownership upon completion of the Acquisition

Regulation (13)(1) of the Regulations 1995 further requires a person registered under the CIDB Act to notify CIDB from time to time, whenever there is any change in the capital, particulars relating to experience and/ or qualifications of employees, employment, ownership, or the board of directors or management, of the firm or company within 30 days for the change. Our Group undertakes to inform CIDB within 30 days for the changes of ownership to ES Sunlogy upon completion of the Acquisition.

6. INFORMATION ON OUR GROUP (Cont'd)

(c) Electricity Supply Act 1990 ("ESA")

The ESA governs the electricity supply industry and regulates the supply of electricity at reasonable prices. The ESA provides for the licencing of any electrical installation and governs the control of any electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity and for purposes connected therewith.

Section 9(1) of the ESA provides that no person, other than a supply authority, shall (i) use, work or operate or permit to be used, worked or operated any installation; or (ii) supply to or for the use of any other person electricity from any installation, except under and in accordance with the terms and conditions of a licence as may be prescribed authorising the supply or use, as the case may be. Section 9(6) of the ESA provides that any licence for a public installation shall set out the area of supply; the declared voltage and the variations permitted; the maximum charges payable by consumers; and such other matters as the EC may consider necessary.

Pursuant to Sections 18(2) and 37(5) of the ESA, in the event the licensee fails to comply with any terms or conditions of the licence or the provisions of the ESA, its licence may be suspended or revoked and/ or the licensee may be liable to a fine of not more than RM100,000.00, and a further fine of not more than RM1,000.00 for every day or part of a day the offence continues after conviction.

As at LPD, Savelite holds a valid certificate of registration as an electrical contractor for Class A, which allows Savelite to carry out electrical works above RM1.00 million in value and Energy ES holds a valid licence for public installation, which allows Energy ES to use, work or operate a generating station and its associated installation as well as supply electricity from a generating station and its associated installation to the grid under the REPPA dated 18 August 2021, where both are issued by the EC.

(d) Electricity Regulations 1994 ("ER")

The ER governs the installation, operation and maintenance of electrical equipment.

Regulation 45 of the ER states that any electrical services engineer, competent electrical engineer, electrical supervisor, charginan, wireman or cable jointer shall possess a valid certificate of competency appropriate to such category.

A person, whose certificate of competency issued under these ER has been suspended or revoked, shall not, during the period of the suspension, or in the case of revocation, after the date of revocation, do any work, act or thing which under these ER a person is allowed to do as a holder of such certificate of competency.

A person who contravenes or fails to comply with any of the provisions of the ER shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000.00 or to imprisonment of directors for a term not exceeding 1 year or both.

As at LPD, our charginen and wiremen hold and maintain valid certificates of competency issued by the EC.

6. INFORMATION ON OUR GROUP (Cont'd)

(e) Renewable Energy Act 2011 ("REA")

The REA provides for the establishment and implementation of a special tariff system to catalyse the generation of renewable energy.

PETRA is responsible for the enforcement of REA and making of related regulations. PETRA may authorise in writing, any officer of the EC or SEDA to exercise the powers of enforcement under REA or its subsidiary legislation. Sustainable Energy Development Authority Act 2011 is an act to provide for the establishment of SEDA and to provide for its functions and powers and for related matters in relation to sustainable energy laws. SEDA may issue directions and make related rules under REA as well as to monitor all significant matters relating to the implementation and performance of the feed-in tariff system.

A feed-in tariff system was established to provide the connection to supply line connection points for the distribution of renewable energy generated by the renewable energy installations.

An eligible producer that proposes to generate renewable energy from a renewable energy installation having an installed capacity of not more than 30MW or such higher installed capacity as may be approved by PETRA, may apply for the feed-in approval to the SEDA established under the Sustainable Energy Development Authority Act 2011. The grant of a feed-in approval shall be personal to the feed-in approval holder⁽ⁱ⁾ and the feed-in approval shall not be assigned or transferred to any other person except with the prior written approval of SEDA.

Pursuant to Section 8 of the REA, a feed-in approval holder⁽ⁱ⁾ shall comply with the prescribed standard conditions and any special conditions of the feed-in approval imposed by SEDA, failing which the feed-in approval commits an offence, and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 3 years or to both.

Prior to Energy ES being shortlisted by EC to undertake Junjong LSSPV Plant Project, our Group has performed M&E engineering services for various solar projects across northern region of Peninsular Malaysia since 2017. Our scope of M&E engineering services performed does not fall within the purview of REA, therefore, does not require the necessary approvals under REA to perform such M&E engineering services for our clients.

As at LPD, Savelite is certified by SEDA as registered PV service provider⁽ⁱⁱ⁾ and be eligible to participate in "Feed-in-Tariff" programme, "Net-Energy Metering" programme.

Notes:

- (i) A feed-in approval holder means an individual or company who holds a feed-in approval certificate issued by SEDA. The feed-in approval holder is eligible to sell the electricity generated by its PV system back to the grid under the feed-in tariff program launched by SEDA.
- (ii) A registered PV service provider is eligible to participate in "Feed-In Tariff" programme and "Net-Energy Metering" programme or such other programme administered by SEDA under REA. The concept of Net-Energy Metering is that the energy produced from the solar PV installation will be consumed first, and any excess will be exported to TNB at the prevailing displaced cost.

6. INFORMATION ON OUR GROUP (Cont'd)

(f) Income Tax Act 1967 ("ITA")

ITA was enacted for the imposition of income tax on the chargeable income for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia at the appropriate rate as stipulated in Section 6 of the ITA.

Section 77A(1) of the ITA provides that every company shall for each year of assessment furnish to IRB a return in the prescribed form within 7 months from the date following the close of the accounting period which constitutes the basis period for the year of assessment. Section 112(3)(a) of the ITA provides that where in relation to a year of assessment a person makes default in furnishing a return in accordance with subsection 77A(1) of the ITA, IRB may require that person to pay a penalty equal to triple the amount of the tax which, before any set-off, repayment or relief under ITA, is payable for that year.

In FYE 2020, Savelite converted its accounting standards from Malaysian Private Entities Reporting Standards ("**MPERS**") to MFRS and changed its auditor, which resulted in additional time required to finalise the audited financial statements for FYE 2020, resulting in delay in its tax filing. Savelite paid the penalty of RM0.12 million to IRB on 6 September 2022. Moving forward, our Group's accounting and finance team will communicate on timely manner with our tax agent to avoid the reoccurrence of delay in its tax filing.

As at LPD, the Group has submitted its up-to-date tax returns to IRB in accordance with the ITA. IRB implemented a Special Voluntary Disclosure Program 2.0 ("**SVDP 2.0**") from 6 June 2023 until 31 May 2024 which provides taxpayers with the opportunity to come forward voluntarily to report their income and tax computations that are accurate and orderly in line with the IRB rulings that are in force as well as encouraging taxpayers to pay taxes within the stipulated period.

On 6 February 2024, LWK Tax Services Sdn Bhd ("**LTSSB**"), the appointed tax agent of Savelite, has submitted to the IRB the amended tax computation from FYE 2017 to 2022 for consideration under the SVDP 2.0.

IRB vide its letter dated 3 April 2024 confirmed the receipt of LTSSB's letter and via a Borang JA issued by the IRB stated that Savelite has an outstanding tax payable balance of RM2.10 million for FYE 2017 to 2020. On 29 April 2024, LTSSB on behalf of Savelite submitted an application to IRB, with a 10% initial payment of RM0.21 million and requested for the remaining additional tax payment of RM1.89 million to be made via instalment. IRB has vide its letter dated 6 May 2024 agreed to the payment of the outstanding tax of RM1.89 million by way of instalments and such payments have been made according to the agreed payment schedule. As at LPD, Savelite has fully settled all the outstanding tax of RM1.89 million by way of 7 instalments in accordance with the agreed payment schedule from IRB.

The abovementioned amended tax computation from FYE 2017 to 2022 was due to prior year adjustments in respect of over/ under recognition of revenue arising from the discrepancies in the classification of certain project codes resulting in variances between the initially recognised revenue and the restated revenue. Savelite has undertaken an internal review of its operating procedures to ensure that the same would not occur again. Based on the review, it was concluded that:

- (i) such under/ over-recognition of revenue was undetected in the prior years as Savelite had only calculated the percentage of completion of each project at the end of each financial year; and

6. INFORMATION ON OUR GROUP (Cont'd)

- (ii) there was lack of coordination between the contract/ procurement team and accounting and finance team when creating projects codes in the accounting system.

Savelite has since taken corrective actions and improved its internal control procedures and implemented additional checks to prevent incorrect classification of project codes in the future:

- (i) to update the project's percentage of completion workings including reviewing each project's budget, on monthly basis. Such regular monitoring will ensure that any ambiguity related to project codes and project status are detected early on;
- (ii) to further segregate the project codes in their accounting system by revenue recognised "at the point in time" or revenue recognised "over time", to ensure correct revenue recognition; and
- (iii) to strengthen the accounting and finance team with the recruitment of employees with background in accounting.

Save for the tax penalty and additional payments arising from the amended tax computation to IRB, there were no other impact to the business operations or financial condition of our Group.

(g) Construction Industry Payment and Adjudication Act 2012 ("CIPAA")

CIPAA provides speedy, timely and cost-effective dispute resolution mechanism through adjudication for payment disputes in the construction industry.

CIPAA clearly sets out the applicability and non-applicability of payment disputes for adjudication. It applies to every construction contract made in writing relating to construction work carried out wholly or partly within the territory of Malaysia including a construction contract entered into by the Government except a construction contract entered into by a natural person in respect of any building which is less than 4 storeys high and which is wholly intended for his occupation.

Our Group may rely on CIPAA to claim for payment for work done or services rendered under the terms of a written construction contract.

(h) OSHA

OSHA was enacted to ensure the safety, health, and welfare of persons at work, to protect others against risks to safety or health arising out of the person's activities at work, to establish the National Council for Occupational Safety and Health, and for matters related thereto.

Our Group is required to comply with all requirements of legislation related to health and safety as provided under the OSHA, as well as approved regulations and codes of practice.

6. INFORMATION ON OUR GROUP (Cont'd)

Section 15 of the OSHA provides that it shall be the duty of every employer (which include the construction industry) to ensure, so far as is practicable, the safety, health and welfare at work of all his employees and to formulate occupational safety and health policy with respect to the safety and health at work of his employees pursuant to Section 16 of the OSHA. Any failure to comply with the general duties of employers as prescribed under the OSHA constitutes an offence and the employer may be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 2 years or to both.

Section 30 of the OSHA stipulated that the employer shall also establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work. An occupier of a place of work is also required to employ a competent person to act as a safety and health officer at the place of work. A person who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000.00 or to imprisonment for a term not exceeding 6 months or to both.

As at LPD, we have less than 40 employees within our Headquarters, therefore we are not required to establish a safety and health committee at our Headquarters. However, we will employ safety and health officer at construction site if required by our main contractor pursuant to the letter of award.

A Summon No. 87-01401-06/18 dated 27 June 2018 was served by the Bukit Mertajam Magistrate Court on Savelite to appear before the Magistrate Court on 31 July 2018. Savelite was charged for committing an offence under Section 15(1) of the OSHA for failure to perform its duty as an employer to ensure the safety, health and welfare of its employees at work resulting in the death of an employee. Although our late employee was wearing the necessary safety gear, he was electrocuted while trying to connect the wire from fireman switch to the main switchboard. On 31 July 2018, Savelite pleaded guilty and a fine of RM20,000.00 was imposed against Savelite. The fine was fully settled by Savelite on 31 July 2018. As such, the non-compliance has not resulted in a material impact on our Group's business operations or financial performance.

The following measures were implemented and practiced by our Group prior to the said incident. However, in response to the incident, we have enforced these measures more stringently to prevent any reoccurrence:

- (i) tightening the monitoring measures for safety, health and welfare of our employees at the respective work sites. This includes ensuring that they are equipped with the required safety personal protective equipment and tools;
- (ii) our employees have undergone regular safety training and briefing sessions/ courses conducted by CIDB and safety officers from time to time;
- (iii) our site engineers and site supervisors are required to inspect the works performed by our employees at all times; and
- (iv) we have purchased the necessary workmen's compensation insurance for all employees to ensure that they are adequately covered.

As at LPD, our Group is in compliance with the relevant provisions under the OSHA.

6. INFORMATION ON OUR GROUP (Cont'd)**(i) Employment (Restriction) Act 1968 ("Act 796") and Immigration Act 1959/63 ("Act 155") and all regulations made thereunder**

Act 796 expressly prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of such non-citizen a valid employment permit. Failure to obtain the valid employment permit shall be an offence which on conviction is punishable by a fine not exceeding RM5,000.00 or imprisonment for a term not exceeding 1 year or both.

The employment of foreign workers in Malaysia shall also be subject to Act 155 that regulates the immigration matters in Malaysia. Act 155 provides that no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit, his name is endorsed upon the said valid entry permit and he is in the company of the holder of the said entry permit or he is in possession of a valid pass lawfully issued to him to enter Malaysia or exemption is granted to him pursuant to Act 155.

Section 55B(1) of Act 155 provides that a person who employs one or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass shall be guilty of an offence, and shall on conviction, be liable to a fine of not less than RM10,000.00 but not more than RM50,000.00 or to a term of imprisonment not exceeding 12 months or to both for each such employee. Section 55B(3) of Act 155 provides that in the case of an offence under Section 55B(1) of Act 155, if it is proved to the satisfaction of the court that the person has at the same time employed more than 5 such employees that person shall, on conviction be liable to imprisonment for a term of not less than 6 months but not more than 5 years and shall also be liable to whipping of not more than 6 strokes. In addition, Section 55B(5) of Act 155 further provides that in case of an offence under Section 55B(1) of Act 155 has been committed by a body corporate, any person who at the time of the commission of the offence was a member of the board of directors, a manager, a secretary or a person holding an office or a position similar to that of a manager or secretary of the body corporate shall be guilty of that offence and shall be liable to the same punishment to which the body corporate is liable under subsection (1) or (3) of Act 155.

As at LPD, all of our 83 foreign employees have duly obtained the Visit Pass (Temporary Employment) issued by the Immigration Department of Malaysia pursuant to Regulation 11(1) of the Immigration Regulations 1963. These foreign employees are permitted to enter and remain in West Malaysia to work as construction workers up to the expiry of their Visit Pass (Temporary Employment).

The Visit Pass (Temporary Employment) is valid for a period of 12 months, our Group takes cognisance that the application for extension can be applied 3 months before the expiry date, failing which the foreign employees will be repatriated to his country of origin upon completion of works, or when the Visit Pass (Temporary Employment) has expired.

In addition, our Group has not in the past, breached any regulatory requirements imposed under Act 796 and Act 155.

6. INFORMATION ON OUR GROUP (Cont'd)**(j) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAA")**

The EMSHAA prescribes the minimum standards of housing for employees and centralised accommodations, requirement for employers to provide health, hospital, medical, social amenities and other matters incidental thereto to their employees.

Pursuant to Section 24D(1) of the EMSHAA, no accommodation shall be provided to an employee unless the accommodation is certified with a Certificate for Accommodation ("**COA**"). The EMSHAA provides that an employer who contravenes this provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00.

Our Group obtained (i) COA dated 3 July 2024 and expiring on 3 July 2027 accommodating 15 foreign employees at a commercial shophot unit located at 1st floor of No. 1892, Jalan Bukit Minyak, Taman Pulasan, 14100 Simpang Ampat, Pulau Pinang ("**Taman Pulasan Units**"); and (ii) COA dated 11 July 2024 and expiring on 11 July 2027 accommodating 60 foreign employees at one unit of 3-storey shophot located at 1st floor and 2nd floor of No. 1982, Jalan Bukit Minyak, Kawasan Industri Ringan Asasjaya, Mukim 14, Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang ("**Asasjaya Units**").

Our Group had on 21 May 2024 entered into a tenancy agreement for an accommodation for Savelite's foreign employees at a centralised accommodation located at PMT 1596, Jalan Perusahaan Valdor, Kawasan Perindustrian Valdor, 14200 Sungai Jawi, Pulau Pinang ("**Valdor CLQ**", Section 6.9.2(e) above) (which has the necessary COA) for 32 foreign employees commencing from 15 June 2024 to 14 June 2025 (with an option to renew for further 1 year period) from Passion Paradise Sdn Bhd.

On 1 February 2023, the Ministry of Human Resources had approved Savelite's application to recruit 105 foreign employees. In March 2024, the Ministry of Home Affairs announced that the unused quotas to hire foreign workers will be cancelled, effective from 1 June 2024. Our Group has not utilised our remaining quota of 22 foreign employees and is in the midst of applying for the refund of levy paid for the unused quotas.

Moving forward, we will always ensure the accommodation provided to all our newly employed foreign employees is certified with COA issued to us or to engage a third-party centralised accommodation provider, who provides and manages a centralised accommodation and complied with the minimum standards and adequate amenities required under EMSHAA or any regulations made thereunder. We have also set up a dedicated team to regularly monitor the compliance status of all our COA and applicable laws, rules and regulations that may impact our Group's operation and compliance, at a cost of approximately RM0.03 million per annum.

As at LPD, our Group has fully complied with the regulatory requirements under the EMSHAA, whereby 15 of these foreign employees are currently staying at Taman Pulasan Units, 36 foreign employees are currently residing at the Asasjaya Units, whilst the remaining 32 of these foreign employees are currently staying at Valdor CLQ. In addition, as at LPD, no notices and/ or penalties have been issued by the Department of Labour, Peninsular Malaysia.

6. INFORMATION ON OUR GROUP (*Cont'd*)

(k) **Street, Drainage And Building Act 1974 ("SDBA") and Uniform Building By-Laws 1984 ("UBBL")**

The SDBA provides uniformity of law and policy to make laws with regards to local government matters relating to street, drainage and building in Peninsular Malaysia.

The UBBL prescribes by-laws which directs and influences one's building design in order to protect the life, health and safety of the individuals who will later inhabit the building or structure once it is completed.

Section 70(27)(f) of the SDBA provides that no person shall occupy or permits to be occupied any building or any part thereof without a CCC. Any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.

Section 70(1) of the SDBA provides that no person shall erect any building (the definition also includes the construction of an additional storey or storeys) without the prior written permission of the local authority. Section 70(13)(c) of the SDBA provides that any person who erects a building in contravention of SDBA shall be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction.

We acquired our Headquarters on 18 December 2020 with a valid CCC dated 18 March 2020. Upon obtaining the written approval of Majlis Bandaraya Seberang Perai ("**MBSP**") on 23 June 2022, in respect of the building plan of the Headquarters, Savelite erected a mezzanine floor within our Headquarters and obtained a revised CCC dated 27 November 2023.

Section 79(1) of the SDBA provides that no person shall erect or cause or permit to be erected in any building any partition, compartment, gallery, loft, roof, ceiling or other structure without having the prior written permission of the local authority. Section 79(4) of the SDBA provides that any person who contravenes subsection 79(1) shall be liable on conviction to a fine not exceeding RM500 and shall also be liable to a further fine not exceeding RM100 for every day during which the offence is continued after conviction.

By-law 18(1) of the UBBL provides that sketch plans may be submitted for minor erections, minor alterations and additions in lieu of approved plans and permits may be issued as authority to carry out such works if they comply with the requirements of UBBL, provided that if in the opinion of the local authority the works involved require the submission of normal building plans, such plans shall be submitted in accordance with UBBL.

We erected an awning at the entrance of and a partition room within our Headquarters without the written permission of the MBSP. After erecting the awning and partition room, we subsequently applied for the revised building plan in March 2024. On 23 April 2024, MBSP approved the revised building plan through a permit pursuant to by-law 18 of the UBBL. As at LPD, Savelite has not been fined or issued with any notice of non-compliance from the MBSP. As such, the non-compliance did not have any impact to the business operations or financial condition of our Group.

6. INFORMATION ON OUR GROUP (Cont'd)

Moving forward, we will ensure all relevant written permission of the local authority are met to ensure full compliance with the UBBL. We have set up a dedicated team to regularly monitor the compliance status of all our registrations, approvals, licences and permits and applicable laws, rules and regulations that may impact our Group's operation and compliance, at a cost of approximately RM0.03 million per annum.

As at LPD, the buildings used or occupied by our Group which are material for the conduct of our Group's business or operations have duly complied with the UBBL.

6.11 ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") PRACTICES

Our Group acknowledges the importance of having a good ESG framework and its significance to our Group's future development. Our Group has implemented, and is in the midst of implementing, the following practices:

(a) Environmental

Our Group believes in preserving and caring for the environment by adopting sustainable practices in our business activities. The measures that we have taken or plan to take (as the case may be) include the following:

- (i) as part of the efforts to manage and facilitate climate resilience and energy efficiency, our Group has installed solar PV system through Junjong LSSPV Plant Project. We estimate 22,451 tonnes of carbon emission reduction per year based on a maximum annual capacity delivery of 48,991MWh from our Junjong LSSPV Plant;
- (ii) installation of a solar PV system on our Headquarters' rooftop with installed solar energy capacity of 35.4 kilowatt peak, with approximately 1 tonne of carbon dioxide (CO₂) reduction annually through the use of green renewable energy;
- (iii) promoting energy efficiency practices such as maintaining the office air conditioner temperature to above 23 degree celsius;
- (iv) practising paperless initiative where our Group is moving towards digitalising our marketing materials such as company profiles, and uploading such marketing materials to our website to reduce paper printing. We will request e-catalogues and brochures from suppliers, instead of printed copies. As for our office administrative function, our Group has discouraged unnecessary printing and encouraged our employees to rely on digital copies; and
- (v) providing waste-sorting bins (paper, plastic, e-waste, and general waste) at our Headquarters with waste-sorting labels to ensure proper segregation of wastes which enhance efficiency for waste collection for reuse or recycling.

6. INFORMATION ON OUR GROUP (Cont'd)

(b) Social

Our Group is committed to act responsibly to all our stakeholders in our business operations as well as to the community in which we operate in.

The safety, health and welfare of our employees, subcontractors and the communities we work in are paramount. We ensure a safe working environment through safety protocols, therefore all our project sites are equipped with safety and health procedure and briefing will be provided to all the new employees before entering to the work place. In addition, we will conduct employee orientation training programme (quarterly) to all new employees to brief on the Company's policies and staff benefits including safety, emergency respond and evacuation plan and procedure, dental, optical, health screening benefit and etc.

In addition, our Group has taken various corporate social responsibility initiatives to serve the needs of the community. For example:

- (i) in August 2019, our Group contributed RM2,000.00 for Mah Sing Foundation to facilitate the foundation's continued effort to provide underprivileged children their basic fundamental rights to education and health while providing underserved communities with the skills required for income generation activities;
- (ii) in October 2022, our Group has donated RM2,000.00 for SJK(C) Han Ming for the construction of a new administrative block; and
- (iii) in March 2023, our Group has contributed RM6,000.00 for Pertubuhan Kebajikan Rumah Mega Kanak-kanak Orang Asli, which is dedicated to help and empower children from the Orang Asli community through holistic education.

(c) Governance

Our Group is committed to conduct our business ethically and in compliance with all relevant laws and regulations as disclosed in Section 6.10. In maintaining high standards of corporate governance, our Board has adopted the recommendations under the MCCG.

In addition, our Group has adopted a zero-tolerance policy towards bribery, and as such have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009. In relation to our Group's risk management, our Group has put in place a risk management framework to monitor closely on the risk associated with our Company's business and has also put in place a code of conduct and whistleblowing policy to help promote and ensure fairness in business dealings.

6. INFORMATION ON OUR GROUP (Cont'd)

We will integrate ESG considerations into our strategic planning, decision-making processes and daily operations. We will also regularly review and update this policy to ensure it remains aligned with our values and industry best practices. We will measure and report our ESG performance through regular disclosures to our stakeholders including investors, clients and the public. We are dedicated to uphold the principles of environmental sustainability, social responsibility and ethical governance. We believe that integrating ESG considerations into our business practices will lead to long-term success, benefitting our stakeholders, our industry and our planet. Additionally, we will ensure that the policy is communicated effectively throughout our Company and that employees are educated on its principles and importance. As at LPD, we have not incurred any past fines, penalties or negative impact in relation to ESG issues which may materially affect our operations.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.12 EMPLOYEES**

As at LPD, we have a total workforce of 196 employees, which majority consists of permanent employees. Local employees accounted for approximately 57.7% of total workforce while the remaining 42.3% are foreign workers.

The breakdown of our employees as at 31 July 2024 and LPD are as follows:

As at 31 July 2024	Permanent		Contractual		Total
	Local	Foreign	Local	Foreign	
Executive Directors	2	-	-	-	2
Key senior management	4	-	-	-	4
Departments					
Accounting and finance	6	-	-	-	6
Human resource and administrative	9	-	-	-	9
Project	67	-	1	-	68
Contract	13	-	-	-	13
Procurement	8	-	-	-	8
Construction site workers ⁽¹⁾	-	83	-	-	83
	109	83	1	-	193

As at LPD	Permanent		Contractual		Total
	Local	Foreign	Local	Foreign	
Executive Directors	2	-	-	-	2
Key senior management	4	-	-	-	4
Departments					
Accounting and finance	7	-	-	-	7
Human resource and administrative	10	-	-	-	10
Project	68	-	1	-	69
Contract	13	-	-	-	13
Procurement	8	-	-	-	8
Construction site workers ⁽¹⁾	-	83	-	-	83
	112	83	1	-	196

Note:

⁽¹⁾ All our construction site workers are foreign workers.

None of our employees belong to any labour union and as at LPD, there is no material dispute between our management and our employees. Over FYE 2021 to 2024, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

7. BUSINESS OVERVIEW

7.1 HISTORY OF OUR GROUP

7.1.1 Incorporation

Our Company was incorporated in Malaysia under the Act as a public limited company on 23 November 2023 under the name of ES Sunlogy Berhad to facilitate our Listing.

7.1.2 History and development

Savelite was incorporated on 2 June 2010 by Chu Han Po and Lee Wei Beng, each of whom held 50.0% equity interest in the company. Chu Han Po is the father of our Executive Director Chu Kerd Yee, while Lee Wei Beng is a third party, who was not involved in the business of our Group. Upon commencement of operations in June 2010, we were actively involved in business development activities for electrical engineering and renovation works.

In March 2011, through share allotment to the existing shareholders at that time, the new shareholdings of Chu Han Po and Lee Wei Beng, became 80.0% and 20.0% respectively in Savelite. Subsequently, Chu Han Po invited Khor Chuan Meng to join as its Managing Director and shareholder to venture into the M&E engineering industry by leveraging on Khor Chuan Meng's experience and industry network. In the same month in 2011, Khor Chuan Meng became a shareholder of Savelite, when he acquired 15.0% equity interest from Chu Han Po for RM15,000, being the cost of investment. Arising thereto, Chu Han Po, Lee Wei Beng and Khor Chuan Meng held 65.0%, 20.0% and 15.0% equity interest respectively in Savelite. Subsequently in September 2011, Lee Wei Beng ceased to be a shareholder of Savelite upon disposing his entire 20.0% equity interest to Chu Han Po for a consideration of RM20,000, being the cost of investment. As a result, Chu Han Po and Khor Chuan Meng held 85.0% and 15.0% equity interest respectively in Savelite.

In March 2011, Savelite was also registered as a G3 contractor with CIDB for the category of Mechanical and Electrical Engineering (ME). The G3 contractor registration allowed Savelite to tender for projects of not more than RM1.00 million in contract value throughout Malaysia.

In April 2013, Savelite's contractor registration with CIDB was upgraded to G5, thereby allowing Savelite to tender for projects of not more than RM5.00 million in contract value throughout Malaysia.

In April 2015, Chu Kerd Yee joined Savelite as its Business Development Advisor to further grow our M&E engineering business by leveraging on his industry network and business contacts. In May 2015, Savelite's contractor registration with CIDB was upgraded to G7, thereby allowing Savelite to tender for projects of unlimited contract value throughout Malaysia.

In March 2017, Chu Kerd Yee was promoted to the position of Business Development and Strategies Director. Subsequently in January 2020, he was appointed as Executive Director of Savelite.

Through a series of share allotments and transfer in January 2012, January 2013, October 2014, February 2016 and March 2017, Chu Han Po and Khor Chuan Meng subsequently held 70.0% and 30.0% equity interest respectively in Savelite.

7. BUSINESS OVERVIEW (Cont'd)

Khor Chuan Meng and Chu Kerd Yee subsequently invited Datuk Keh Chuan Seng to participate in Savelite on 11 February 2020, to leverage on his business network to tap into potential commercial and industrial clients. Since then, Datuk Keh Chuan Seng has introduced new clients which led to our Group obtaining the Alor Setar Project, Retirement Village Project and Seremban Project. He has also injected new capital into our Group, which collectively amounted to RM21.08 million during FYE 2021 to 2023, for our Group's development and construction of Junjong LSSPV Plant as well as working capital requirements.

In February 2020, Chu Han Po ceased to be a shareholder of Savelite upon disposing his entire shareholdings of (i) 40.0% to Datuk Keh Chuan Seng for a consideration of RM8.80 million on a "willing-buyer willing-seller" basis, based on a forward PE multiple of 8.8 times, Savelite's estimated PAT for FYE 2021 of RM2.50 million and taking into consideration the size of Savelite's order book; (ii) 30.0% to Chu Kerd Yee (his son) for a consideration of RM0.30 million. With this, Chu Han Po exited the business.

In the same month in 2020, we also began pursuing opportunities in the solar PV industry, particularly in the generation and sales of renewable energy, by leveraging on our M&E engineering capabilities, in view of the growth potential of renewable energy in Malaysia and initiatives from the Government to promote solar PV energy.

Further in September 2020, the Junjong Consortium jointly submitted a proposal to participate in the development of the Junjong LSSPV Plant. The parties of Junjong Consortium were jointly responsible for the following:

- (a) procurement of all materials and/ or equipment necessary for Junjong LSSPV Plant;
- (b) design and engineering works for Junjong LSSPV Plant;
- (c) being the external liaison, including but not limited to, the relevant local government departments and non-governmental agencies; and
- (d) jointly bear on equal basis, all submission related fees for Junjong LSSPV Plant, including but not limited to fees related to undertaking the environmental impact assessment and soil investigations.

Subsequently in March 2021, Junjong Consortium was shortlisted by the EC to undertake the Junjong LSSPV Plant Project. In April 2021, Energy ES was incorporated by Junjong Consortium with each shareholder namely Savelite, Frasers Construction and Moderntent Development holding equal equity interest, to undertake the development and operation of Junjong LSSPV Plant. Khor Chuan Meng and Chu Kerd Yee were appointed as directors of Energy ES at the point of its incorporation. Prior to submitting the proposal for the development of Junjong LSSPV Plant, the parties of Junjong Consortium had entered into a consortium agreement whereby all parties agreed to the shareholding structure of Savelite, Frasers Construction and Moderntent Development holding 90.0%, 5.0% and 5.0% respectively in Energy ES.

Upon obtaining all the requisite approvals for Junjong LSSPV Plant Project, in July 2021, Savelite emerged as the largest shareholder of Energy ES with 90.0% equity interest following an allotment of shares, while Frasers Construction and Moderntent Development held 5.0% respectively. This change in the shareholdings structure of Energy ES was made pursuant to the terms of the consortium agreement as mentioned above. As at LPD, Energy ES is responsible for the operations of Junjong LSSPV Plant and has appointed Powertrack Sdn Bhd to provide O&M services, while Fraser Construction and Moderntent Development remained as passive shareholders.

7. BUSINESS OVERVIEW (Cont'd)

In January 2024, Savelite entered into a joint venture and shareholder agreement with TRe and Blazing Solar to jointly collaborate for the development, construction and operation of Selarong LSSPV Plant. Subsequently, Selarong Pertama was incorporated on 31 January 2024 as the joint venture company.

In February 2024, the CGPA was entered into between Selarong Pertama and Client M in relation to the virtual supply of solar powered energy generated under the CGPP (for Selarong LSSPV Plant) issued by the EC. Selarong Pertama agreed to sell and Client M agreed to purchase electricity that is certified from the Green Attributes (as defined below). Please refer to Section 7.2.1.3 for further information on the CGPA and Green Attributes.

Over the years, our Group has achieved the following major milestones:

Year	Milestones
2010	• Incorporation of Savelite
2011	• Savelite was registered as a Class C electrical contractor with the EC • Secured our first project in relation to the provision of electrical installation and ELV system for a factory at Kawasan Perusahaan Perai, Mukim 1, Seberang Perai Tengah, Pulau Pinang with a contract value of RM0.54 million • Savelite was registered as a G3 contractor with CIDB for the category of Mechanical and Electrical Engineering (ME)
2013	• Savelite's contractor registration with CIDB was upgraded to G5 • Secured a project for the provision of M&E engineering services for the custom, immigration, quarantine, port clearance and ferry terminal at Puteri Harbour, Bandar Nusajaya, Iskandar Malaysia, Johor with a contract value of RM4.00 million
2014	• Savelite's registration with the EC was upgraded to a Class A contractor
2015	• Savelite's contractor registration with CIDB was upgraded to G7 • Secured a project for the provision of electrical engineering works for a hotel at Jalan Teluk Kumbar, Pulau Pinang with a contract value of RM4.31 million
2016	• Secured a project for the provision of electrical engineering works for commercial shop units at Sepang, Selangor with contract value of RM7.76 million
2017	• Ventured into M&E engineering services for renewable energy facilities • Secured a project for the provision of M&E engineering services for a 50MW LSSPV plant at Ayer Puteh, Kedah with a contract value of RM12.31 million
2018	• Secured Langkawi Hotel Project with a contract value of RM8.44 million
2020	• Savelite was certified compliant to ISO 9001:2015 for the scope of provision of electrical installation engineering services
2021	• Junjong Consortium was selected as the shortlisted bidder by the EC to undertake the Junjong LSSPV Plant Project • Incorporation of Energy ES
2022	• Secured Sitiawan Project with a contract value of RM23.25 million • Secured Junjong LSSPV Plant Project with a contract value of RM30.45 million • Secured our largest project to date, Kulim Project with contract value of RM90.20 million

7. BUSINESS OVERVIEW (Cont'd)

Year	Milestones
2023	- Registered as a Photovoltaic Service Provider with SEDA - Awarded by the EC under the CGPP for the development, construction and operation of Selarong LSSPV Plant
2024	Secured Gemas Project (Phase I) with contract value of RM76.30 million

7.2 BUSINESS OVERVIEW**7.2.1 Description of our business**

Our Group provides M&E engineering services for various types of properties such as industrial, commercial and residential as well as solar facilities. Our Group is principally involved in the following:

- provision of electrical engineering services for electricity supply distribution systems;
- provision of mechanical engineering services for building services; and
- generation and sales of renewable energy.

In delivering M&E engineering services, our Group focus on:

- project planning and management;
- procurement;
- appointment of subcontractors;
- installation works;
- quality control and assurance;
- handover; and
- post-handover maintenance, if any

Our business model is as follows:

Principal business activities

M&E engineering services comprising:

Provision of electrical engineering services for electricity supply distribution systems

Provision of mechanical engineering services for building services

Generation and sales of renewable energy

- HV, MV, LV and ELV electrical services
- Earthing systems
- Cabling and wiring
- Access control systems
- Lighting systems
- Lightning protection systems
- Security systems

- ACMV systems
- Communication systems
- Fire protection systems
- Solar PV panels
- Balance of systems

- Operations
- Maintenance

Our customers

Main contractors and project owners

Corporate consumers

Principal market

Malaysia

7. BUSINESS OVERVIEW (*Cont'd*)

Our Group generally undertakes project planning and management for our M&E engineering projects. For physical installation works which are labour intensive, our Group generally outsource such works to subcontractors under our supervision and project management. M&E engineering constitutes a significant portion of our Group's business and contributed to the majority portion of its revenue in the last financial years under review. Our Group's clients usually award mechanical engineering works to our Group as part of electrical engineering contracts. Thus, in the majority of its projects, our Group's services may cover the provision of both electrical engineering and mechanical engineering services. As such, our Group's revenue and cost of sales are presented for M&E engineering services as a single business segment. Our Group began generating revenue from the generation and sales of renewable energy in FYE 2024.

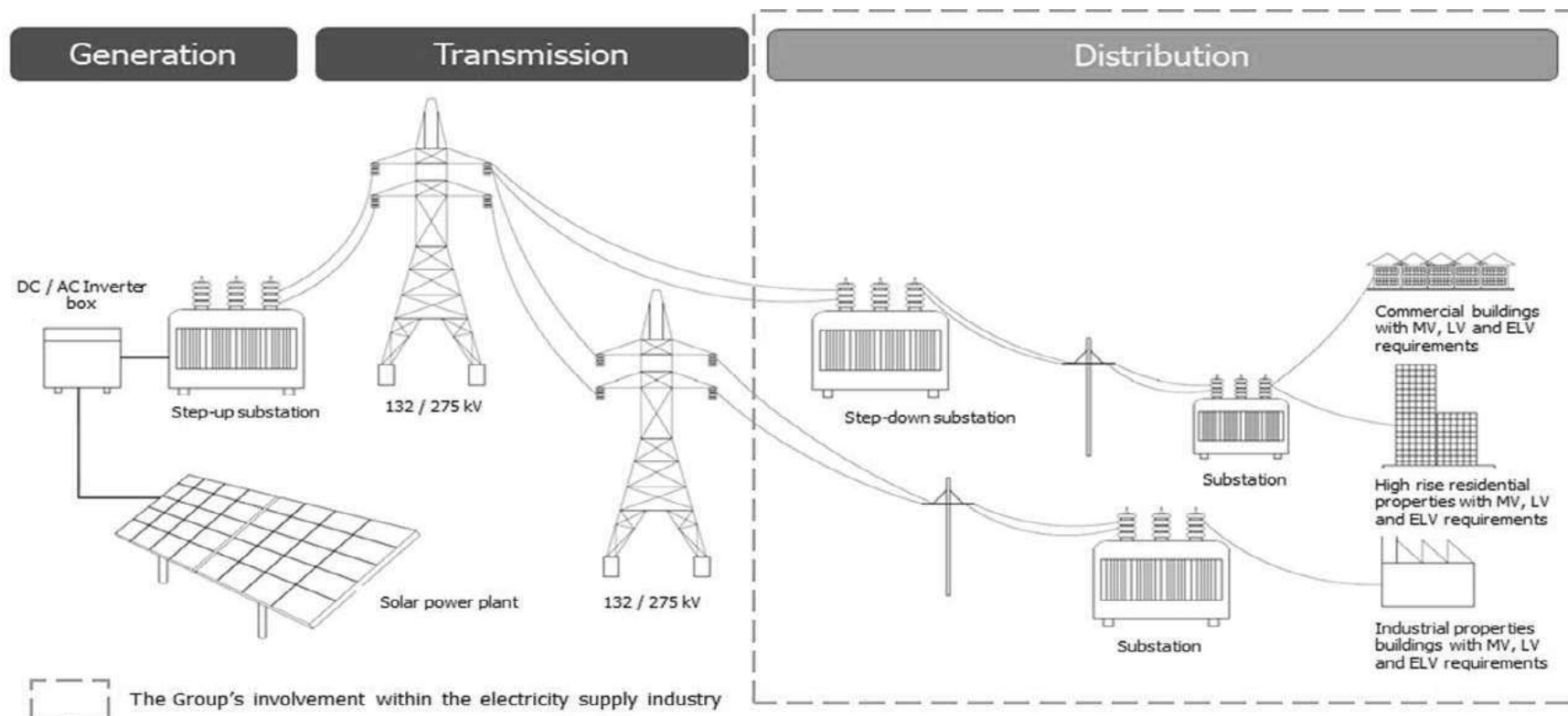
For the majority of projects that our Group secured, the project owners will specify certain brands of electrical components that are required to be used in their projects. For such projects where our Group outsources physical installation and labour works to its subcontractors, our Group requires its subcontractors to purchase certain brands of electrical components such as wire trunking, wires and power cables from our Group. Such sales of electrical components by our Group to its subcontractors are recognised as trading income.

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7. BUSINESS OVERVIEW (Cont'd)

7.2.1.1 Provision of electrical engineering services for electricity supply distribution systems

The following illustrates our Group's involvement in the distribution segment of the electricity supply industry in Malaysia:

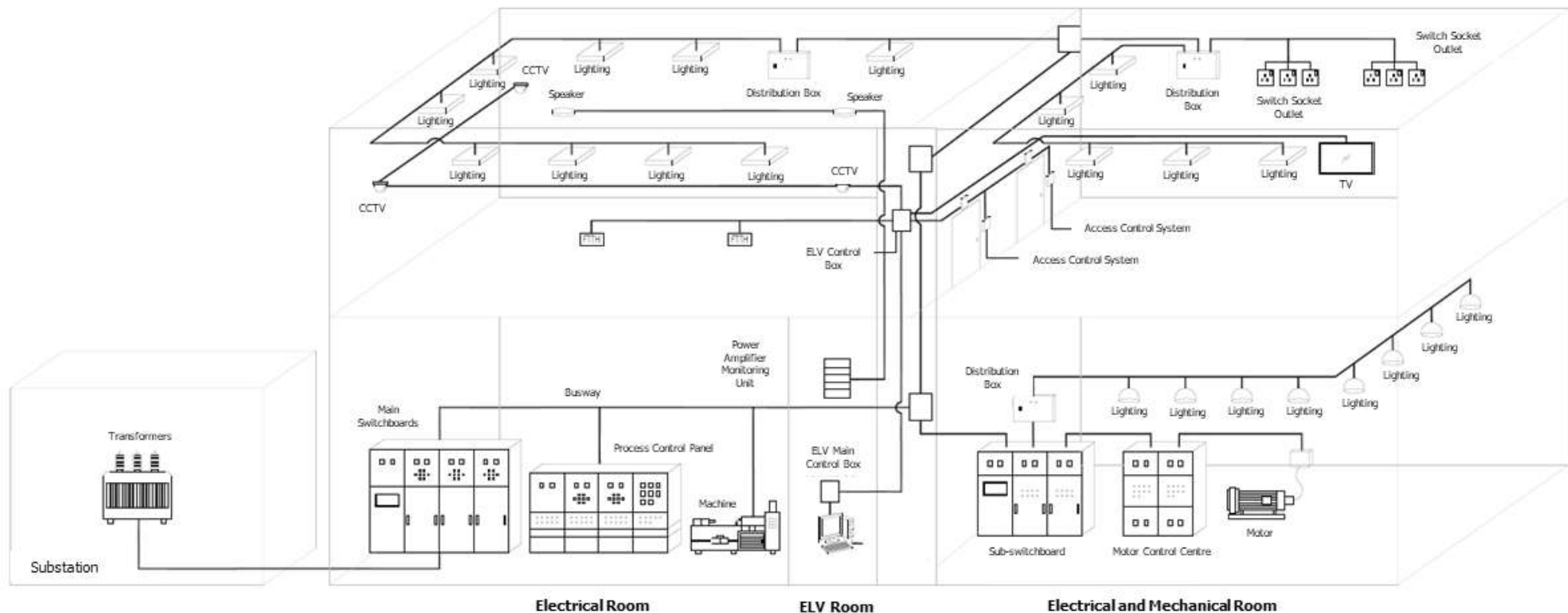


Our Group is involved in the provision of electricity supply distribution systems for end-user premises incorporating the network of electrical systems, equipment and components used to distribute and control the flow of electricity from the main power source to the substation and subsequently to the various electrical loads within a building. An electricity supply distribution system takes the HV power generated by utility companies and transformed it into LV power that is safe and suitable for use by electrical machinery, equipment and devices. The electricity supply distribution systems distribute electrical power throughout the premise and includes transformers, switchgears, main switchboards, sub-switchboards and distribution boards installed in the premise's electrical room. An electrical room is the point of origin for the power distribution system and serves as a hub for the premise's electrical network.

7. BUSINESS OVERVIEW (Cont'd)

Our Group's electricity supply distribution systems also involve integrating, among others, interconnections to the power grid, substations, transformers, switchgears, switchboards, distribution boards, motor control centre panels, process control panels, AC/ DC systems, electrical wiring, busway systems, switches and outlets that are vital to the operations of electrical machinery, equipment and devices.

The following illustrates an electricity supply distribution system in an end-user premise with key electrical equipment:



7. BUSINESS OVERVIEW (Cont'd)

Our Group's team of M&E engineers and technicians (comprising chargemen and wiremen) are capable of implementing design of the electricity supply distribution systems encompassing the technical planning, technical conceptualisation and detailed engineering of the electricity supply distribution systems, from substations to all electrical systems, equipment and devices up to the termination points in end-user premises.

Our Group also handles the procurement of electrical equipment and components from suppliers and manufacturers, as well as the installation and integration of the electrical equipment with wiring and busway systems. Our Group carries out testing and commissioning to warrant the reliability and safety of the electrical systems.

Our Group is involved in the supply, installation, testing, commissioning, maintenance and services of HV, MV, LV and ELV electricity supply distribution systems within end-user premises where the electricity supplied by our Group's distribution systems is used to power various electrical machinery, equipment, appliances and devices in industrial, commercial and residential properties. For clarity, our Group's electricity supply distribution system projects involve connecting electrical systems from the distribution substation to the receiving meters at end-user premises.

Commonly, end-user premises that require a HV power distribution system will also include all LV electricity supply distribution. For our Group's electricity supply distribution projects at end-user premises, our Group's capabilities include:

(a) HV electrical services

Our Group is involved in HV substations projects within end-user premises, namely residential, commercial and industrial properties to distribute electricity supply. These substations receive HV electricity (132kV or 275kV) from the utility grid prior to distributing it to the various facilities at the end-user premises. HV electricity is stepped down to lower voltages (11kV or 33kV) at these substations, making it safer to power equipment, devices and machinery. The size of the substation depends on the project owners' voltage and electricity demand requirements. For avoidance of doubt, our Group is not involved in civil and structural works relating to the construction of these HV substations.

Our Group's scope of work in relation to the above involves:

- installation of cabling and wiring including interconnection to the power grid, within the substations as well as into end-user buildings and facilities;
- specify, procure and install electrical equipment and components such as transformers, switchgears, switchboards, distribution boards, capacitors, power cables and circuit breakers; and
- testing and commissioning prior to handing over of the substation facility to the main contractor.

(b) MV and LV electrical services

Our Group is involved in MV and LV substations projects located within end-user premises, namely residential, commercial and industrial properties to distribute electricity supply. These substations distribute MV and LV electricity to the various end-users. This includes general lighting systems, security and fire alarm systems, building automation systems, power sockets, ACMV and ducting systems, large motors, pumps, server rooms and refrigeration systems.

7. BUSINESS OVERVIEW (Cont'd)

Our Group provides MV electrical services for high-rise residential, commercial and industrial properties that require voltage of more than 1kV but less or equal to 50kV. Comparatively, our Group provides LV electrical services for residential, commercial and industrial properties with lower electricity voltage requirements of more than 50 volts but less or equal to 1kV.

For the avoidance of doubt, our Group is not involved in civil and structural works relating to the construction of these MV and LV substations.

Our Group is involved in the supply, installation, testing and commissioning of the following HV, MV and LV electrical supply systems:

Services	Details
Power distribution system	This includes transformers, switchgears, main switchboards, sub-switchboards, motor control centre panels and distribution boards that are installed in a building's plantroom and distributes electricity throughout the building. A plantroom serves as the central point of origin for the power distribution system of a building. Our Group proposes, supplies, installs, tests and commissions the following electrical panels: • Transformers: an electrical equipment that changes the voltage from high to low (known as step-down), or from low to high (known as step-up). For example, electricity generated by a solar PV power plant passes through a step-up transformer, where its voltage is stepped-up to the required voltage for transmission; • Switchgears: switching devices that control, protect and isolate power systems. Switchgears are designed to defend equipment connected to a power supply from the threat of electrical overload. In the event of an electrical surge, an effective switchgear will trigger, automatically interrupting the flow of power and protecting the electrical systems from damage. Examples of switchgears include switches, fuses, isolators, relays, circuit breakers and lightning arresters; • Main switchboards: an electricity distribution panel directly connected to the main source of external power that distributes the main incoming power, such as from substations, to other power distribution panels such as distribution boards, motor control centre panels and process control panels as well as individual loads such as electrical machines, equipment and devices; • Motor control centre panel: a panel that controls mechanical loads from a centralised location in a commercial or industrial building. The panel has multiple enclosed sections with common busbars, where each section contains switches, relays, isolators as well as other control and indication devices; • Sub-switchboards: a secondary level of electricity distribution that takes incoming electrical power from the main switchboards and distributes the electricity to several distribution boards or directly to individual power points; and

7. BUSINESS OVERVIEW (Cont'd)

Services

Details

- **Distribution boards:** a secondary or tertiary level of electricity distribution where electricity is distributed from the main switchboards to sub-switchboards and subsequently to the distribution boards prior to individual power points.

The technical specifications of the abovementioned distribution panels are typically customised to each project and provided to a manufacturer for fabrication, prior to installation by our Group at the project sites.



Transformer



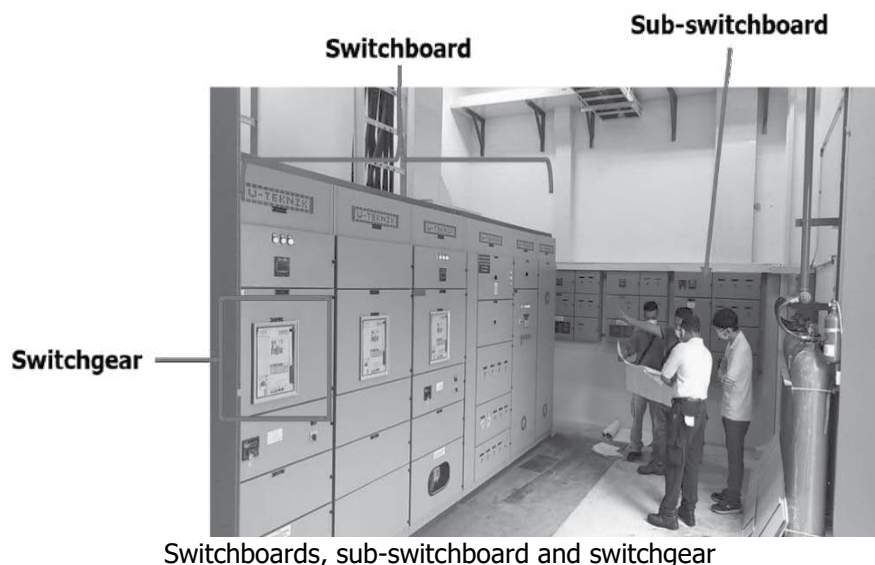
Motor control centre panels



Distribution boards



Distribution boards for energy management systems



Switchboards, sub-switchboard and switchgear

7. BUSINESS OVERVIEW (Cont'd)

Services

Busway systems

Details

A prefabricated electrical distribution system that consists of busbars in a protective enclosure (also known as busway enclosure) which connects electricity to electrical devices like electrical panels, switchgears and transformers. A busway enclosure comprises busbars, its housing and support and/or insulating material. Busways are an alternative to electrical wiring and cables.



Busway system

(c) Earthing system

Our Group supplies, installs, tests and commissions earthing systems which are earth termination network that provide a low impedance pathway for both electrical faults and lightning discharge currents to safely dissipate into the ground. A good earthing system can handle the maximum fault current, and the devices itself are made from quality components that will resist corrosion and degradation over time.



Earthing works and cable laying works

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7. BUSINESS OVERVIEW (Cont'd)

(d) Cabling and wiring

Our Group supplies, installs, tests and commissions cables and associated devices such as switches, distribution boards and sockets to connect electricity from the incoming power supply from the substation to the various distribution boards and finally to the individual power points.



Our Group generally undertakes electrical engineering services for industrial projects internally where our internal employees are involved in project planning and management, procurement and supply, installation, testing and commissioning works.

For clarity, our Group engages subcontractors to carry out the physical cabling and wiring works for commercial projects as they are labour intensive and this enables us to scale up our operations efficiently, where we can focus on our core activities in M&E engineering services. Such works performed by our subcontractors are under the supervision and project management of our Group.

Our Group will carry out the necessary inspection works prior to the completion of works performed by the subcontractors to ensure that they are in compliance with the specifications and requirements set upon by our client's requirements.

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7. BUSINESS OVERVIEW (Cont'd)

(e) ELV services

Our Group's electrical ELV engineering services also encompasses the supply, installation, testing and commissioning of the following building services in residential, commercial and industrial properties:

ELV building services

Access control systems



Description

- Centralised access control system management for a building's entry and exit points



Components of access control system

Lighting systems



- Alters lighting levels, typically based on the level of occupancy
- Automatically switches lights on or off based on a pre-determined schedule or occupancy parameters
- Manages electricity consumption by monitoring room occupancy and adjusting lighting to suit users' needs



Lighting installations

7. BUSINESS OVERVIEW (Cont'd)

ELV building services

Lightning protection systems



Description

- Serves to prevent or lessen lightning strike damage to buildings
- Protects the internal electrical components of a building, thereby preventing fires or electrocution



Lightning rod protection system

Security systems



- Serves as an operating module for remote security control
- Integrates access control, intrusion and surveillance systems
- Receives, displays and verifies information from various surveillance points of access control, intrusion and surveillance systems



Closed circuit televisions



Remote security monitoring system

7. BUSINESS OVERVIEW (Cont'd)

7.2.1.2 Provision of mechanical engineering services for building services

Mechanical engineering works include any services that involve machines connected to a range of parts and components to perform intended functions.

(a) Building services

Our Group's mechanical engineering works encompass the supply, installation, testing and commissioning of ELV building services in residential, commercial and industrial properties comprising:

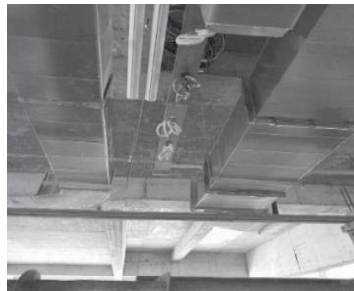
ELV building services

Description

ACMV systems



- Adjusts indoor air quality based on room occupancy and building requirements, where this relates to the provision of cooling, filtered outdoor air, humidity control and/or heating to maintain a comfortable environment
- Monitors temperature and adjusts systems according to usage profile
- Adjusts humidity, temperature and air flow



Ventilation ducts



Air conditioning compressors

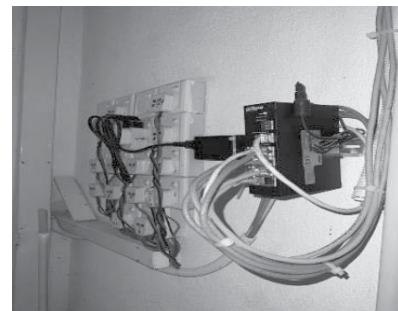
Communications systems



- Enables voice and data services, such as telephones, voicemails, intercommunications systems, networking systems, video and audio conferencing



In-building telephone system



Communication wiring system

7. BUSINESS OVERVIEW (Cont'd)**ELV building services****Description****Fire systems**

- Serves as an operating module for remote fire control
- Receives, displays and verifies information from various surveillance points of a fire alarm system



Fire sprinkler systems

(b) Solar PV plants

Our Group carries out mechanical engineering works for solar PV plants where this involves the installation, testing and commissioning of solar PV panels and balance of systems.

Solar PV panels are devices that convert sunlight into electricity by using PV cells. Balance of systems include amongst others, the following:

- mounting structures to hold the solar PV panels in place;
- cables and wiring systems;
- junction boxes with fuses and relays;
- electricity generation and bi-directional meters;
- energy management and monitoring system; and
- safety and grounding equipment.

In certain mechanical engineering works performed for solar PV plants, our Group is responsible for the procurement and supply of the materials and equipment as well as arrangement of subcontractors for the construction, installation and integration of solar PV systems. This includes the planning, order placement, tracking, inspection, transportation, materials management and the management of subcontractors under our Group's supervision. Our Group will procure the materials and equipment based on the brands and models specified by the clients' consultants. If required, our Group will propose specific brands and models for the consideration of its clients/consultants.

The solar PV system projects that our Group has undertaken encompass:

- Commercial and public buildings such as showrooms and higher education learning centres;
- Industrial buildings such as manufacturing facilities; and
- LSSPV plants.

7. BUSINESS OVERVIEW (Cont'd)

Our Group's past solar PV plant projects are depicted as follows:



Aerial view of an LSSPV plant



Overview of a rooftop solar PV installation

7.2.1.3 Generation and sales of renewable energy

Solar energy is a type of renewable green energy that is converted into electricity through PV modules that concentrate solar radiation. Solar PV systems and plants are designed to generate electricity through the application of the PV effect. This energy can then be used to generate electricity for self-consumption or excess electricity supply can be exported to the utility grid.

Utility scale solar PV plants are large scale facilities that generate electricity from solar and feeds it into the power grid, thereby supplying a utility with energy. A REPPA will be entered into with a distribution licensee, providing an off-taker for the energy generated by the solar PV plants for a fixed term of time.

In March 2022, the Malaysian Investment Development Authority approved Energy ES's application for income tax exemption and investment tax allowance for green technology projects equivalent to 100.0% on the qualifying capital expenditure for a period of 3 years commencing from the date to be determined by the Malaysian Green Technology and Climate Change Center to generate renewable energy using solar. This allowance can be used to deduct up to 70.0% of the statutory income of Energy ES for each year of assessment.

Junjong LSSPV Plant

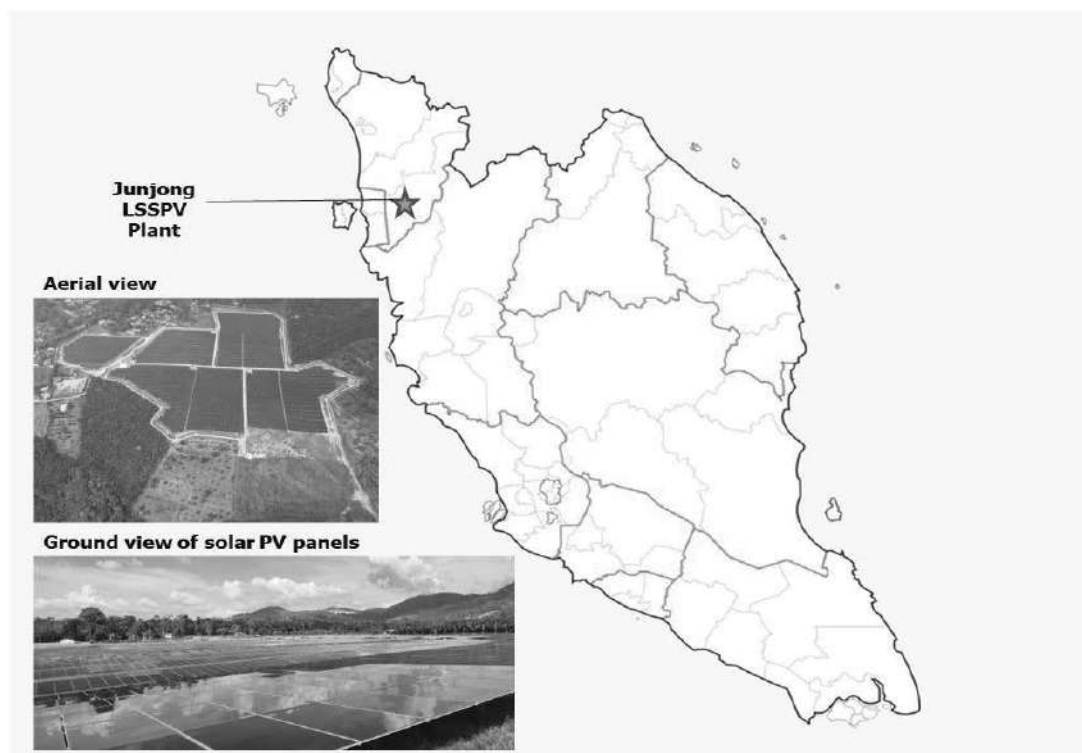
On 2 September 2020, the Junjong Consortium submitted a proposal to participate in the development of the Junjong LSSPV Plant. On 12 March 2021, the Junjong Consortium was selected as the shortlisted bidder by the EC for the development of the Junjong LSSPV Plant. On 8 April 2021, Energy ES was incorporated by the Junjong Consortium, to undertake the development and operations of the Junjong LSSPV Plant.

The Junjong LSSPV Plant is connected to TNB's existing Pencawang Masuk Utama (main incoming substation) located approximately 10.0km through a set of 33kV overhead transmission lines and underground cables at Simpang Ampat East, Pulau Pinang.

In conjunction with the development and operations of the Junjong LSSPV Plant, Energy ES and Yansnest had on 1 July 2021 entered into the lease agreement for the lease of Junjong Land for a tenure of 25 years, commencing on 24 July 2023 and expiring on 23 July 2048.

7. BUSINESS OVERVIEW (Cont'd)

The following diagram depicts the location of the Junjong Land and Junjong LSSPV Plant:



On 18 August 2021, Energy ES and TNB had entered into a REPPA (which was later supplemented on 29 November 2023 and 4 December 2023) for a period of 25 years for the purchase of electricity generated from the Junjong LSSPV Plant, commencing from 24 July 2023 to 23 July 2048. The salient terms and conditions of the REPPA are as follows:

Category	Salient terms
Parties	: Energy ES and TNB
Term	: The effective date of the REPPA is on 24 July 2023 (" Junjong Commercial Operation Date ") for a term which expires on the day before the 25 th anniversary.
Sale and purchase obligations by the parties	: (a) Sale and purchase of net energy output and excess energy (i) Starting from the Junjong Commercial Operation Date and continuing throughout the Term, Energy ES shall deliver and sell to TNB and TNB shall accept and purchase the net energy output generated by the Junjong LSSPV Plant up to 48,991MWh being annual quantity for the first 12 months ("Maximum Annual Allowable Quantity") at the agreed energy rate, or such other rate as may be adjusted under the REPPA. (ii) Any net energy output generated by the Junjong LSSPV Plant in excess of the Maximum Annual Allowable Quantity may be, but without any obligation, accepted by TNB at an agreed rate.

7. BUSINESS OVERVIEW (Cont'd)**Category****Salient terms****(b) Output exceeding contracted capacity**

The contracted capacity at 20.76MWac is fixed and Energy ES is not permitted to install or resize the facility above the contracted capacity. In the event any instantaneous output (in MW) from the Junjong LSSPV Plant exceeds the contracted capacity in every half hour, TNB shall not be obligated to accept or pay for the net energy output delivered by the Junjong LSSPV Plant over that 1/2 hourly period.

Commercial
operations

: **(a) Consequence of TNB failure to accept net energy output**

If, otherwise than due to (i) an interruption due to a force majeure event affecting TNB; or (ii) the events or circumstances described in exceptions to TNB's obligation to accept net energy output, TNB fails to accept the net energy output, then TNB shall pay Energy ES the non-acceptance payment as per the REPPA.

(b) Consequences of Energy ES Failure to deliver net energy output

If, otherwise than due to (i) an emergency condition; (ii) an interruption due to a force majeure event affecting Energy ES; or (iii) any default or omission on part of TNB, the total net energy output from the facility of Junjong LSSPV Plant in a contract year is less than 70.0% of the declared annual quantity, then Energy ES shall pay TNB the non-delivered payment calculated as per the REPPA.

(c) Consequences of Energy ES failure to meet operating standards

- (i) If Energy ES fails to comply with any of the operating standards or characteristic under the REPPA, Energy ES shall immediately compensate TNB an amount of RM10,000.00 for each failure.
- (ii) If Energy ES continues to fail to rectify any non-compliance with any of the operating standards or characteristics in REPPA within 30 days or such longer period as may be agreed, each failure is treated as a separate failure, and Energy ES shall immediately compensate TNB an amount of RM10,000.00 for each failure to rectify.

7. BUSINESS OVERVIEW (Cont'd)

On 23 December 2021, Energy ES awarded the EPCC works for our Group's Junjong LSSPV Plant to Atlantic Blue, for a total contract sum of RM87.50 million, to act as main contractor for the project. Subsequently on 18 February 2022, Atlantic Blue awarded a portion of the procurement, construction and commissioning works to Savelite for a contract sum of RM29.45 million. Leveraging on our Group's past experiences and expertise in participating in the procurement, construction and commissioning works for other solar PV plant projects, we had decided to participate in the tender process for the Junjong LSSPV Plant (for M&E engineering services only) and were successful in our bidding. The final contract sum from Atlantic Blue to Savelite, including variation orders, for the procurement, construction and commissioning works (i.e. Junjong LSSPV Plant Project) amounts to RM30.45 million. The commercial operations of the Junjong LSSPV Plant commenced on 24 July 2023.

On 14 March 2022, Energy ES appointed Powertrack Sdn Bhd, a wholly-owned subsidiary of Solarvest Holdings Berhad (listed on the Main Market), to provide O&M services for the Junjong LSSPV Plant for a period of 2 years commencing from its commercial operations date of 24 July 2023 and up to 23 July 2025.

Our Group decided to appoint Powertrack Sdn Bhd as the O&M services provider for Junjong LSSPV Plant based on their expertise and proven track record in providing O&M services for other LSSPV plants. Currently, our Group does not possess the internal expertise or experience required to manage these O&M services efficiently.

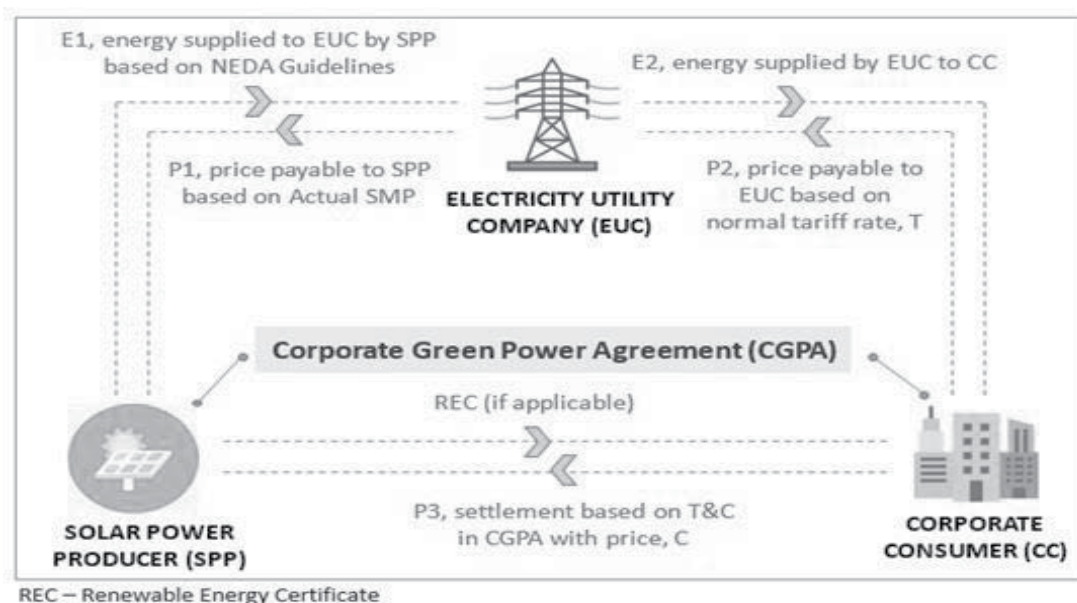
Notwithstanding the above, Energy ES is not dependent on Powertrack Sdn Bhd for the O&M services of Junjong LSSPV Plant as there are other available O&M service providers in the market.

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7. BUSINESS OVERVIEW (Cont'd)

Selarong LSSPV Plant

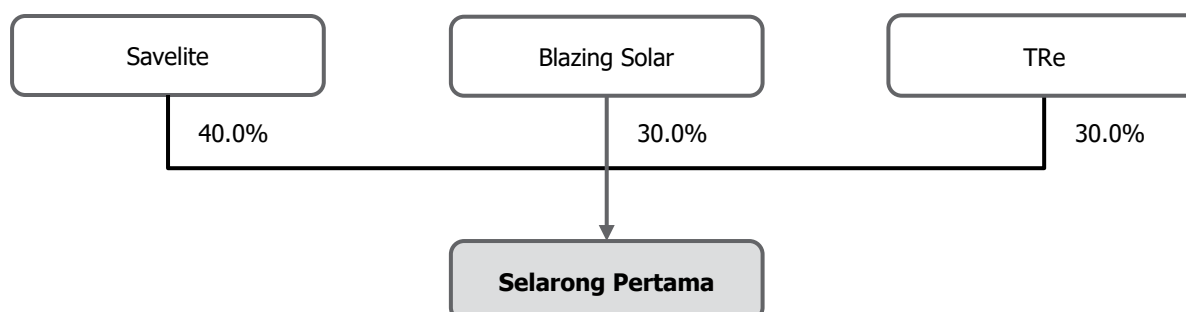
On 7 November 2022, the Government launched the CGPP, a renewable energy initiative to provide opportunities for business entities to participate in the promotion and use of renewable energy in their business operation. The CGPP also allows corporate consumers to virtually purchase solar energy from solar power producer ("SPP") through the use of virtual power purchase agreements or corporate green power agreements. CGPP is essentially a mechanism of virtual power purchase agreement, which is implemented using the existing NEDA framework, as follows:



The EC has been entrusted by PETRA to implement the CGPP and to set for commercial operations by 2025 under NEDA. The CGPP requires an eligible corporate consumer to have an agreement with SPP for the virtual sale and purchase of renewable energy produced by the solar PV plant. The application for the CGPP commenced from 7 November 2022 until 31 December 2023 or until the total allocation quota of 800MW is fully subscribed. On 7 August 2023, the consortium comprising Savelite, TRe and Blazing Solar received the letter of offer from the EC for Selarong LSSPV Plant with export capacity of 29.99MW, of which the consortium has acknowledged the terms stated in the notification letter from the EC on 18 August 2023.

On 17 January 2024, Savelite had entered into a joint venture and shareholder agreement with TRe and Blazing Solar to jointly collaborate for the development, construction and operations of Selarong LSSPV Plant. Subsequently, Selarong Pertama was incorporated on 31 January 2024 as the joint venture company.

The shareholdings structure of Selarong Pertama are as follows:



7. BUSINESS OVERVIEW (*Cont'd*)

The joint venture and shareholder agreement does not specify the roles and responsibilities of each of the consortium members. However, they are jointly responsible to undertake the following roles and responsibilities:

- (a) appointing the respective authorised representatives of the parties, which shall be part of the committee to be established within the organisational structure of Selarong Pertama ("**Project Management Committee**") responsible for implementing all activities as may be necessary to reach financial close, commissioning date and taking over certificate relating to Selarong LSSPV Plant.

The Project Management Committee shall oversee and be responsible for the management of Selarong LSSPV Plant, negotiating with, appointing, and managing the project manager, including being the liaison between the project manager and the board of directors of Selarong Pertama. The project manager shall be a third party appointed by Selarong Pertama and is responsible for the management of Selarong LSSPV Plant. The board of directors of Selarong Pertama will comprise of 6 directors, with each shareholder appointing 2 directors each;

- (b) appointing the respective authorised representatives of the parties, which shall be part of the committee to be established within the organisational structure of Selarong Pertama ("**Asset Management Committee**") to deal with all operational matters and maintenance of Selarong LSSPV Plant.

The Asset Management Committee shall be responsible for the management of Selarong Pertama's assets including plant operations and maintenance of Selarong LSSPV Plant, and will negotiate, appoint, and manage the asset manager, as well as being the liaison between the asset manager and the board of directors of Selarong Pertama. The asset manager shall be a third party appointed by Selarong Pertama, and is responsible for the maintenance and operations of Selarong LSSPV Plant after commencement of operations;

- (c) submitting reports, write ups and data to EC relating to the application for Selarong LSSPV Plant, its method of operation and specifications of its requirements in such manner, time and form as may be requested by EC;
- (d) identifying and appointing the advisors, agreeing on termination, or replacement of advisors, as are reasonably necessary for Selarong LSSPV Plant;
- (e) facilitating and working together, to ensure that Selarong Pertama will be able to commence and manage the Selarong LSSPV Plant in accordance with applicable laws;
- (f) working together on matters related to the designing, constructing, and financing of the Selarong LSSPV Plant, including being responsible in the selection of contractors which are competitive and in compliance with fair market conditions and customary industrial terms;
- (g) preparing, reviewing and, if applicable negotiating the project agreements in respect of the implementation and the development of the Selarong LSSPV Plant to be entered into by Selarong Pertama and any other agreements and documents which are required to be agreed to in connection with the submission of the application to participate in the CGPP to be entered into by Selarong Pertama upon successful award from EC, in good faith and on arm's length basis;
- (h) securing non-recourse bank financing for the Selarong LSSPV Plant, including development of a comprehensive financing strategy, bank acknowledgement letters, commitment letters and term sheets;

7. BUSINESS OVERVIEW (Cont'd)

- (i) agreeing on all matters pertaining to technical, financial and other relevant matters for the purpose of the business and the Selarong LSSPV Plant; and
- (j) developing a workable and comprehensive financial model for the Selarong LSSPV Plant consistent with the requirements of the Information Guide for Corporate Green Power Programme (Solar PV Plant) published by EC.

On 16 February 2024, a CGPA was entered into between Selarong Pertama and Client M in relation to the virtual supply of solar powered energy generated under the CGPP (for Selarong LSSPV Plant) issued by the EC. Selarong Pertama agreed to sell and Client M agreed to purchase electricity that is the Green Attributes (as defined below).

The salient terms and conditions of the CGPA are as follows:

Category	Salient terms
Parties	: (a) Selarong Pertama (b) Client M
Term	: The effective date of the CGPA means the date on which all conditions precedent below have been satisfied or waived.
Conditions precedent	: This agreement shall be effective upon satisfaction of the following conditions: (a) Selarong Pertama obtaining all applicable Approval required (defined below) to be obtained prior to Financial Close (defined below); "Approval" means any authorisation, assessment, consent, approval, license, lease, determination, ruling, permit, accreditation, registration, exemption, filing, variance, order, judgement decree, publication, notice to, declaration of or with, or regulation by or with any responsible authority or under any applicable law relating to the performance of the Works (defined below) or otherwise in connection with the Works (including the use of the Works), including the approvals and permissions from the relevant local authority that are required for the Selarong LSSPV Plant and/or the project. "Works" means the works related to the provision of Solar PV system to be executed by Selarong Pertama in accordance with this CGPA "Financial Close" means the stage when all of the conditions precedent for the initial drawdown by Selarong Pertama under the financing documents for the Selarong LSSPV Plant have been obtained or waived; (b) In the event Client M's parent company fails to meet the credit rating of the CGPA, Client M will be required to deliver to Selarong Pertama a letter of credit or bank guarantee from a reputable bank as an additional credit support within 30 days therefrom; (c) Selarong Pertama has executed the NEDA agreement with TNB; and

7. BUSINESS OVERVIEW (Cont'd)

Category	Salient terms
	(d) Selarong Pertama has achieved Financial Close and provided a written confirmation to Client M that Financial Close has been achieved.
Fulfillment of conditions precedent	: The conditions precedent shall be fulfilled by the Parties within 12 months from 16 February 2024, or such other period that may be mutually agreed between the Parties.
Sale and purchase of the Green Attributes	: Commencing from the day after all the conditions precedent for commercial operation of the Selarong LSSPV Plant have been satisfied or have been waived under the NEDA agreements ("Selarong Commercial Operation Date") and continuing throughout the 21 years from the Selarong Commercial Operation Date (the "Settlement Term"): (a) Selarong Pertama shall sell, transfer and deliver to Client M; and (b) Client M shall purchase, the Green Attributes corresponding to all the forecasted solar PV energy generated and delivered to the utility grid at the interconnection point from the Selarong LSSPV Plant by Selarong Pertama, in accordance with the terms and subject to the conditions of this CGPA. SEDA shall be the relevant regulatory authority in Malaysia to certify and determine what is deemed as Green Attributes. "Green Attributes" means any present or future: (a) emissions or other environmental attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the Selarong LSSPV Plant or the expected annual net energy output that is related to the Selarong LSSPV Plant's benefits to the environment and capable of being measured, verified or calculated including, but not limited to, the renewable energy certificate; and (b) reporting rights related to any such benefits, credits, attributes, aspects, characteristics, claims, reductions, offsets or allowances resulting from attributable to or associated with the Selarong LSSPV Plant, notwithstanding the foregoing or anything to the contrary, Green Attributes do not include incentives arising from the Selarong LSSPV Plant.
Availability guarantee	: If the simple average of the actual Availability Rate (defined below) of the Selarong LSSPV Plant, over any 2 consecutive contract years is less than 85%, Selarong Pertama agrees that Client M may (but shall not be obliged to) terminate this CGPA without any further liability to Selarong Pertama. "Availability Rate" means in respect of each contract year, means the available hours, divided by the total number of hours in a contract year and multiplied by 100.

7. BUSINESS OVERVIEW (Cont'd)

Category	Salient terms
Commercial operation	: If Selarong Commercial Operation Date is delayed, then the scheduled commercial operation date on 31 December 2025 shall be for up to a maximum delay period of 30 days or such other extended period mutually agreed by the Parties in writing (" Permitted Period of Delay "). Upon the end of 60 days after the Permitted Period of Delay, the Parties shall meet to discuss in good faith on the extension of the Permitted Period of Delay. If the parties are unable to agree to extend the Permitted Period of Delay within 30 days, Client M shall have the sole and absolute discretion to further extend the Permitted Period of Delay or to terminate this CGPA without any further liability to Selarong Pertama.
Settlement, billings and payment	: (a) Commencing from the Selarong Commercial Operation Date, subject to the terms of CGPA, financial settlements between Selarong Pertama and Client M for each billing period shall be calculated and made in accordance the formula set out in CGPA. (b) Within 7 business days from the beginning of each billing period, Selarong Pertama shall issue a monthly settlement statement stating the expected annual net energy output during such billing period, the CGPA price, actual system marginal price, the settlement payment and any other amounts due between the parties under this CGPA ("Monthly Settlement Statement"). In the event the settlement payment for such billing period is: (i) payable by Client M to Selarong Pertama, Selarong Pertama shall issue an invoice together with Monthly Settlement Statement to Client M within the same 7 business days from the beginning of such billing period; or (ii) payable by Selarong Pertama to Client M, Selarong Pertama shall issue Monthly Settlement Statement to Client M not later than 5 business days from the beginning of such billing period, and Client M shall, based on the Monthly Settlement Statement, issue an invoice to Selarong Pertama within 7 business days from the beginning of such billing period. (c) Client M or Selarong Pertama, as the case may be, shall make the payment due and payable under the invoice within 45 days after end of the calendar month of receipt of the undisputed invoice from the other party. (d) In the event there are any discrepancies between the amount stated under the invoice and the amount stated under the settlement invoice and/ or the settlement letter for the relevant billing period, Selarong Pertama shall reconcile such discrepancies and reflect the adjusted amount in the revised Monthly Settlement Statement and issue a credit or debit note, as the case may be, to Client M.

7. BUSINESS OVERVIEW (Cont'd)

Category	Salient terms
Selarong Pertama performance guarantee	: On or before the 30th day following the Selarong Commercial Operation Date, Selarong Pertama shall deliver to Client M an irrevocable, unconditional and on-demand bank guarantee issued by either Hong Leong Islamic Bank Berhad, HSBC Amanah Malaysia Berhad or RHB Bank Berhad to guarantee for the due performance and observance by Selarong Pertama of certain payment obligations under this CGPA ("Selarong Pertama Performance Guarantee"). Selarong Pertama shall maintain the Selarong Pertama Performance Guarantee throughout the Settlement Term and to extend the duration of the Selarong Pertama Performance Guarantee within 14 days before the expiry. Client M may recover any sum due and payable from Selarong Pertama under this CGPA from the Selarong Pertama Performance Guarantee. Selarong Pertama Performance Guarantee is designed to ensure performance by Selarong Pertama in delivering the net energy output and protecting Client M from underperformance of Selarong Pertama.
Client M's parent company performance guarantee	: On or before the 30th day following the Selarong Commercial Operation Date, Client M shall deliver to Selarong Pertama an irrevocable, unconditional and on-demand guarantee issued by Client M's parent company to guarantee for the due performance and observance by Client M of certain payment obligations under this CGPA ("Client M Parent Performance Guarantee"). Client M shall maintain the Parent Client M Parent Performance Guarantee throughout the Settlement Term and to extend the duration of the Client M Parent Performance Guarantee within 14 days before the expiry. Selarong Pertama may recover any sum due and payable from Client M under this CGPA from the Client M Parent Performance Guarantee. Client M Parent Performance Guarantee is designed to ensure performance by Client M in CGPA to provide safety net to ensure that Client M fulfil its contractual payment obligations under CGPA, in view that Client M is wholly-owned by a USA-based corporation.
Termination	(a) Either party may, at any time, terminate without cause this CGPA by giving 30 days written notice to the other party of its intention to terminate this CGPA, specifying its termination and date of termination. (b) The party who exercises its right to terminate this CGPA without cause shall pay to the other party the termination payment calculated in accordance with the formula set out in the CGPA.

7. BUSINESS OVERVIEW (Cont'd)

Category	Salient terms
Dispute resolution	If a dispute arises, either party shall first give to the other party written notice in sufficient detail of the existence and nature of any dispute proposed to be resolved. Upon receipt of such notice, both parties' chief executive officers (or equivalent office holders or the authorised representatives of the chief executive officers) shall meet to discuss and negotiate in good faith to resolve the dispute and provided that if the parties fail to resolve the dispute within 14 days from the date of such meeting, either party may commence legal proceedings at the courts of Malaysia. The parties also agree that despite the existence of a dispute, the parties must continue to perform their respective obligations under this CGPA.

7.2.1.4 Trading of electrical products

For the majority of the projects that our Group secured, the project owners specify certain brands of electrical components that are required to be used in their projects. For such projects where our Group outsources physical installation and labour works to subcontractors, our Group requires such subcontractors to purchase certain brands of electrical components such as wire trunking, wires and power cables from our Group. Only such sales of electrical components by our Group to the subcontractors are recognised as trading income, which represents RM2.16 million, RM2.74 million, RM5.63 million and RM13.59 million in FYE 2021 to 2024 respectively. For avoidance of doubt, our Group does not generate trading income from the electrical products which are used in our clients' projects as they are captured under revenue for our provision of M&E engineering services.

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7. BUSINESS OVERVIEW (Cont'd)**7.3 OUR ONGOING AND COMPLETED PROJECTS****(a) Ongoing projects**

Based on letter of awards and purchase orders received as at LPD, our Group has a total of 44 ongoing M&E engineering projects with a total contract value of RM496.74 million and unbilled contract value of RM269.12 million or 54.2% of the total value.

Our Group's ongoing projects with contract value of RM10.00 million and above, are set out in the table below:

No.	Project details	Scope	Client name	Type of property	Contract period ⁽¹⁾	Contract value/ Unbilled contract value as at LPD (RM'000)	Stage of completion as at LPD ⁽²⁾ %	FYE unbilled contract value to be recognised
1.	Setapak Project	Provision of M&E engineering services comprising electricity supply distribution systems	Marvellous Garden Sdn Bhd	Commercial and residential	May 2021 to May 2024 ⁽³⁾	18,200/ 1,032	94.3	2025
2.	Kajang Project	Provision of M&E engineering services comprising electricity supply distribution systems	Pesona Metro Sdn Bhd	Commercial and residential	January 2022 to August 2024 ⁽⁴⁾	17,300/ 1,351	92.2	2025
3.	Seputeh Project	Provision of M&E engineering services comprising electrical, lightning protection and earthing works	MCC Overseas (M) Sdn Bhd	Commercial and residential	February 2022 to May 2025	13,334/ 6,988	47.6	2025
4.	Subang Project	Provision of M&E engineering services comprising electrical installation works and ELV systems	Positive Platform Sdn Bhd	Commercial and residential	September 2022 to June 2024 ⁽⁵⁾	27,645/ 14,988	45.8	2025

7. BUSINESS OVERVIEW (Cont'd)

No.	Project details	Scope	Client name	Type of property	Contract period⁽¹⁾	Contract value/ Unbilled contract value as at LPD (RM'000)	Stage of completion as at LPD⁽²⁾ %	FYE unbilled contract value to be recognised
5.	Old Klang Road Project	Provision of M&E engineering services comprising electricity supply distribution systems	TME Builders Sdn Bhd	Commercial and residential	July 2022 to December 2024 ⁽⁶⁾	15,800/ 3,128	80.2	2025
6.	Bangsar Project	Provision of M&E engineering services comprising electricity supply distribution systems	Kerjaya Prospek (M) Sdn Bhd	Commercial and residential	July 2022 to June 2025	10,538/ 5,820	44.8	2025
7.	Kulim Project	Provision of M&E engineering services comprising electricity supply distribution systems	NLE Electrical Engineering Sdn Bhd	Industrial	September 2022 to January 2025	90,195/ 3,494	96.1	2025
8.	Sungai Buloh Project	Provision of M&E engineering services comprising electrical installation works	Vestland Resources Sdn Bhd	Commercial and residential	February 2023 to December 2024 ⁽⁷⁾	14,000/ 2,326	83.4	2025
9.	Seri Tanjung Pinang Project	Provision of M&E engineering services comprising electrical installation works	Kerjaya Prospek (M) Sdn Bhd	Commercial and residential	July 2022 to July 2025	17,520/ 11,242	35.8	2025
10.	Bukit Jalil Project	Provision of M&E engineering services comprising electrical installation works	Pesona Metro Sdn Bhd	Commercial and residential	September 2023 to August 2025	16,780/ 15,722	6.3	2026

7. BUSINESS OVERVIEW (Cont'd)

No.	Project details	Scope	Client name	Type of property	Contract period ⁽¹⁾	Contract value/ Unbilled contract value as at LPD (RM'000)	Stage of completion as at LPD ⁽²⁾ %	FYE unbilled contract value to be recognised
11.	Bukit Jalil Apartments Project	Provision of M&E engineering services comprising electrical installation works	Kayangan Kemas Sdn Bhd	Commercial and residential	January 2024 to January 2027	14,600/ 13,913	4.7	2027
12.	Bukit Jalil Hospital Project	Provision of M&E engineering services comprising electrical installation works	Grand Dynamic Builders Sdn Bhd	Commercial and residential	March 2024 to April 2026	17,768/ 15,681	11.7	2026
13.	Gemas Project (Phase I)	Provision of M&E engineering services comprising electrical and ELV installation works	China State Construction Engineering (M) Sdn Bhd	Industrial	April 2024 to April 2025	76,300/ 67,782	11.2	2025
14.	Jalan Raja Chulan Project	Provision of M&E engineering services comprising electrical installation works	BGMC Corporation Sdn Bhd	Commercial and residential	October 2023 to April 2025	18,180/ 17,174	5.5	2026
15.	Jalan Mas Project	Provision of M&E engineering services comprising electrical installation works and distribution systems	Ivory Associates Sdn Bhd	Commercial and residential	July 2024 to November 2026	11,498/ 11,381	1.0	2027
16.	Gemas Project (Phase II)	Provision of M&E engineering services comprising electrical and ELV installation works	China State Construction Engineering (M) Sdn Bhd	Industrial	August 2024 to March 2025	14,900/ 14,873	0.2	2026
						394,558/ 206,895		

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Refers to the period from the commencement of project to the expected completion of project including the extension of time granted to our Group.
- (2) Calculated based on billed contract value as at LPD over total contract value of the contract.
- (3) Our Group expects that there will be a delay for this project and had since February 2024 applied for an extension of time up to January 2025 to complete this project. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project are still ongoing, and the client's consultants are still certifying our Group's works for purposes of its progress billings and payments.
- (4) As at LPD, we have completed the M&E engineering works for this project in September 2024, and our client's consultants are still certifying our Group's works for purposes of its progress billings and payments. The main contractor has submitted to the relevant authorities to obtain CPC from the consultants appointed by the project owner. For clarity, our Group's involvement in this project will be deemed completed once the main contractor obtains CPC.
- (5) Our Group expects that there will be a delay for this project and had since March 2024 applied for an extension of time up to April 2025 to complete the project as mentioned above. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project are still ongoing, and the client's consultants are still certifying our Group's works for purposes of its progress billings and payments.
- (6) Our Group expects that there will be a delay for this project and had in December 2024 applied for an extension of time up to March 2025 to complete the project as mentioned above. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project are still ongoing, and the client's consultants are still certifying our Group's works for purposes of its progress billings and payments.
- (7) Our Group expects that there will be a delay for this project and had in November 2024 applied for an extension of time up to January 2025 to complete the project as mentioned above. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project are still ongoing, and the client's consultants are still certifying our Group's works for purposes of its progress billings and payments.

7. BUSINESS OVERVIEW (Cont'd)**(b) Completed projects**

During FYE 2021 to 2024 and up to LPD, our Group has completed 49 M&E engineering projects with a total contract sum of RM230.76 million.

The table below sets forth the completed projects with contract value above RM5.00 million:

No.	Project details	Scope	Client name	Type of property	Contract period	Contract value (RM'000)	Status of retention sum
1.	Tanjung Pinang Project	Provision of M&E engineering services comprising electricity supply distribution systems	Kerjaya Prospek (M) Sdn Bhd	Commercial and residential	October 2015 to March 2021	6,388	Released
2.	Cyberjaya Project	Provision of M&E engineering services comprising electricity supply distribution systems	Moderntent Development	Industrial	April 2021 to December 2021	8,054	Released
3.	Seri Iskandar Project	Provision of M&E engineering services comprising electricity supply distribution systems	Atlantic Blue	Solar	March 2021 to June 2022	11,003	(1)-
4.	Petaling Jaya Project	Provision of M&E engineering services comprising electricity supply distribution systems	Atlantic Blue	Commercial and residential	September 2018 to August 2022	9,449	(1)-
5.	Langkawi Hotel Project	Provision of M&E engineering services comprising electricity supply distribution systems	Thak Soon Sdn Bhd	Commercial and residential	September 2018 to November 2022	8,436	Released
6.	Langkawi Apartments Project	Provision of M&E engineering services comprising electricity supply distribution systems	Mentari Berseri Sdn Bhd	Commercial and residential	March 2020 to January 2023	6,978	(1)-

7. BUSINESS OVERVIEW (Cont'd)

No.	Project details	Scope	Client name	Type of property	Contract period	Contract value	Status of retention sum
7.	Junjong LSSPV Plant Project	Provision of M&E engineering services comprising electricity supply distribution systems	Atlantic Blue	Solar	February 2022 to September 2023	30,450	(1)-
8.	Retirement Village Project	Provision of M&E engineering services comprising electricity supply distribution systems	Client Z	Commercial and residential	October 2020 to September 2023	8,561	(1)-
9.	Shah Alam Project	Provision of M&E engineering services comprising electricity supply distribution systems	Kerjaya Prospek (M) Sdn Bhd and Total Builder Generation Sdn Bhd	Commercial and residential	May 2017 to October 2023	6,181	Released
10.	Alor Setar Project	Provision of M&E engineering services comprising electricity supply distribution systems	Waja Build Tech Sdn Bhd	Commercial and residential	June 2021 to February 2024	9,693	(1)-
11.	Sri Petaling Project	Provision of M&E engineering services comprising electricity supply distribution systems	GD Builders Sdn Bhd	Commercial and residential	January 2020 to May 2024	16,180	(1)-
12.	Sitiawan Project	Provision of M&E engineering services comprising electricity supply distribution systems	Atlantic Blue	Solar	August 2022 to March 2024	23,352	(1)-
13.	Seremban Project	Provision of M&E engineering services comprising electricity supply distribution systems	Kwan On Construction (M) Sdn Bhd	Industrial	September 2022 to May 2024	10,263	(1)-

7. BUSINESS OVERVIEW (Cont'd)

No.	Project details	Scope	Client name	Type of property	Contract period	Contract value	Status of retention sum
14.	George Town Project	Provision of M&E engineering services comprising electricity supply distribution systems	PC Construction Sdn Bhd	Commercial and residential	November 2022 to May 2024	6,936	(1)-
15.	Kulim 1 Project	Provision of M&E engineering services comprising electricity supply distribution systems	Risinglight Sdn Bhd	Industrial	December 2023 to October 2024	6,457	(2)-
16.	Batu Kawan Project	Provision of M&E engineering services comprising electricity supply distribution systems	NLE Electrical Engineering Sdn Bhd	Industrial	January 2024 to August 2024	5,026	(2)-
						173,407	

Notes:

(1) Pending release of the remaining 50.0% of the retention sum upon expiry of DLP.

(2) Not applicable as these projects were secured on purchase orders basis and our clients did not require retention sums from our Group.

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7. BUSINESS OVERVIEW (Cont'd)

7.4 QUALITY CONTROL AND ASSURANCE PROCEDURES

7.4.1 Quality management system

We recognise that the adoption of a stringent quality control and assurance system is vital to maintaining our reputation and market standing as a reliable contractor. As such, our Group places strong emphasis on quality management to ensure that the quality of our deliverables comply with the relevant industry standards, regulations and meet the expectations and requirements of our clients.

As a testament to our quality commitment, our subsidiary, Savelite has been certified compliant to ISO 9001:2015, details of which are included below:

Year first awarded	Current validity period	Certification	Scope	Awarding body
2020	12 January 2023 to 8 February 2026	ISO 9001: 2015	Provision of electrical installation engineering services	Certification Partner Global

7.4.2 Quality assurance measures

We ensure that the projects we undertake are completed in accordance with requirements and specifications set out in the project as well as in compliance with relevant industry standards and regulations (if any).

We make sure that the equipment and materials used during the project are purchased from our approved list of brands where they are certified to meet the regulatory and industry standards and requirements based on the project. We also perform inspections on our procurement orders before the onsite deployment of said equipment and materials, as well as those brought on site by our subcontractors. As at LPD, we have a total of 502 suppliers in our approved list of suppliers.

In selecting subcontractors, we assess them based on several stringent criteria including quality of materials and services provided, track record, timeliness of delivery, qualifications, ability to comply with the requirements and specifications set out in the project as well as the pricing. The selected subcontractor will be closely supervised by our project team throughout the project duration.

For every project, we would assign a project team comprising a project manager, project/site engineers, project coordinator and site supervisors to monitor the construction works throughout the project. As at LPD, we have 70 employees in our project department (includes Lai Kwang Huan, our Head of Operations Division, who is accounted for under key senior management and 69 employees who are accounted for under our project department, details of which are set out in Section 6.12). The project engineer and site supervisor will report the project progress to the assigned project manager, who is responsible for supervising the day-to-day site activities. The project manager also ensures the project is progressing as scheduled as well as monitoring the work quality in accordance to the requirements of our clients.

The project team conducts regular on-site inspections on a daily basis for quality assurance together with clients and/or consultants and conducts regular internal discussion within the team. Any issues arising will be notified promptly within the project team and corrective actions will be taken.

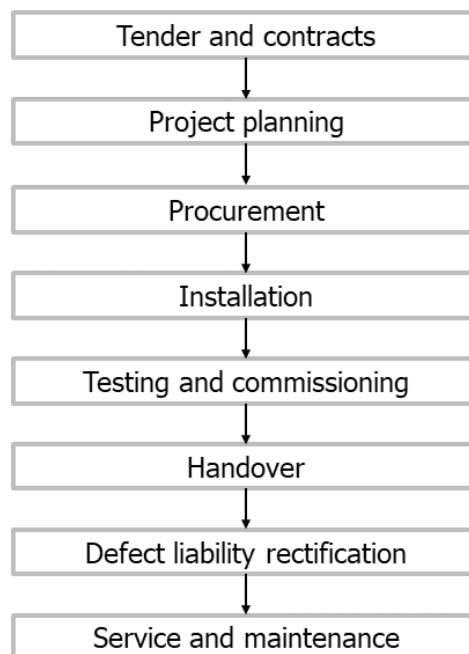
A DLP that ranges from 12 to 27 months is usually incorporated in the contractual terms of the project, where we are responsible to perform repairs and rectification works in the event of any defects identified.

7. BUSINESS OVERVIEW (Cont'd)

7.5 BUSINESS PROCESSES

7.5.1 Provision of M&E engineering services

Our Group adopts the following process flow in the provision of M&E engineering services:



(a) Tender and contracts

Our Group primarily participates in tenders extended to us directly by our clients, who are either main contractors or project owners. Upon the receipt of invitation to tender, we will perform a preliminary assessment before deciding whether to participate in the tender exercise by reviewing the scope of services and timeline, understanding the client's requirements and identifying any industry standards, statutory or regulatory requirements.

When our Group decides to participate in the tender exercise, our contract department is responsible for preparing the tender proposal and project costing details for the tender. They may also need to collaborate with other members of our Group's project department to obtain supporting information on resource availability as well as project costing to complete the tender documents for bidding, under the guidance of our Managing Director.

For most tenders, our Group may be required to submit a tender bond with a specified amount as part of tender documents, to provide assurance to our client that we will proceed with the contract upon acceptance of the tender. The tender bond is typically returned to us upon the announcement of the results of the tender, regardless of whether our Group secures the project.

During the tendering phase, our Group may be requested to attend tender interviews, where our Group will be required to present the details of or provide clarifications on technical details and commercial terms. Our Group may submit revised tenders if there are changes made and/ or new requirements being imposed following the tender interview. If our Group is successful, our client will present us with a letter of award prior to the signing of a contract and/or issuance of letter of award or purchase orders.

7. BUSINESS OVERVIEW (Cont'd)

Upon acceptance of the letter of award from our client, the tender bond will be returned to us. For some of our projects wherein our clients require us to provide a performance bond, the tender bond will be returned to us in exchange for a performance bond. A performance bond provides assurance to our Group's client on the satisfactory completion of project by our Group.

For clarity, we are required to provide our clients with performance bond for some of our projects depending on the contractual terms stipulated by our clients. The performance bond is generally equivalent to 5.0% of the contract sum which will be retained by our client as retention sum for any defects in the quality of its works. Our Group is responsible for making good any defects that may occur during the DLP.

(b) Project planning

Upon award of a contract, a project team comprising a project manager, project/ site engineers, project coordinator and site supervisors will be assembled. The project team will hold a kick-off meeting with the client to establish a common understanding of project requirements and perform a site visit.

Our Group's project team which will be led by the project manager, which will oversee the management and implementation of various aspects of the project such as construction activities, quality control, time management, project costing, procurement of materials, supplies and deployment of equipment and appointment of subcontractors.

The project planning phase involves the preparation of a detailed master project development plan which covers project costing and resource allocation, roles and responsibilities of the project team members, work schedules, project deliverables, control and monitoring mechanisms and quality requirements. The implementation of the project plan will also be monitored by our Group's project manager under the supervision of our Head of Operations Division, who will ensure that the contractual requirements and the needs of our clients are aligned.

(c) Procurement

Our Group's procurement activity mainly involves identifying relevant equipment as well as components and subsequently sourcing of quotations from its pre-approved suppliers or as advised by our client. Upon identifying suitable suppliers for the project, our Group's procurement team will commence the purchasing of and perform inspection on these systems or equipment.

For projects subcontracted to third parties, the subcontractors will be responsible for installation as our Group will focus on the project design, planning, value engineering, procurement and quality control aspects as well as project management. In some projects, our Group's subcontractors may also undertake the procurement of selected equipment such as switchgears, switchboards, transformers as well as HV and MV power cables.

(d) Installation

As an M&E engineering subcontractor, our Group takes possession of the project sites and commences major M&E works only upon completion of the project's civil and structural works. Once our Group takes possession of the project site, our Group's project team and subcontractors will begin installation works.

7. BUSINESS OVERVIEW (Cont'd)

The installation works will involve M&E engineering services, depending on the scope of our Group's contract. Our Group may engage subcontractors to carry out installation works such as cable laying and sockets installation, jointing and installation of critical and high value equipment such as switchgears, switchboards, transformers as well as HV, MV, LV and ELV power cables under our Group's project management and supervision.

Our Group's project management team will be stationed on-site to supervise and monitor the progress of the subcontractors, to ensure that the works carried out are in accordance with the drawing plan and contract specifications as well as in compliance with the relevant regulations and standards. The consultants appointed by our client will also perform periodic site visits to keep track of the progress of the project and adherence to the specifications.

From time to time, there may be variation to the original contract, which may include, design, scope of work and/or contract value. Our Group will commence negotiations and discussions with the main contractors and project owners to discuss and understand on the revision to the scope of works, design and project requirements to ensure that we are able to meet and deliver the additional project specifications in a timely manner. In such instances, our Group will issue a revised quotation to the client in the form of a variation order. We are typically expected to perform the additional works pursuant to the variation order within the contractual period of the project. Where there are material variation orders, which were previously not part of the original scope of works to be performed by our Group, we will apply for an extension of time.

(e) Testing and commissioning

Upon the completion of the installation of electrical instruments, our Group's project management team will conduct a pre-commissioning exercise to ensure that all equipment and supporting devices are properly installed. The project management team, which also includes our Group's competent persons (such as wiremen and chargemen), will further carry out an initial field test on the installed devices, followed by load tests which involve the live testing of electrical signals running through the system. Finally, an integrated system test is performed to test the entire installed system. This is to ensure that each sub-system can operate independently as well as interface effectively with each other.

As at LPD, our Group has 6 wiremen and 2 chargemen registered under the EC. The detailed qualifications of these employees are as follows:

Category of competent persons	Our registered employees with CIDB and EC	Description of certification	Limitations on projects undertaken
Wireman	4 wiremen with Grade PW4 2 wiremen with Grade PW2	3 phase electrical wiring with endorsement and testing Single phase electrical wiring with endorsement and testing	No limit No limit

7. BUSINESS OVERVIEW (Cont'd)

Category of competent persons	Our registered employees with CIDB and EC	Description of certification	Limitations on projects undertaken
Chargeman	1 chargeman with Grade PJ-A0 1 chargeman with Grade PJ-33kV	Low voltage system machinery keeper (without aerial lines and power stations) Electrical machinery keeper for machinery with voltages up to 33kV	No limit No limit

Although our Group only employs 2 chargemen registered under the EC as at LPD, there are no limitation to the number of projects to be undertaken by our Group, as long as our chargemen's work schedules are properly managed.

Our Group also conducts relevant quality and safety tests during this stage before project completion and handover. For selected specialised electrical equipment, our Group ensures that the relevant suppliers have tested and commissioned the equipment prior to delivery, such that it meets the relevant contractual specifications and requirements of our Group's clients.

All specified inspections, testing and commissioning are typically carried out under the supervision of our client's consultant to verify that our works meet all technical requirements and contractual obligations.

In some instances, our Group may be required to undertake rectification works and/or re-commissioning works, which will be re-inspected to ensure regulatory and contractual compliance.

(f) Handover

After all the necessary tests have been completed and approvals have been obtained, we will hand over the project to the main contractor and consultant engaged by our client. This also marks the commencement of the DLP.

(g) Defect liability rectification

During the DLP, upon receiving reports on defects identified by our client, our project management team will investigate and instruct our Group's technicians or the relevant subcontractors to rectify defects identified.

The length of the DLP generally ranges from 12 to 27 months after issuance of the CCC or CPC, where applicable. Upon expiry of DLP and the complete rectification of all defects identified, the architect appointed by the project owner will issue a CMGD. Our Group's practice is to maintain a back-to-back DLP with our subcontractors, whereby such subcontractors are responsible for performing rectification works and bearing the associated rectification costs.

During the DLP, our Group will provide on-site support. All support requests are documented and tracked according to the quality and client service procedures of our Group.

Upon expiry of the DLP, our clients will release the retention sum to us.

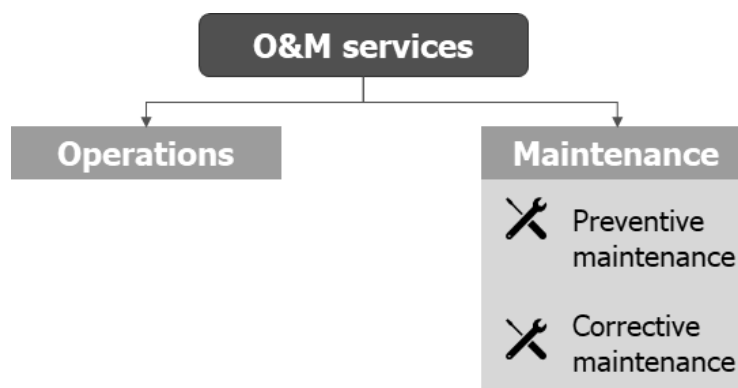
7. BUSINESS OVERVIEW (Cont'd)

(h) Service and maintenance

After the DLP has expired, our Group may continue to provide its clients with operational, maintenance, upgrading and repair services if they engage our Group to do so on an ad-hoc basis via purchase orders. Our Group's scope of works for service and maintenance varies based on the needs of our clients, comprising M&E system inspection, replacement and repair works.

7.5.2 Generation and sales of renewable energy

Our Group adopts the following process flow in the generation and sales of renewable energy:



(a) Operations

The operations of an LSSPV plant focuses on the performance monitoring of solar PV systems. To optimise system performance, there is a need to ensure that the electrical components and parts of the solar PV systems function efficiently throughout the lifetime of the plant. Continuously monitoring of solar PV systems is essential to maximise the energy performance of the system. Each solar PV system is installed with an energy and solar monitoring system, which allows our Group's O&M personnel to track energy generation from the solar PV systems in real time and/ or remotely using the Supervisory Control and Data Acquisition system ("**SCADA**").

Our Group stations a competent person at Junjong LSSPV Plant to monitor the daily operations of the plant. Should there be any issues, our Group's competent person will notify our Group's O&M service provider, namely Powertrack Sdn Bhd.

The O&M agreement entered into between Energy ES and Powertrack Sdn Bhd stipulates the responsibilities of each party during the contract period whereby:

- (i) Energy ES is responsible for granting right to access to Powertrack Sdn Bhd, its employees, contractors, subcontractors and advisors for the purpose of maintaining Junjong LSSPV Plant; and
- (ii) Powertrack Sdn Bhd is responsible for the O&M of Junjong LSSPV Plant including inspection, checking and repair of the operating hardware/ components in accordance with its O&M plan.

7. BUSINESS OVERVIEW (Cont'd)

(b) Maintenance

Our Group's maintenance services are carried out by Powertrack Sdn Bhd and can be categorised as preventive and corrective maintenance.

(i) Preventive maintenance

Preventive maintenance covers servicing, cleaning, inspection and other related activities carried out to ensure that the solar PV systems work and perform accordingly. The scheduled preventive maintenance is typically carried out periodically, which involves performing on-site inspection on the following electrical equipment and components:

Solar PV modules

- Provide appropriate cleaning of solar PV modules for the removal of dust
- Visual inspection of solar PV modules for visible cracks, damages and defects and noting of the location and serial number of solar PV modules that exhibit signs of defects as this may affect the performance of the affected solar PV modules. These defects can range from manufacturing defects to damage during installation or operations
- Checks on electrical connection of solar PV modules

Inverters

- Visual inspection and checks on components, testing of protective equipment, alarms in the inverter room
- Perform tests on the inverters to measure its ability to convert generated electricity from DC to AC

Transformers

- Visual inspection on transformers to ensure there is no leakage of oil
- Checks on oil level and temperature gauges
- Perform tests on transformers to mitigate electricity losses during the step-up process

Mounting structures

- Visual inspection and checks for possible corrosion of mounting structure due to oxidation
- Ensure the lock mechanism of the mounting structure is in order to ensure structural integrity

Cables and wiring systems

- Checks on cables and wiring systems to identify any cable degradation due to exposure in sunlight
- Inspection on cables, wires and conduits for signs of cracks, defects, pulling out of connections and ground faults

Solar tracking system

- Inspection on the solar tracking system including calibrate anemometers, inclinometers, limit switches and tracking controllers

7. BUSINESS OVERVIEW (Cont'd)

MV switchboards

- Inspection to assess the condition of the equipment, fixtures and fasteners and grounding of the equipment

LV switchboards

- Clean and check LV switchboards for any deformation or loose electrical connections

(ii) Corrective maintenance

Our Group is required to provide timely repair services and parts replacement to optimise the performance of the solar PV systems and reduce downtime. Our Group will repair all systems problems, defects of the associated electrical equipment and components of the solar PV system which were identified earlier or brought to our Group's attention during the inspection and checks under the preventive maintenance process. For equipment and components that are in need of repair or replacement, our Group's O&M personnel are required to provide speedy repair according to the equipment manufacturer's recommendations or required maintenance procedures.

In performing O&M services for our Group's LSSPV plant, our Group typically performs thermal imaging on all the electrical equipment and components. By detecting thermal variations between solar PV modules, any critical defect that is causing a reduction in the performance or efficiency can be detected such as loose electrical connections, blown fuse as well as faulty cables and wires. This will also allow our Group to detect potential fire hazards in the LSSPV plant. The thermal imaging inspection on the electrical equipment and component is performed to complement our Group's manual inspection and testing that forms part of our Group's preventive maintenance services.

As part of our O&M services, we will also undertake administrative works including the safekeeping of daily performance and O&M measures taken, incident report in the plant as well as ensuring compliance with the relevant regulations and guidelines by the authorities. In addition, our Group is also responsible for the administration processing of defective equipment and components and filing of warranty claims with the respective supplier/ vendor for replacement units.

7.6 TECHNOLOGIES USED

The technology that we use is mainly in the following areas:

(a) AutoCAD

We use AutoCAD to create detailed three-dimension (3D) models of M&E engineering systems which would include data associated with the physical and functional characteristics of the system.

(b) SCADA for LSSPV plant

We use a SCADA system to control, monitor and analyse industrial devices and processes in our LSSPV plant.

7. BUSINESS OVERVIEW (Cont'd)**7.7 PRINCIPAL MARKETS****(a) Geographical locations**

We derived all our revenue from Malaysia for FYE 2021 to 2024.

(b) Revenue segmentation

Details of our Group's revenue by segment for FYE 2021 to 2024 are as follows:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of M&E engineering services	52,727	96.1	48,079	94.6	131,096	95.9	168,896	88.4
Trading ⁽¹⁾	2,160	3.9	2,743	5.4	5,631	4.1	13,591	7.1
Sales of renewable energy	-	-	-	-	-	-	8,604	4.5
	54,887	100.0	50,822	100.0	136,727	100.0	191,091	100.0

Note:

- ⁽¹⁾ Mainly relates to electrical components such as wire trunking, wires and power cables supplied to our Group's subcontractors for projects which we have awarded to them.

Our revenue is mainly derived from M&E engineering services which constituted 96.1%, 94.6%, 95.9% and 88.4% of our Group's revenue in FYE 2021 to 2024 respectively. Our Group generally undertakes project planning and management for all the M&E engineering projects that we have secured and we outsource the bulk of the physical installation and labour works to subcontractors.

We also derived revenue from trading that comprised 3.9%, 5.4%, 4.1% and 7.1% of our Group's revenue in FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively.

Commencing FYE 2024, our Group began deriving revenue from the generation and sales of renewable energy post the commissioning of our LSSPV plant on 24 July 2023, which constituted 4.5% of our revenue in FYE 2024.

7. BUSINESS OVERVIEW (Cont'd)

7.8 SIGNIFICANT PRODUCTS/ SERVICES INTRODUCED

There are no other significant products/ services introduced or to be introduced by our Group as at LPD.

7.9 COMPETITIVE STRENGTHS

Our Group believes that our success and potential for future growth are attributable to the competitive strengths set out below:

(a) Our Group's wide range of M&E engineering services has enabled us to establish our presence in the M&E engineering industry in Malaysia

Our Group holds a number of licences, registrations, permits and approvals which enable our Group to carry on its businesses. Our Group has secured the following registrations for the business operations:

- Class C contractor with the EC since 2011, which has since been upgraded to Class A in 2014; and
- G3 contractor registration with the CIDB since 2011, which has since been upgraded to G7 contractor registration since 2015.

As a registered Class A contractor with the EC, our Group is capable of carrying out electrical works with the contract value of more than RM1.00 million. As a G7 contractor with CIDB, our Group is able to carry out construction works with unlimited value. These certifications qualify our Group to participate in large scale projects and provide comprehensive range of services as an M&E engineering contractor.

Our Group is able to provide its clients with a package of M&E engineering services comprising the supply, installation, testing and commissioning of electricity supply distribution systems and mechanical systems. By engaging our Group's M&E engineering services, our clients would be able to obtain comprehensive and reliable M&E engineering solutions in respect of their needs.

Our Group believes that its presence and profile in the M&E engineering industry in Malaysia as well as our registration as a G7 contractor by CIDB and our ability to provide quality, timely and integrated services are advantages to maintain existing clients and secure new business opportunities, which are crucial to our Group's business operations and future business growth. In addition, our Group is not dependent on (i) any single building category as our Group caters to various building types namely industrial, commercial and residential properties as well as solar facilities; or (ii) any single client source.

Throughout the years, our Group has built a reputation as a quality and reliable M&E engineering contractor with a portfolio of completed and ongoing projects across all 3 regions (northern, central and southern) of Peninsular Malaysia, as evidenced by the growth in our Group's revenue.

(b) Our Group has a track record of undertaking M&E engineering projects

Having credible track record for quality of works and timely delivery within budget control are important criteria for companies to perform M&E engineering services. This allows companies to win trust of clients and other industry stakeholders, and more importantly increases the possibilities of securing projects. Our Group has been operating in the M&E engineering industry in Malaysia for approximately 13 years undertaking the provision of M&E engineering services.

7. BUSINESS OVERVIEW (Cont'd)

Our Group has an established track record in undertaking projects in M&E engineering services. For FYE 2021 to 2024 and up to LPD, our Group has completed 49 M&E engineering projects with a total contract sum of RM230.76 million.

The evaluation criteria of projects generally include historical performance and service quality in previous projects of similar nature and complexity. Our Group's track record enables our Group to develop a solid understanding of the service quality in terms of standards and timelines expected by its clients.

Further, mutual reliance between the M&E engineering contractor and clients is not uncommon, where the client is more likely to retain the same M&E engineering contractor who has accumulated experience in carrying out their projects and work orders for better coordination and more effective project management. In addition, our Group's existing clients have referred new clients to us, as reflected in the increasing value and number of projects awarded to our Group.

Our Group's experience and industry track record has led to a healthy order book. As at LPD, our Group has 44 ongoing M&E engineering projects with a total unbilled order book of RM269.12 million. The remaining portion of our Group's order book will be recognised progressively up to the FYE 2027, based on the unbilled amount of contracts secured as at LPD. Of the total unbilled amount of RM269.12 million, our Group expects to bill and recognise revenue of approximately RM137.07 million in FYE 2025 and RM128.79 million in FYE 2026 and RM3.26 million in FYE 2027. Our Group has also submitted tenders and proposals which will provide our Group opportunities to replenish or enlarge its order book, if awarded.

Our Group's CIDB registration as a G7 contractor for the Building Construction (B), Civil Engineering (CE) and Mechanical and Electrical (ME) categories distinguishes our Group in the M&E engineering industry in Malaysia, considering that achieving such grading allows our Group to participate in tendering and executing M&E engineering projects with unlimited contract value throughout Malaysia. In light of our Group's qualifications in tendering for projects of varying sizes and types, our Group is well-positioned to capture any future growth in the M&E engineering market.

Further, our Group has a total of 6 wiremen and 2 chargemen registered under the EC, all of whom are employees of our subsidiaries, Savelite and Energy ES, who are involved in the M&E works of our Group. This is a further testament to the capabilities of our Group in meeting the requirements of the electricity supply distribution system.

(c) Our Group's experience and track record have enabled us to diversify into the generation and sales of renewable energy

Since 2017, our Group has been involved in M&E engineering services for solar PV plants where our Group carries out the installation, testing and commissioning works of solar PV panels and balance of systems. Our Group's capabilities encompass the procurement and supply of the materials and equipment as well as appointing and managing qualified subcontractors for the construction, installation and integration of solar PV systems. Our Group is also a registered PV Service Provider with SEDA which allows our Group to participate in solar PV projects under SEDA encompassing building, ground-mounted and floating installations as well as LSSPV projects.

Building upon this, in 2020, the Junjong Consortium participated in the development of Junjong LSSPV Plant and subsequently incorporated Energy ES in 2021 to undertake the development and operations of the Junjong LSSPV Plant. The commercial operations of Junjong LSSPV Plant commenced on 24 July 2023 and has since commenced generating renewable energy, which our Group sells to TNB.

7. BUSINESS OVERVIEW (Cont'd)

In January 2024, Savelite had entered into a joint venture and shareholder agreement with TRe and Blazing Solar to jointly collaborate for the development, construction and operation of the Selarong LSSPV Plant. Subsequently, Selarong Pertama was incorporated to undertake the said venture.

Leveraging on our experience in the M&E engineering industry, our Group is able to carry out the installation, testing and commissioning of solar PV panels and balance of systems. In certain mechanical engineering works performed for solar PV plants, our Group is responsible for the procurement and supply of the materials and equipment as well as arrangement of subcontractors for the construction, installation and integration of solar PV systems. This includes the planning, order placement, tracking, inspection, transportation, materials management and the management of subcontractors under our Group's supervision.

Our Group will continue to leverage on its expertise, experience and track record to identify new business opportunities with established partners that will lead to the long term growth of our Group.

(d) Our Group has an experienced management team

Our Group has a qualified and experienced management team headed by our Managing Director, Khor Chuan Meng, who has contributed to our growth and development. He is responsible for managing and implementing our Group's corporate direction and growth strategies as well as overseeing the day-to-day operations of our Group. He brings with him approximately 23 years of experience in the M&E engineering industry and 7 years of experience in the solar PV industry. He is supported by our Group's Executive Director, Chu Kerd Yee, who has approximately 32 years of experience in the M&E engineering industry and 7 years of experience in the solar PV industry. Our key senior management who have relevant experience in their respective fields covering M&E engineering, finance, project tendering, project management and implementation, contract matters, procurement and human resource management.

Our Group's key senior management comprises:

Key senior management	Designation	Years of relevant working experience
Teo Chee Teong	Chief Executive Officer	18
Fong Weng Keong	Chief Financial Officer	39
Lai Kwang Huan	Head of Operations Division	18
Khoor Sok Yin	Head of Business Division	18

Our Group's key senior management team has strong functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transfer of skills and knowledge to employees at all levels in our Group's organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our Group's growth as our Group continues to expand.

Please refer to Sections 5.2.2 and 5.3.3 for the profiles of our Group's Executive Directors and key senior management.

7. BUSINESS OVERVIEW (Cont'd)**7.10 SEASONAL OR CYCLICAL EFFECTS**

Our operations are not subject to any seasonal/ cyclical effects as our clients generally operate throughout the year. However, the demand for our services may be affected by local economic conditions and government policies, which may affect the property development, construction and electricity supply industries.

7.11 MAJOR CLIENTS

Our Group's top 5 major clients according to their revenue contribution for FYE 2021 to 2024 are as follows:

FYE 2021

No.	Major clients	Country of origin	Services delivered	Revenue contribution		⁽¹⁾ Length of relationship Years
				RM'000	%	
1.	Atlantic Blue	Malaysia	M&E engineering services	17,732	32.3	2
2.	W Group	United States of America	M&E engineering services	5,497	10.0	6
3.	Poscon Engineering Sdn Bhd	Malaysia	M&E engineering services	2,927	5.3	3
4.	Thak Soon Sdn Bhd	Malaysia	M&E engineering services	1,155	2.1	5
5.	Builttech Project Management Sdn Bhd	Malaysia	M&E engineering services	582	1.1	10
				27,893	50.8	

FYE 2022

No.	Major clients	Country of origin	Services delivered	Revenue contribution		⁽¹⁾ Length of relationship Years
				RM'000	%	
1.	Atlantic Blue	Malaysia	M&E engineering services	5,877	11.6	3
2.	Moderntent Development	Malaysia	M&E engineering services	4,613	9.1	1
3.	Pasukhas Sdn Bhd	Malaysia	M&E engineering services	3,194	6.3	1
4.	W Group	United States of America	M&E engineering services	3,204	6.3	7
5.	Client ST	Malaysia	M&E engineering services	2,643	5.2	1
				19,531	38.5	

FYE 2023

No.	Clients	Country of origin	Services delivered	Revenue contribution		⁽¹⁾ Length of relationship Years
				RM'000	%	
1.	Atlantic Blue	Malaysia	M&E engineering services	44,013	32.2	4
2.	NLE Electrical Engineering Sdn Bhd	Malaysia	M&E engineering services	33,970	24.8	1
3.	GD Builders Sdn Bhd	China based, incorporated in Malaysia	M&E engineering services	9,316	6.8	3

7. BUSINESS OVERVIEW (Cont'd)

No.	Clients	Country of origin	Services delivered	Revenue contribution		⁽¹⁾ Length of relationship Years
				RM'000	%	
4.	Waja Build Tech Sdn Bhd	Malaysia	M&E engineering services	6,908	5.1	2
5.	Client Z	Malaysia	M&E engineering services	2,517	1.8	6
				96,724	70.7	

FYE 2024

No.	Clients	Country of origin	Services delivered	Revenue contribution		⁽¹⁾ Length of relationship Years
				RM'000	%	
1.	NLE Electrical Engineering Sdn Bhd	Malaysia	M&E engineering services	39,761	20.8	2
2.	Pesona Metro Sdn Bhd	Malaysia	M&E engineering services	14,384	7.5	2
3.	Atlantic Blue	Malaysia	M&E engineering services	12,874	6.7	5
4.	Vestland Resources Sdn Bhd	Malaysia	M&E engineering services	10,603	5.5	1
5.	Marvellous Garden Sdn Bhd	Malaysia	M&E engineering services	9,811	5.1	3
				87,433	45.6	

Note:

⁽¹⁾ Length of relationship is based on each FYE.

From FYE 2021 to 2024, Atlantic Blue has been our major client, where its revenue contribution to our Group was 32.3%, 11.6%, 32.2% and 6.7% respectively. Such fluctuation in revenue contribution was mainly due to our M&E engineering works performed for the Seri Iskandar Project, Petaling Jaya Project, Sitiawan Project and Junjong LSSPV Plant. The fluctuation in revenue contribution was in line with the progress of works undertaken for the abovementioned projects awarded by Atlantic Blue. However, our Group is of the view that we are not dependent on Atlantic Blue as our contracts with them are secured on a contract-by-contract basis. In addition, we have been able to secure new M&E engineering projects from other clients. This is evident as our Group was able to secure a total of 13, 10, 14 and 11 new clients for FYE 2021 to 2024 respectively.

As at LPD, we have also secured contracts from 30 other clients which collectively accounted for RM269.12 million of our unbilled order book and such order book will be recognised progressively over the next 1 to 3 financial years based on the expected progress of each project.

Our Group is also not dependent on any of the other major clients. Revenue contribution from our Group's major clients varies from year to year given the nature of our business being conducted on a contract basis and as such are non-recurrent in nature. Our Group's M&E engineering projects typically range between 6 months to 27 months, depending on the scope of services in which our Group has been engaged to perform. Our Group may not secure similar contracts in terms of size and scope with the same clients every year.

Our Group has not experienced any material disputes with the above-mentioned major clients which have had a material adverse impact on our Group's business operations or financial performance.

7. BUSINESS OVERVIEW (Cont'd)

As at LPD, Client M is our Group's sole corporate client in relation to the CGPP between Selarong Pertama and Client M. As such, upon commencement of operations of Selarong LSSPV Plant, we will be dependent on Client M for our generation and sales of renewable energy from the Selarong LSSPV Plant. In the event Client M cease to be our corporate consumer for Selarong LSSPV Plant, our Group intends to approach the Single Buyer to purchase electricity generated by Selarong LSSPV Plant for a period of up to 1 year, while we seek for a substitute corporate consumer to replace Client M. As at LPD, our Group has not identified any substitute corporate consumer to replace Client M as we have entered into the CGPA with Client M and there are no requirements to identify any substitute corporate consumer under the CGPA. For clarity, our Group is unable to negotiate with any other corporate client to be a substitute for Client M, until we receive a written notice from Client M on its intention to terminate the CGPA with Selarong Pertama.

For information, the Single Buyer is the entity authorised by PETRA pursuant to the Electricity Supply Act (ESA) 1990 to conduct electricity planning and manage electricity procurement services for Peninsular Malaysia. Client M is a corporate consumer that purchases electricity pursuant to the CGPA for their own consumption. For clarity, the Single Buyer is not a corporate consumer.

7.12 MAJOR SUPPLIERS

Our Group's top 5 major suppliers for FYE 2021 to 2024 are as follows:

FYE 2021

No.	Major suppliers	Materials procured	Value of purchases		⁽¹⁾ Length of relationship (Years)
			RM'000	%	
1.	Atlantic Blue	Power cables and wires as well as switchboards and related electrical panels ⁽²⁾	9,415	27.2	3
2.	Southern Cable Sdn Bhd	Power cables and wires	5,414	15.6	1
3.	Wong Electrical & Teak Wood (PG) Sdn Bhd	Hardware, electrical components and power cables and wires	4,358	12.6	10
4.	Supplier W	Switchboards and related electrical panels ⁽²⁾ as well as power cables and wires	1,993	5.8	6
5.	Geraldino (M) Sdn Bhd	Switchboards and related electrical panels ⁽²⁾	1,935	5.6	2
			23,115	66.8	

FYE 2022

No.	Suppliers	Materials procured	Value of purchases		⁽¹⁾ Length of relationship (Years)
			RM'000	%	
1.	Supplier W	Switchboards and related electrical panels ⁽²⁾ as well as power cables and wires	4,317	21.0	7
2.	Palma Kukuh Sdn Bhd	Hardware, generator sets, switchboards and related electrical panels ⁽²⁾	2,601	12.7	10
3.	Southern Cable Sdn Bhd	Power cables and wires	2,352	11.5	2

7. BUSINESS OVERVIEW (Cont'd)

No.	Suppliers	Materials procured	Value of purchases		⁽¹⁾ Length of relationship (Years)
			RM'000	%	
4.	Wong Electrical & Teak Wood (PG) Sdn Bhd	Hardware, electrical components and power cables and wires	2,041	9.9	11
5.	Guanlite Sdn Bhd	Switchboards and related electrical panels ⁽²⁾ as well as power cables and wires	1,611	7.9	11
			12,922	63.0	

FYE 2023

No.	Suppliers	Materials procured	Value of purchases		⁽¹⁾ Length of relationship (Years)
			RM'000	%	
1.	Far-G Engineering Sdn Bhd	Switchboards and related electrical panels ⁽²⁾	7,728	10.2	<1
2.	Supplier W	Switchboards and related electrical panels ⁽²⁾ as well as power cables and wires	5,651	7.4	8
3.	Oceanmax Sdn Bhd	Switchboards and related electrical panels ⁽²⁾	5,397	7.1	5
4.	Olympic Cable Company Sdn Bhd	Power cables and wires	4,603	6.1	3
5.	Gemlite Sdn Bhd	Power cables and wires as well as hardware	4,261	5.6	3
			27,640	36.4	

FYE 2024

No.	Suppliers	Materials procured	Value of purchases		⁽¹⁾ Length of relationship (Years)
			RM'000	%	
1.	WH Electrical Marketing (M) Sdn Bhd	Hardware, electrical components and power cables and wires	11,164	10.4	4
2.	Far-G Engineering Sdn Bhd	Switchboards and related electrical panels ⁽²⁾	10,177	9.5	2
3.	Oon Brothers Electrical Trading Co Sdn Bhd	Hardware, electrical components and power cables and wires	7,538	7.0	14
4.	U-Teknik KL	Switchboards and related electrical panels ⁽²⁾	7,433	6.9	14
5.	Gemlite Sdn Bhd	Power cables and wires as well as hardware	7,006	6.5	4
			43,318	40.3	

Notes:

⁽¹⁾ Length of relationship is based on each FYE.

⁽²⁾ Relates to main switchboards, sub-switchboards, distribution boards and other related electrical panels/components.

7. BUSINESS OVERVIEW (Cont'd)

All of our major suppliers for FYE 2021 to 2024 are incorporated and based in Malaysia. Our Group does not have any long-term agreements or arrangements with any of its major suppliers. During FYE 2021 to 2024, our Group has not faced any material supply disruptions or delays by its major suppliers.

For FYE 2021, Atlantic Blue was our major supplier, constituting 27.2% of our total purchases. As Atlantic Blue is the approved supplier and vendor for the Seri Iskandar Project, we were required to purchase from Atlantic Blue the required power cables and wires, switchboards and related electrical panels used for the project. The purchases were made based on the following arrangements:

- (a) Savelite will place order on the required power cables and wires as well as switchboards, related electrical panels from Atlantic Blue; and
- (b) Savelite will then pay Atlantic Blue for the purchases, separate from the contract sum awarded by Atlantic Blue to Savelite. There was no set-off arrangement from our contract sum.

Our Group's major suppliers comprise suppliers of inputs ranging from cables, wires and main switchboards and related electrical panels. Our Group selects its major suppliers from its internal approved list of suppliers. As at LPD, our Group's internal approved list comprises 502 suppliers.

Our Group is not dependent on any supplier, as there are other suppliers in the market with similar quality and offering competitive prices for the products that our Group requires.

Our Group has not experienced any material disputes with the abovementioned major suppliers which have had a material adverse impact on our Group's business operations or financial performance.

7.13 MAJOR SUBCONTRACTORS

Our Group's top 5 major subcontractors for FYE 2021 to 2024 are as follows:

FYE 2021

No.	Subcontractors	Main services procured	Subcontractor cost		⁽¹⁾Length of relationship (years)
			RM'000	%	
1.	HLT Technology Sdn Bhd	M&E installation works	2,233	17.6	7
2.	VTMECSA Engineering Sdn Bhd	M&E installation works	1,159	9.2	<1
3.	Kejuruteraan Elektrik Sri Megah Sdn Bhd	M&E installation works	868	6.9	4
4.	Perniagaan Guberan	M&E installation works	864	6.8	4
5.	Stable Electrical Engineering	M&E installation works	634	5.0	6
			5,758	45.5	

7. BUSINESS OVERVIEW (Cont'd)**FYE 2022**

No.	Subcontractors	Main services procured	Subcontractor cost		⁽¹⁾Length of relationship (years)
			RM'000	%	
1.	VTMECSA Engineering Sdn Bhd	M&E installation works	1,601	9.0	1
2.	Mates Construction Sdn Bhd	Civil, structural and earth works	1,329	7.5	<1
3.	HLT Technology Sdn Bhd	M&E installation works	1,114	6.3	8
4.	Top Skill Engineering Sdn Bhd	M&E installation works	916	5.2	4
5.	Perniagaan Guberan	M&E installation works	792	4.5	5
			5,752	32.5	

FYE 2023

No.	Subcontractors	Main services procured	Subcontractor cost		⁽¹⁾Length of relationship (years)
			RM'000	%	
1.	Founder Energy Sdn Bhd	M&E installation works	13,067	37.7	1
2.	HLT Technology Sdn Bhd	M&E installation works	2,877	8.3	9
3.	Aspro Construction Sdn Bhd	M&E installation works	1,924	5.6	1
4.	Mates Construction Sdn Bhd	Civil, structural and earth works	1,904	5.5	1
5.	Top Skill Engineering Sdn Bhd	M&E installation works	1,681	4.9	5
			21,453	62.0	

FYE 2024

No.	Subcontractors	Main services procured	Subcontractor cost		⁽¹⁾Length of relationship (Years)
			RM'000	%	
1.	Armada Engineering Sdn Bhd	M&E installation works	7,260	19.8	1
2.	CL Tan Engineering Sdn Bhd	M&E installation works	5,617	15.3	3
3.	Founder Energy Sdn Bhd	M&E installation works	3,334	9.1	2
4.	Ecoelectric Engineering Sdn Bhd	M&E installation works	2,406	6.6	2
5.	HLT Technology Sdn Bhd	M&E installation works	2,185	6.0	10
			20,802	56.8	

7. BUSINESS OVERVIEW (Cont'd)

Note:

(1) Length of relationship is based on each FYE.

All of our major subcontractors for FYE 2021 to 2024 are incorporated and based in Malaysia. Our Group does not have any long-term agreements or arrangements with any of its major subcontractors. During FYE 2021 to 2024, our Group has not faced any material service disruptions or delays by its major subcontractors.

Our Group's major subcontractors provides M&E installation works as well as civil, structural and earthworks. Our Group selects its major subcontractors from its internal approved list of subcontractors. As at LPD, our Group's internal approved list comprises 73 subcontractors.

Our Group is not dependent on any subcontractor, as there are other subcontractors in the market with similar quality and offering competitive prices for the services that our Group requires.

Our Group has not experienced any material dispute with the abovementioned subcontractors which have had a material adverse impact on our Group's business operations or financial performance.

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7. BUSINESS OVERVIEW (Cont'd)

7.14 TYPES, SOURCES AND AVAILABILITY OF INPUTS

The following table sets out our purchases for FYE 2021 to 2024:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Switchboards, generators and related electrical panels ⁽¹⁾	5,989	17.3	3,472	16.9	37,364	49.2	48,823	45.4
Power cables and wires	13,789	39.8	10,174	49.6	25,922	34.1	37,668	35.0
Cable trunking & related accessories	1,397	4.0	1,806	8.8	4,234	5.6	8,661	8.0
Hardware ⁽²⁾	1,059	3.1	1,172	5.7	3,796	5.0	5,992	5.6
Electrical components ⁽³⁾	2,526	7.3	2,721	13.3	3,799	5.0	5,632	5.2
Transformers and capacitors	1,078	3.1	1,010	4.9	443	0.6	510	0.5
Solar PV panels	8,775	25.4	166	0.8	437	0.6	337	0.3
	34,613	100.0	20,521	100.0	75,995	100.0	107,623	100.0

Notes:

- (1) Includes main switchboards, sub-switchboards, distribution boards.
- (2) Comprises amongst others, socket, joint, screw, bolt, nut, washer, cable link, lug, clamp, brackets, drill bits, disc, silicone, glue, bar, plate, foam, tape, sand, cement and precast manholes.
- (3) Comprises amongst others, lighting accessories, tube light, lamp, bulbs, fan, switches and lamp poles.

The above table shows the types of supplies and consumables that we purchase for our operations over the financial years under review. Such purchases were all sourced locally. The main input materials that required for our operations are switchboards, generators and related electrical panels as well as power cables and wires. The purchase of these materials accounted for 57.1%, 66.5%, 83.3% and 80.4% of our total purchases respectively for the financial years under review.

7. BUSINESS OVERVIEW (Cont'd)

Power cables and wires are among the key materials that we purchase and use for our M&E engineering business. Copper which is a globally traded commodity is a key material used for the production of power cables and wires. As such, any fluctuations in copper prices would directly affect the prices of power cables and wires. Please refer to Section 9.1.12 for further details.

Any fluctuations in copper prices would directly affect the prices of power cables and wires, which are sourced from our local suppliers based in Malaysia. We do not normally enter into any binding agreements or purchase contracts with our suppliers for the purchase of power cables and wires as this allows us the flexibility to purchase from other suppliers at competitive pricing terms as well as to avoid us from being bound to meet certain purchase obligations (in terms of quantity and payment requirements) imposed by these suppliers. In the event of any disruption or termination to the source of power cables and wires from our existing suppliers, we are able to continue sourcing for these power cables and wires from our other alternative suppliers located in Malaysia with similar quality and prices. Further, we typically price our projects to buffer for potential increases in the price of our input materials, including power cables and wires that contain copper.

7.15 BUSINESS DEVELOPMENT, MARKETING AND SALES

Our business development, marketing and sales activities are handled by our Executive Directors, Khor Chuan Meng and Chu Kerd Yee.

We secure new clients and projects through the following methods:

(a) Tenders, referrals and recommendations from existing clients and consultants

We mainly secure new business opportunities through direct tender invitations from existing and potential clients (being project owners and main contractors) as well as engineering consultants representing our clients. Potential clients may also approach us with current or upcoming tender opportunities through referrals or word-of-mouth from our existing clients and consultants. Hence, we believe that our business reputation plays a significant role in enabling us to procure projects and to maintain and grow our business operations.

If there is a tender opportunity, our contract department will follow up with these clients to understand the project proposal and requirements. We will also review the tender documents and participate in tenders for which we are qualified.

(b) Fostering relationships with our clients

We focus on client retention by fostering long-term relationships with our clients. We maintain our existing client relationships through regular contact.

We also work closely with our client during the delivery of M&E engineering projects. This allows us to build rapport with our clients through constant communication, which is likely to strengthen our relationships with our clients. Should an issue or problem arise, we will follow up on the issue and strive to provide a solution for our clients, as this helps to create confidence in our Group and our services.

7. BUSINESS OVERVIEW (Cont'd)

In addition, the relationships we have built with our clients also act as a source of market intelligence. This allows us to keep abreast of industry trends and developments and enables us to adapt to market demands more quickly as well as keeps us ahead of competition should any new opportunities arise.

(c) Digital marketing

We make use of digital marketing tools to communicate and engage directly with potential clients as well as build brand awareness. We leverage on our corporate website at www.essunlogy.com to increase our exposure and market our services.

Our corporate website provides immediate searchable information on our Group and details of our services, and allows us to reach out to business owners and home owners who may be interested to engage us for the installation of M&E engineering systems. We are able to communicate directly with potential clients who view our content through our corporate website.

7.16 RESEARCH AND DEVELOPMENT

Due to the nature of our principal business activities, we do not carry out research and development activities and we have not recognised any research and development expenditure during FYE 2021 to 2024.

7.17 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the interruptions to our business operations arising from the COVID-19, we did not experience any other interruptions to our operations which had a significant effect on our business and operations during the past 12 months preceding the LPD. The impact on our business operations pursuant to the COVID-19 pandemic is detailed as follows:

7.17.1 Impact of COVID-19 on our Group's business operations

Due to the outbreak of COVID-19, the Government imposed several MCOs. The imposition of this lockdown impacted most of the economic sectors and activities, especially those operating in non-essential services, and led to work stoppages in construction activities.

In adherence of the first MCO imposed by the Government which took effect on 18 March 2020 and resulted in a nationwide lockdown, our Group temporarily suspended our business operations. Upon obtaining the MITI approval in April 2020, our Group resumed activities in accordance with the specific guidelines and the applicable standard operating procedures, including workforce capacity restrictions.

Malaysia transitioned to the endemic phase on 1 May 2022. Since then, all restrictions limiting business operating hours and number of employees in a workplace have been uplifted and our Group has been operating at 100.0% capacity.

7. BUSINESS OVERVIEW (Cont'd)

7.17.2 Impact on our liquidity, financial position and financial performance

Our business and onsite operations were affected by the various phases of MCOs, which resulted in the temporary suspension and slowdown of M&E engineering services performed during these periods. This caused temporary suspension of works as well as additional time required to recommence work sites, i.e. remobilising construction workers, equipment and supply of materials as well as the time taken to establish the required SOPs at the construction sites. In view of these developments, we sought extensions of time from our clients for several of our projects.

As at LPD, all these projects have been completed and handed over to our clients. For FYE 2021 to 2024 and up to LPD, we have not encountered any situation where our clients imposed LADs on our Group due to delays caused by the COVID-19 pandemic. Since 18 March 2020 and up to LPD, we did not experience any cancellation of contracts or work orders by clients.

As a result of the temporary suspension of our operations, our financial performance was adversely affected due to the temporary halt of our projects causing a delay in recognition of revenue which is based on percentage completion. In FYE 2020, we encountered a temporary suspension of our onsite operations for certain projects between March 2020 and May 2020.

In FYE 2021, we were able to commence work at our various project sites, but with restrictions resulting in lower workforce capacity. This resulted in slower progress of works completed for the first half of 2021. In FYE 2022, our Group was primarily working on ongoing projects carried forward from prior years and secured lesser new projects which commenced works in FYE 2022. As such, we recorded a lower revenue of RM50.82 million in FYE 2022 as compared to RM54.89 million in FYE 2021.

As our economy and business went back to normalcy after the endemic phase, we recorded a higher revenue of RM136.73 million for FYE 2023 which was primarily attributed to the increased revenue from the provision of M&E engineering services for commercial, residential and industrial properties. In FYE 2024, our Group's revenue further increased to RM191.09 million, driven by stronger sales from the provision of M&E engineering services for commercial, residential and industrial properties, as well as higher revenue from our trading segment.

We do not anticipate any financial difficulties in meeting our obligations to sustain our business operations in the future.

7.18 OUR BUSINESS STRATEGIES

Our objectives are to foster sustainable growth for our business and to generate value for our shareholders. To realise these objectives, we intend to implement the following business strategies and plans over a period of 24 months from the date of our Listing.

(a) We intend to develop Selarong LSSPV Plant

We intend to develop a 29.99MW LSSPV Plant under the CGPP, namely Selarong LSSPV Plant, in Kulim, Kedah which will contribute to increasing our revenue under our generation and sales of renewable energy business segment.

7. BUSINESS OVERVIEW (Cont'd)

On 7 August 2023, the joint consortium comprising Savelite, TRe and Blazing Solar was notified by the EC that it had met the required criteria under the CGPP (for Selarong LSSPV Plant), which the consortium has acknowledged the terms stated in the notification letter from the EC on 18 August 2023.

In January 2024, Savelite entered into a joint venture and shareholder agreement with TRe and Blazing Solar to jointly collaborate for the development, construction and operation of the Selarong LSSPV Plant. This led to the incorporation of Selarong Pertama on 31 January 2024 as the joint venture company, with Savelite, TRe and Blazing Solar holding 40.0%, 30.0% and 30.0% shareholdings respectively.

For information purposes, the principal business activities of TRe and Blazing Solar are as follows:

- (i) TRe is an investment holding company and its subsidiaries are involved in the operation of generation facilities that produce electric energy; and
- (ii) Blazing Solar is principally involved in the installation of non-electric solar energy collectors and operations of generation facilities that produce electric energy.

The directors of Selarong Pertama comprised representatives from Savelite, TRe and Blazing Solar, namely:

- (i) Khor Chuan Meng and Teo Chee Teong, representatives of Savelite;
- (ii) Lim Chin Siu and Tan Qi Jie, representatives of Blazing Solar; and
- (iii) Hanif bin Siraf and Mohd Yusrizal bin Mohd Yusof, representatives of TRe.

Selarong LSSPV Plant will be constructed on Selarong Land, which is located approximately 6km from the town of Kulim, Kedah. Selarong LSSPV Plant will be connected to the utility grid via the Pencawang Masuk Utama (PMU) Kulim substation, which is located approximately 10km from Selarong LSSPV Plant. Selarong Pertama and SD Guthrie Berhad (formerly known as Sime Darby Plantation Berhad) entered into a tenancy agreement for the rental of the Selarong Land on 16 February 2021.

We have allocated RM14.10 million or 33.6% of our proceeds from the Public Issue to part finance the development and construction of the Selarong LSSPV Plant with built-up area of approximately 5,880,600 sq ft.

The capital expenditures and operating expenditures in relation to the construction and operations of Selarong LSSPV Plant are as follows:

(i) Capital expenditures

No.	Description	Total estimated cost	
		RM'000	%
(a)	EPCC works ⁽¹⁾	120,042	93.0
(b)	Land cost ⁽²⁾	1,138	0.9
(c)	Financing cost ⁽³⁾	7,950	6.1
Total		129,130	100.0

7. BUSINESS OVERVIEW (Cont'd)**Notes:**

- (1) The breakdown of the EPCC works are as follows:

Description	Total estimated cost	
	RM'000	%
Purchases of solar PV system (i.e. solar PV modules, inverters, transformers and mounting structures)	42,095	35.1
Site clearance	900	0.7
Earthworks and infrastructure works	4,180	3.5
Solar power producer interconnectors and interconnection facility	27,896	23.2
Onshore works (i.e. design, engineering and procurement services, preliminaries, construction mobilisation and logistic charges, charges for major machineries and equipment usage for the development and construction)	31,718	26.4
Project insurance	155	0.1
Contingencies	2,354	2.0
TNB bay setup and extension	9,000	7.5
Logistics	1,744	1.5
	120,042	100.0

- (2) Comprising one-off payment from Selarong Pertama to SD Guthrie Berhad (formerly known as "Sime Darby Plantation Berhad") as compensation for the loss of income from the harvest of oil palm trees previously planted by SD Guthrie Berhad on Selarong Land, security deposit for the Selarong Land and land rental during construction period (from February 2024 to December 2025).

- (3) The breakdown of the financing cost is as follows:

Description	Total estimated cost	
	RM'000	%
Bank guarantee commission, legal cost and stamp duty for financing	1,648	20.7
Loan interest during development and construction period (from February 2025 to December 2025)	2,473	31.1
Upfront instalment payment of 6 months as security deposit	3,829	48.2
	7,950	100.0

(ii) Operating expenditures

The operating expenditures for Selarong LSSPV Plant consist of O&M, other technical service fees and annual land rental, insurance, staff costs, licence fee, administration and management fee, renewable energy certificate fee as well as financing cost amounting to RM6.91 million, which will be funded via our Group's internally generated funds (contributions will be based on the respective shareholdings of shareholders, with our Group contributing 40.0%). The detailed breakdown of the operating expenditure for Selarong LSSPV Plant is set out in Section 4.9.1(a).

7. BUSINESS OVERVIEW (Cont'd)

The construction cost of the Selarong LSSPV Plant shall be funded via:

Sources	RM'000	%
Capital contribution from the respective shareholders of Selarong Pertama	⁽¹⁾ 43,630	33.8
Bank borrowings	⁽²⁾ 85,500	66.2
	129,130	100.0

Notes:

- (1) Pursuant to the terms of the joint venture and shareholder agreement, each of the shareholders of Selarong Pertama shall contribute the initial capital amount for the capital injection of the development and construction of our Selarong LSSPV Plant based on their respective shareholdings held in Selarong Pertama. Savelite's portion of the capital contribution is RM17.45 million, representing 40.0% of the shareholdings held by Savelite in Selarong Pertama, which we intend to utilise from the IPO proceeds to be raised (i.e. RM14.10 million). The remaining RM3.35 million will be funded via our Group's internally generated funds. Such internally generated funds are currently being utilised for EPCC works, site preparation, clearing and earthworks for Selarong LSSPV Plant as such works have commenced since December 2024.
- (2) As at LPD, Selarong Pertama has yet to secure any bank borrowings to fund the development and construction of the Selarong LSSPV Plant and is in discussion with financial institutions to finance up to approximately 66.2% of the estimated development and construction costs of Selarong LSSPV Plant. We expect to secure such bank borrowings by February 2025. As Selarong Pertama is our associated company, our gearing level will not be affected by the borrowings to be obtained. The repayment of these bank borrowings will be funded via our Group's internally generated funds.

The construction cost of Selarong LSSPV Plant was estimated based on contractors' quotations received. In the event of any construction costs over-run, we will utilise our internally generated funds to meet the shortfall of the Selarong LSSPV Plant's construction costs from the amount allocated from our Public Issue. In the event of shortfall in the construction costs of the Selarong LSSPV Plant, the quantum of the shortfall will be met by our Group, TRe and Blazing Solar based on each parties' shareholdings in Selarong Pertama. Conversely, if the actual cost is lower than the amount budgeted above, the excess will be allocated for our general working capital requirements.

After evaluations of tenders and bids received from various EPCC contractors, Atlantic Blue Sdn Bhd has been identified as the EPCC main contractor for the development and construction of Selarong LSSPV Plant, as approved by the directors of Selarong Consortium in a board meeting in August 2024. On 13 September 2024, Selarong Pertama awarded the EPCC works for our Group's Selarong LSSPV Plant to Atlantic Blue, for a total contract sum of RM117.69 million, to act as main contractor for the project.

7. BUSINESS OVERVIEW (Cont'd)

The indicative timeline of development and construction for the Selarong LSSPV Plant is as follows:

Timeframe	Milestones
October 2024	Submitted the development order/planning permission, earthworks, building plans and other relevant regulatory applications to local councils and authorities for the development, construction and operations of Selarong LSSPV Plant
November 2024	- Executed NEDA agreement - Obtained approval for building plans and other relevant approvals from local councils and authorities for the commencement of EPCC works on Selarong LSSPV Plant
December 2024	Commenced EPCC works, site preparation, clearing and earthworks for Selarong LSSPV Plant
August 2025	Pre-application made to the EC for the issuance of generation licence for Selarong LSSPV Plant
November 2025	- Completion of EPCC works for Selarong LSSPV Plant - Testing and commissioning works of Selarong LSSPV Plant - Notification submitted to the EC for the commencement date of Selarong LSSPV Plant
December 2025	Commencement of operations

(b) We intend to secure more solar projects to further grow our revenue from the renewable energy segment

Part of our strategy is to leverage on our M&E engineering technical knowledge and experience as well as participation in past solar projects to further secure more solar PV installation projects for rooftop and LSS facilities.

During FYE 2021 to 2024, revenue from solar projects contributed to 23.8%, 11.7%, 33.2% and 6.6% of our Group's revenue respectively. While we expect our revenue contribution from this segment to be proportionately lower compared to our M&E engineering segment, we believe that securing more solar PV installation projects for rooftop and LSS facilities will complement our project-based revenue from the M&E engineering segment.

Being a registered PV Service Provider with SEDA, we intend to increase our revenue from the solar segment by securing more M&E engineering services for solar facilities through tenders and direct client negotiations in the private and public sector. We have a proven track record for the delivery of solar PV projects. As at LPD, we have installed a total capacity of 160.73MW across residential, commercial and industrial buildings as well as LSSPV plants.

From our past solar PV projects, we have established strategic and strong partnerships with reputable industry players. We intend to leverage and work closely with our partners to secure and deliver more solar PV projects.

7. BUSINESS OVERVIEW (Cont'd)**(c) We intend to increase our market share within the M&E engineering industry in Malaysia**

As part of our future plans, we intend to increase our market share by tendering for more projects with larger contract sums. Since 1 August 2023 up to LPD, we have also submitted 103 tenders with a total tender sum of RM1.04 billion which are still pending decision from clients. These tendered projects relate to M&E engineering services. These tendered projects, if awarded to us, will further increase our order book.

Moving forward, we will continue to replenish and grow our order book from the M&E engineering services segment which will further enhance our revenue and increase our market share in the industry.

(d) We intend to strengthen our internal workforce through the recruitment of qualified employees

Our capacity to undertake M&E engineering projects, to a large extent, depends on the number of skilled workers we are able to recruit. Otherwise, we may have to rely on our subcontractors to perform certain works.

We plan to expand our project department by recruiting additional personnel to support the growth of our existing business operations and the expected growth in our business. This will also allow us to better manage and control the progress of various M&E engineering projects undertaken by our Group. At the same time, it enables us to supervise and monitor the works of our workers and subcontractors at different project sites simultaneously. This will further increase our capacity to undertake more M&E engineering projects at one time while adhering to the quality and reliability of our projects. Additionally, maintaining and expanding a stable pool of skilled workers will enhance our in-house capability and capacity, thereby providing us with the flexibility to take on more M&E engineering projects by deploying and utilising our own workforce and reducing the need to subcontract works, which will contribute to increasing our overall revenue in the future.

To ensure that our Group continues to perform at a competitive level and is well positioned to undertake more M&E engineering projects as well as to manage more projects internally, we plan to allocate RM1.50 million from the Public Issue to recruit the following categories of employees over 24 months:

Description	No. of pax	Estimated cost
		RM'000
Project managers	1	360
Project/ Site engineers	3	570
Quantity surveyors	1	160
Site supervisors	2	410
	7	1,500

7. BUSINESS OVERVIEW (Cont'd)

(e) We intend to participate in the LSS5 programme to generate recurrent revenue

As part of our future plans and business strategy to expand our market presence in the renewable energy market, we intend to participate in the bidding process for the LSS5 programme. The LSS5 programme is an initiative by the EC to accelerate the development of LSSPV projects in the country. Through this programme, the Government aims to diversify its energy mix, promote sustainability and reduce dependence on fossil fuels. LSS5 is anticipated to facilitate the deployment of 2,000MW of solar generation, further advancing Malaysia's transition towards a low-carbon economy and contributing to its renewable energy targets. It is estimated that the LSS5 programme will generate about RM7.20 billion worth of EPCC jobs, based on RM3.60 million per MW work value.

Participation in the LSS5 programme presents a compelling opportunity for our Group to expand our presence in the renewable energy sector and generate recurring revenue. By leveraging our expertise in M&E engineering services and experience in our past solar projects, we are well-positioned to participate in the LSS5 programme.

We may collaborate with strategic partners such as project developers, investors, other industry players in order to submit a more compelling proposal to the EC. By forging strategic business relationships within the renewable energy ecosystem, we can enhance our market position, access new business opportunities and foster long-term sustainability.

On 23 July 2024, Savelite and Company E entered into an agreement (memorandum of understanding) to jointly collaborate in the participation of the LSS5 project. This memorandum of understanding is not considered as a material contract, as it merely outlines both parties' intention to jointly negotiate and form a consortium to submit an application to the EC for the LSS5 programme. The outcome of the application is still pending. If the application is successful, the parties will proceed with negotiations on the terms and establish a joint venture company to undertake and implement the LSS5 project. In July 2024, our Group has submitted our proposal for LSS5. We expect the results of the shortlisted bidders to be announced by the first half of 2025. According to the EC, the solar power plants to be developed under LSS5 are scheduled to be operational in 2027.

Our Group has not finalised the construction cost and related development plans for the LSS5 project. Our Group intends to fund the capital expenditure relating to the LSS5 project via a combination of internally generated funds and/ or bank borrowings, the breakdown of which has not been determined at this juncture.

7.19 PRODUCTION CAPACITIES AND OUTPUT

Our Group is primarily involved in the provision of M&E engineering services and the generation and sales of renewable energy. As such, conventional measures of production capacity and utilisation are not relevant to our operations.

8. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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7 January 2025

The Board of Directors
ES SUNLOGY BERHAD
2A, Jalan Industri Tangkas 2
Taman Industri Tangkas
14000 Bukit Mertajam
Seberang Perai Tengah
Pulau Pinang
Malaysia.

Dear Sirs,

Independent Market Research Report on the Outlook of the Mechanical and Electrical Engineering Industry and Solar Photovoltaic Industry in Malaysia in conjunction with the Listing of ES SUNLOGY BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this independent market research report on the Outlook of the Mechanical and Electrical Engineering Industry and Solar Photovoltaic Industry in Malaysia for inclusion in the Prospectus of ES SUNLOGY BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Elizabeth Dhoss'.

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOSS:

Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoss holds a Bachelor of Business Administration from the University of Malaya, Malaysia.

8. IMR REPORT (Cont'd)



1 MECHANICAL AND ELECTRICAL ENGINEERING INDUSTRY IN MALAYSIA

1.1 INTRODUCTION AND BACKGROUND

Engineering is the field or discipline, practice, profession and art that relates to the development, acquisition and application of technical, scientific and mathematical knowledge about the understanding, design, development, invention, innovation and use of materials, machines, structures, systems and processes for specific purposes. This report focuses on the mechanical and electrical (“**M&E**”) engineering industry whereby:

- Mechanical engineering relates to the theory and application of physical or mechanical systems. It comprises the design, manufacture, and operation of a wide range of mechanical components, devices, and systems. Many mechanical engineers are involved in the design and production of machines to lighten the burden of human work while others practice in the areas of air conditioning and mechanical ventilation (“**ACMV**”), automotive, manufacturing, and refrigeration engineering;
- Electrical engineering relates to the theory and application of electrical systems. It is the field of engineering that focuses on the study and application of electricity and electromagnetism. The discipline of electrical engineering includes the subjects of power generation and distribution, electric circuits, transformers, motors, electromagnetic and associated devices. In a broad perspective, electrical engineering deals with larger scale systems of electricity, power transmission and distribution systems and energy; and

M&E engineering is required to support the residential, commercial and industrial properties sector.

M&E engineering service providers may either procure M&E equipment and systems for the provision of M&E engineering services or assemble selected electrical components to support their project requirements.

ES Sunlogy Berhad is principally involved in the:

- provision of electrical engineering services for electricity supply distribution systems;
- provision of mechanical engineering services for building services; and
- generation and sales of renewable energy.

1.2 INDUSTRY SIZE AND GROWTH

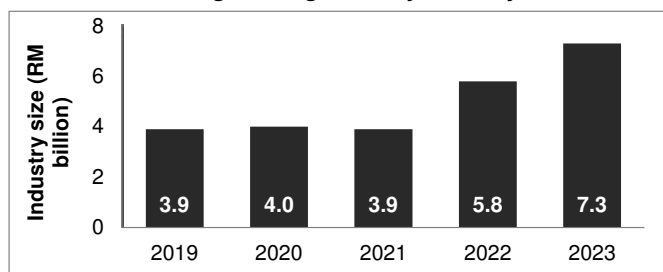
The M&E engineering industry in Malaysia, measured in terms of value of M&E engineering works done, increased from RM3.9 billion in 2019 to RM7.3 billion in 2023 at a compound annual growth rate (“**CAGR**”) of 17.0%.

M&E engineering is specialised construction work that is performed during the erection, reconstruction, renovation, retrofit or upgrade of buildings or structures, and entails the design, installation, commissioning and maintenance of M&E systems such as heating, ventilation and air conditioning systems; water supply and sanitation; fire protection systems; escalators and lifts, electrical systems such as electricity transmission and distribution systems; communications and information technology networks; lighting systems; security and alarm systems; and process utilities such as steam, industrial gases and corresponding infrastructure.

PROVIDENCE projects the value of M&E engineering to rise from RM7.3 billion in 2023 to RM10.6 billion in 2026 at a CAGR of 13.2%. The growth in M&E engineering will be supported by the:

- growth in the residential, commercial and industrial property markets support demand for M&E engineering services;
- growth in end user industries which drives demand for M&E engineering services;
- foreign investment and domestic investment growth which support investments in M&E engineering services; and
- increased outsourcing and relocation of electrical and electronics (“**E&E**”) manufacturing activities to Southeast Asia.

M&E engineering industry in Malaysia



Source: Department of Statistics Malaysia, PROVIDENCE analysis

8. IMR REPORT (Cont'd)

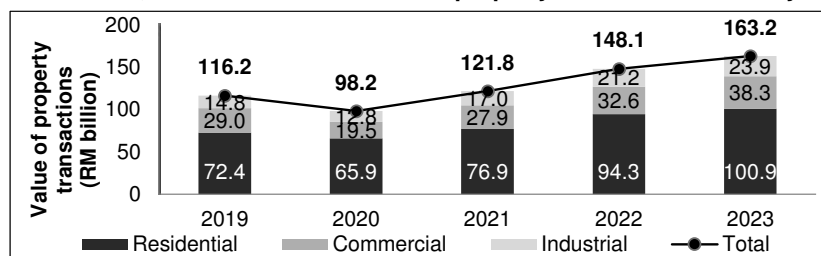


1.3 DEMAND CONDITIONS: KEY GROWTH DRIVERS

Growth in the residential, commercial and industrial property markets support demand for M&E engineering services

Between 2019 and 2023, residential, commercial and industrial property transactions rose from RM116.2 billion to RM163.2 billion at a CAGR of 8.9%. From this, residential property transactions rose from RM72.4 billion to RM100.9 billion at a CAGR of 8.7%. Comparatively, commercial property transactions rose from RM29.0 billion to RM38.3 billion at a CAGR of 7.2% while industrial property transactions rose from RM14.8 billion to RM23.9 billion at a CAGR of 12.7%.

Residential, commercial and industrial property transactions in Malaysia



Source: National Property Information Centre (NAPIC), PROVIDENCE analysis

In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise and activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, residential, commercial and industrial property transactions were affected in 2020. In 2021, the property market in Malaysia began showing signs of recovery, mainly supported by the implementation of various stimulus packages under Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN), as well as measures under Budget 2021 which sustained consumer confidence and spending. Among others, the Government introduced a 100% stamp duty exemption on instrument of transfer and loan agreement for the purchase of first residential home priced up to RM300,000 by Malaysian citizens. For the purchase of first home priced exceeding RM300,000 up to RM500,000, stamp duty on the instrument of transfer and loan agreement was fully exempted, limited to the first RM300,000 of the value of the property. The remaining balance of the home value was subjected to the prevailing rate of stamp duty. This exemption was effective for sale and purchase agreement executed from 1 January 2019 to 31 December 2020.

Growth in the property market in 2022 was supported by the implementation of various Government initiatives and assistance, improving labour market conditions due to the lifting of operating and capacity restrictions as COVID-19 vaccination rates improved and minimum wage increase measures increased consumer confidence and spending on home ownership, as well as higher tourist arrivals which led to the resumption of hospitality services. Several initiatives which were outlined under Budget 2022 contributed to improving property market activities such as lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies, as well as guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing. Property market growth in 2023 was supported by the implementation of various government initiatives and assistance as well as improving labour market conditions. Several initiatives outlined under Budget 2023 also further boosted property market activities including the full exemption of stamp duty for homes valued at RM500,000 and below, and a 75.0% exemption for homes valued more than RM500,000 to RM1.0 million.

For 2024, the economy is projected to grow within the range of 4.0% to 5.0%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities. In 2024, the real estate segment is projected to improve owing to the increase in non-residential and residential property transactions.¹ Malaysia's economy is further projected to grow between 4.5% and 5.5% in 2025², supported by the external sector that will benefit from improved global trade and stronger demand for E&E goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, driven by private sector expenditure, will support economic expansion through continued implementation of key national master plans and ongoing initiatives.

¹ Economic and Monetary Review 2023, Central Bank of Malaysia

² Malaysia's Economic Outlook 2025, Ministry of Finance

8. IMR REPORT (Cont'd)**Growth in end user industries drives demand for M&E engineering services**

The growth in the following end user industries bode well for the demand for M&E engineering services in relation to the design, installation, maintenance and servicing of M&E equipment and systems for continued business operations:

- **Semiconductor and electronics industry**

The semiconductor and electronics industry encompasses the manufacturing and sales of semiconductor and electronics products, where manufacturers require cleanrooms in their production processes and plantrooms to house the factory's mechanical and electrical equipment. Semiconductors are manufactured products that are easily affected by pollutants and airborne particles, and thus are manufactured in cleanrooms where parameters such as temperature, humidity, airflow, vibration, lighting and airborne particles are controlled to maintain high air quality standards and optimising productivity. Plantrooms in semiconductor and electronics factories house critical mechanical and electrical equipment.

Thus, semiconductor and electronics manufacturing firms require mechanical and electrical engineering for critical facilities to support production operations. Between 2015 and 2023, the global semiconductor and electronics industry size, in terms of sales, has been increasing from USD335.2 billion (RM1.3 trillion) to USD526.8 billion (RM2.4 trillion), registering a CAGR of 5.8%.^{3, 4} The rising worldwide demand for semiconductor and electronics products has been largely driven by:

- the technological revolution with 5G adoption and the emergence of internet of things ("IoT"), artificial intelligence and big data analytics, which have resulted in the emergence of new final electronic products. New final electronic products that have been introduced to the market as a result of these technologies include smart factories (where machinery, equipment and tools are fully interconnected), autonomous cars (which are self-driving or driverless cars) and smart home devices (such as smart lighting, door locks and home appliances). This technological revolution of semiconductor and electronic products is expected to continue driving new developments in the semiconductor and electronics industry to produce more advanced semiconductor and electronic products in terms of performance, capacity and technology; and
- rapid technological advancements which have led to continuous introductions of new product innovations and advancements. Final electronic products, especially consumer electronic products, are subject to relatively shorter product lifecycles, given that consumers are highly receptive to new product innovations and advancements.

Increasingly, multinational semiconductor and electronics companies (comprising outsourced semiconductor assembly and test as well as electronic manufacturing service providers) have been relocating their manufacturing facilities to countries in Southeast Asia such as Malaysia. This is due to the lower operating costs and/or availability of talent; established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies; as well as growing demand for final electronic products in these countries. Further, there are also new semiconductor chip assembly and test facilities being set up in Southeast Asia in order to alleviate the present semiconductor chip shortage. Southeast Asia also stands to benefit from the trade war between the United States of America ("**United States**") and the People's Republic of China ("**China**") which has led to more multinational semiconductor and electronics companies setting up or expanding their operations in Southeast Asian countries.

Such expansions include that of Intel Corporation, an American semiconductor chip manufacturer, intends to invest approximately USD7.0 billion (approximately RM30.0 billion) in a new chip packaging and testing factory in Malaysia,⁵ as well as Infineon Technologies AG, a German semiconductor manufacturer, which will be investing over EUR2.0 billion (approximately RM9.5 billion) to expand its operations in Malaysia by 2024.⁶ In particular, exports of semiconductor and electronics products from Malaysia grew from RM277.9 billion in 2015 to RM575.5 billion in 2023 at a CAGR of 9.5%.⁷

However, the recent Russia-Ukraine war which began in February 2022 could lead to a shortage in microchips globally if the war prolongs. Both Russia and Ukraine are key suppliers of palladium and neon, which are raw materials used in microchip manufacturing. While foundries have stocked up on these materials, a prolonged war could affect the supply of microchips globally which would consequently have an adverse impact on the manufacturing of new final electronic products, which could affect demand for automated manufacturing solutions. Despite this, the semiconductor and electronics industry is still expected to witness growth driven by factors identified above.

³ Semiconductor Industry Association

⁴ Exchange rates from USD to RM in 2015 at USD1 = RM3.9064 and 2023 at USD1 = RM4.5915. Sourced from Central Bank of Malaysia

⁵ Intel to invest USD7 billion in chip packaging facility in Malaysia, The Economic Times, 14 December 2021

⁶ Infineon to boost Kulim capacity, The Star, 18 February 2022

⁷ Malaysia External Trade Development Corporation (MATRADE), PROVIDENCE analysis

8. IMR REPORT (Cont'd)
▪ Telecommunications industry

Telecommunications refers to the electronic transmission of data, in the form of audio, visual and text, over a distance. The transmission of such data enables the Internet or broadband as well as mobile calls. The global mobile broadband penetration rate has grown from 44.6% in 2015 to 87.4% in 2023. The growth of the telecommunications industry will continue to be driven by the following factors:

- **Increased demand for broadband services**
In 2023, there were approximately 7.0 billion Internet users globally compared to the 3.0 billion Internet users globally in 2015. The growth was likely driven by the introduction of new devices which utilise the Internet into the market, such as smart televisions, television streaming boxes, game consoles and smartwatches.
- **Advancement of telecommunications technology to 5G**
The advancement of telecommunications technology to 5G is expected to become the standard technology for mobile communications. This is due to the advantages of 5G such as higher reliability, speed and connectivity, allowing faster data sharing as data can be transmitted at a faster rate (exceeding 10 gigabytes per second) relative to 4G technology. 5G has led to the emergence of IoT, artificial intelligence and big data for businesses, as well as new final electronic products such as smart home devices, smart factories and autonomous cars. Thus, the adoption of these new technologies in both consumer and business premises is expected to drive the usage of broadband services as user experience improves and networks become more reliable and interconnected.
- **Affordability of mobile services**
Over the years, the increased accessibility to mobile devices has led to greater affordability of mobile services. Subscription to mobile services, including both cellular and broadband data, has become more affordable globally. Between 2015 and 2022, the global median price for mobile broadband data has decreased from USD12.0 to USD7.4, while median price for mobile cellular has also dropped from USD10.9 to USD6.2.⁹ In view of more affordable mobile services globally, the usage of Internet-enabled applications is expected to continue to grow, thus benefiting the telecommunications industry.

Growth in demand in the telecommunications industry is expected to bode well for M&E engineering providers arising from capacity expansion, upgrades or retrofitting of existing plants.

▪ Data centre industry

Data centres are a critical digital enabler. The development of digital infrastructures, such as data centres, are central to enabling 5G applications. Due to a growth of cloud computing, demand for data centres is growing significantly and Malaysia is fast becoming a hub. The data centre colocation market in Malaysia has been witnessing very steady growth due to the increasing volume of data generated and the increased usage of Internet-based services. The use of the internet in commerce, social media, entertainment and cloud adoptions has become more extended during the COVID-19 lockdowns. The pandemic has accelerated the migration towards cloud infrastructure as organisations look for business agility and growth in digital services.

Data centre development in Malaysia has predominantly taken place in Cyberjaya, Selangor, as well as Sedenak Tech Park, Nusajaya Tech Park and YTL Green Data Centre Park in Johor. Cyberjaya has been a primary location for data centre development in Malaysia due to its proximity to Kuala Lumpur. Malaysia's data centre market has witnessed investments in recent times, partly attributable to the increasing adoption of technology by local businesses, especially small and medium enterprises (SMEs).

In 2021, Microsoft Corporation, an American information technology company, announced plans to establish its first data centre in Malaysia to deliver cloud services locally. Further in 2024, Microsoft Corporation announced that it would invest RM10.5 billion over the next four years to support Malaysia's digital transformation.¹⁰

In 2021, NASDAQ listed Chindata Group Holdings Limited, a China data centre solution provider, announced the construction of its fourth hyperscale data centre in Johor with an investment value of about RM2.5 billion over a five-year period. Malaysia has also attracted Hong Kong-listed GDS Holdings Ltd, a China data centre developer and operator, which broke ground in Johor in April 2022 for the development of a data centre with a total investment value of RM1.38 billion. Google LLC (formerly known as Google Inc), an American technology company, also announced plans to include Malaysia as its new Google Cloud region, an investment that will involve a data centre. YTL Power International Berhad, a subsidiary of YTL Corporation and Malaysian independent power producer, through its subsidiary, YTL Data Center Holdings Pte Ltd, announced investments of RM1.5 billion for the first phase of the YTL Green Data Centre Park in Johor. During the year, Japan-listed

⁹ International Telecommunication Union. Latest available statistics as at 30 December 2024

¹⁰ Microsoft to invest RM10.5bil in Malaysia's cloud and AI infrastructure, NST, 1 May 2024

8. IMR REPORT (Cont'd)

Nippon Telegraph and Telephone Corporation, a Japanese telecommunications company, also announced plans to invest over USD50.0 million (RM227.0 million) for its sixth data centre in Cyberjaya.¹¹

In 2022, Google LLC announced plans to include Malaysia as its new Google Cloud region, an investment that will involve a data centre. Subsequently in November 2023, Google LLC announced a strategic collaboration with the Government of Malaysia to invest in Malaysia's digital competitiveness, including infrastructure and artificial intelligence innovation programmes. These initiatives are built on Google LLC's investments in Malaysia over the last 12 years. In 2022 alone, Google LLC's products and programmes had supported more than 47,900 jobs and also contributed, directly and indirectly, an estimated USD2.8 billion in economic benefits to local businesses. Further in 2024, Google Inc committed USD2.0 billion (approximately RM9.4 billion) in Malaysia, including the development of its first Google data centre and Google Cloud region to meet the growing demand for cloud services locally and around the world, as well as artificial intelligence (AI) literacy programmes for students and educator. The data centre will power its popular digital services such as Search, Maps and Workspace, that people and organisations worldwide use on a daily basis.¹²

The Malaysia Digital Economy Blueprint aims to provide access to extensive and high-quality digital infrastructure, such as broadband, data centres and submarine cable landing stations, which allow for the generation, flow, exchange, consumption and storage of data as well as enable people to participate in the digital economy. Under Budget 2022, the Digital Ecosystem Acceleration ("DESAC") scheme was also introduced to strengthen the digital ecosystem in Malaysia. DESAC encourages investments by digital technology providers involved in providing digital services based on Industrial Revolution 4.0 and digitalisation technology related to manufacturing and manufacturing-related services, as well as digital infrastructure providers that provide infrastructure such as data centres and submarine cables. Under Budget 2023, the Government of Malaysia will ensure that more data centres can be set up in Malaysia by providing suitable tax incentives, security infrastructure, green energy facilities, and locations for these centres.

Several factors support Malaysia's position as a potential leading data centre market globally including the country's being an existing regional hub for manufacturing, logistics and big data analytics; low electricity tariffs; adequate and affordable water supply for the cooling of data centres; tax incentives of up to five years by the Government of Malaysia; high literacy rates; free of natural disasters; and ample land supply at attractive prices.

The growth of Malaysia's data centre market will bode well for industry players that offer M&E engineering services.

Foreign investment and domestic investment growth support investments in M&E engineering services

Malaysia recorded a total of RM329.5 billion worth of approved investments¹³ in the services, manufacturing and primary sectors in 2023 across 5,101 projects. From the total investments approved, foreign investments accounted for RM188.4 billion or 57.2%, while domestic investments accounted for RM141.1 billion or 42.8%. The services sector accounted for the largest share of the total investments in 2023, amounting to RM168.4 billion (51.1%), followed by the manufacturing sector with RM152.0 billion (46.1%) and the primary sector with RM9.1 billion (2.8%). Foreign investments comprised 34.4%, 84.5% and 22.0% of approved investments in the services, manufacturing and primary sectors respectively. During the year, the services sector included the information and communications (RM63.7 billion), real estate (RM61.0 billion), utilities (RM11.1 billion), distributive trade (RM11.1 billion) and support services (RM10.5 billion) segments. Malaysia's manufacturing sector, which attracted RM152.0 billion in approved investments, saw an 80.3% increase compared to 2022 (2022: RM84.3 billion). The electrical and electronics (RM85.4 billion), machinery and equipment (RM22.6 billion), chemicals and chemical products (RM8.9 billion), non-metallic mineral products (RM8.8 billion), transport equipment (RM7.1 billion) and plastic products (RM4.1 billion) industries collectively made up 89.5% of total approved investments for the manufacturing sector in 2023.¹⁴

Malaysia aims to attract quality investments to drive economic growth and achieve its aspirations of becoming a high-income nation. Foreign and domestic investments also play an important role in supporting Malaysia's move to become a high-income technology-based economy.

As such, investments in new built commercial and industrial properties and its supporting infrastructure are crucial to support the investment prospects of Malaysia for foreign and domestic investors. Such investments are expected

¹¹ Data centre investments – good or bad for Malaysia, Malaysian Investment Development Authority ("MIDA"), 17 September 2022

¹² Google to invest RM9.4 bln in Malaysia, develop data centre, cloud region, MIDA, 30 May 2024

¹³ Refer to investments wherein companies that have submitted applications for new manufacturing licence, expansion or diversification project, and confirmation letter for the exemption from Manufacturing Licence have received the corresponding approvals from MIDA

¹⁴ Malaysia Resilient Ascent – Securing Historic RM329.5 billion in Investments, Generating Close to 130,000 Jobs in 2023, MIDA

8. IMR REPORT (*Cont'd*)



to benefit industry players offering M&E engineering services.

Increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia

The established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies, growing demand for final electronic products, availability of local talents, and lower operating costs are key factors for global electronics, brand owners and foundries to relocate and outsource their operations in the region.

The United States-China trade war, which started in 2018, caused the imposition of tariffs and trade barriers on products/services originating from companies based in both countries. This has restricted trading activities between the United States and China, thus benefiting countries in Southeast Asia as global electronics, brand owners and foundries began to shift their production from China to Southeast Asia or purchase more electronics and semiconductor products from this region in order to circumvent these tariffs.

Further, Malaysia's Ministry of Investment, Trade and Industry (MITI) has also been proactively positioning Malaysia as a viable automotive hub by providing strong government policy support focusing on higher-value automotive components as a well-established E&E industry through the National Automotive Policy.

This has been the catalyst in attracting E&E manufacturing firms to consider Malaysia as their regional base. The increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia will support demand for M&E engineering services for E&E manufacturing firms.

1.4 INDUSTRY DYNAMICS

Dependency on imports

The M&E engineering industry in Malaysia has a certain degree of dependency on the imports of M&E materials and components such as steel and copper. While M&E construction materials and components are subject to certain levels of imports, M&E engineering services is provided primarily by local M&E engineering firms, with the exception of selected large projects where foreign companies may be involved.

Industry challenges

M&E engineering activities are exposed to risks such as project delays, poor quality of work and on-site accidents that have consequences on the industry and its stakeholders. These risks lead to customer and/or public complaints, loss of reputation and revenue. Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of industry players to complete projects on time as a result of financial shortages or budget overruns, and loss of opportunity if resources have been committed to a delayed project.

In 2020, the construction industry faced the COVID-19 pandemic which resulted in reduced work capacity to comply with containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns. This resulted in many industry players experiencing cash flow issues, as well as being exposed to liquidated damages and termination.

Other factors such as the oversupply of properties and economic downturn may also lead to a slowdown in construction and property development activities, thereby affecting demand for M&E engineering services. A total of 25,816 overhang residential units worth RM17.68 billion was recorded in 2023, in comparison to the 27,746 residential units worth RM18.41 billion in 2022.

1.5 COMPETITIVE LANDSCAPE

M&E engineering is vital for the delivery of residential, commercial and industrial properties. The range of services offered by M&E engineering industry players differ depending on their capabilities, with some industry players being able to offer design, installation, testing and commissioning expertise, while other industry players may only possess installation capabilities. There are distinct barriers to entry, with industry players possessing a Construction Industry Development Board ("CIDB") license, experienced employees with engineering experience who can carry out planning and design as well as M&E engineering project management and project track record.

As at 30 December 2024, there were 10,032 contractors registered with CIDB Malaysia under the M&E engineering category with Grade G7. Of these 10,032 contractors, 1,214 contractors are registered to undertake low voltage installation works and 699 are registered to undertake high voltage installation works.

In the FYE 31 July 2024, ES Sunlogy Berhad generated a revenue of RM191.1 million, of which RM168.2 million was from the provision of M&E engineering services. In 2023, the value of M&E engineering works done in Malaysia was RM7.3 billion. Thus, when comparing ES Sunlogy Berhad's revenue of RM168.2 million from the provision of M&E engineering services to the value of M&E engineering works done in Malaysia of RM7.3 billion, ES Sunlogy Berhad secured a market share of 2.3%.

The future prospects of ES Sunlogy Berhad will be supported by the growth in the residential and commercial property markets, long term growth of end user industries, foreign investment and domestic investment growth, increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia.

8. IMR REPORT (Cont'd)**Financial performance of industry players that are involved in the provision of M&E engineering services**

The following sets out the latest available revenues of private and public listed engineering firms in Malaysia that are involved in the provision of M&E engineering services with Group revenue ranging between RM50.0 million and RM220.0 million in the latest available audited financial statements.

Industry player	Business activities ^a	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^d (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit before tax margin ^e (%)	Profit after tax (RM)	Profit after tax margin ^e (%)
Bond M & E Sdn Bhd	Provision of design, supervision and installation of M&E systems and infrastructure works.	30 June 2024		185,844,034	4,686,693	2.5	5,685,673	3.1	3,769,628	2.0
Cabnet Holdings Berhad ^c	Provision of building management solutions which comprise structured cabling works and extra low voltage, as well as information technology services which can be offered as complementary to building management solutions or offered separately on a stand-alone basis as an additional product offering	28 February 2024	96,654,732	198,671,188	17,471,325	8.8	5,734,305	2.9	3,574,126	1.8
CBH Engineering Sdn Bhd	Provision of M&E engineering, civil and structural engineering as well as maintenance works	31 December 2023		192,197,651	59,010,458	30.7	50,318,181	26.2	39,096,181	20.3
HE Group Berhad ^c	Provision of power distribution system, other building systems and works, hook up and retrofitting of electrical equipment and trading	31 December 2023		204,198,814	24,529,680	12.0	14,821,408	7.3	10,959,795	5.4
Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) ^b	Provision of electrical and mechanical services as well as other associated engineering services for commercial, industrial and residential buildings	31 December 2023	198,956,000	199,314,000	41,361,000	20.8	29,154,000	14.6	27,591,000	13.8
LFE Corporation Berhad ^b	Provision of construction, M&E services, property development and investment holding	31 December 2023	64,800,888	114,354,810	24,375,167	21.3	18,292,968	16.0	15,159,033	13.3
MCC Technique Sdn Bhd	Provision of a range of M&E engineering contracting, M&E service and maintenance, low voltage, electrical switchboards and control panels manufacturing and extra low voltage services	31 December 2023		87,071,449	19,449,230	22.3	4,590,039	5.3	3,028,582	3.5

8. IMR REPORT (Cont'd)

Industry player	Business activities ^a	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^d (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit before tax margin ^e (%)	Profit after tax (RM)	Profit after tax margin ^e (%)
Protech Builders Sdn Bhd	Provision of M&E engineering services comprising high voltage / low / extra low voltage electrical services, lighting, lightning protection telecommunication, structured cabling, air conditioning and hot water systems	31 May 2023		54,961,586	9,801,367	17.8	1,144,699	2.1	802,036	1.5
ES Sunlogy Berhad	Provision of M&E engineering services, as well as generation and sales of solar power renewable energy	31 July 2024	168,160,000	191,091,456	30,939,224	16.2	16,728,663	8.8	11,967,891	6.3
Shinryo (Malaysia) Sdn Bhd	Provision of engineering, procurement, construction and commissioning, specialising in the design and construction of power/co-generation plants, oil and gas facilities, district cooling plants and commercial/office buildings	30 September 2023		56,172,086	7,120,762	12.7	-1,783,816	-3.2	-1,746,338	-3.1
Wah Loon (M) Sdn Bhd	Provision of M&E services, air conditioning and mechanical ventilation systems, and fire protection systems	31 December 2023		59,595,789	8,965,241	15.0	-9,251,953	-15.5	-9,998,957	-16.8
West River Engineering Sdn Bhd	Provision of M&E engineering services comprising electrical engineering and ACMV services and green building solutions as well as manufacturing of electrical panels and distribution boards	31 December 2023		109,640,182	14,743,027	13.4	15,488,231	14.1	11,974,689	10.9

Notes:

The key industry players that are involved in the provision of M&E engineering solutions were identified based on publicly available sources, such as the internet, published documents and industry trade directories.

^a Save for ES Sunlogy Berhad, based on publicly available information sourced from the annual reports and websites of identified industry players

^b Listed on the Main Market of Bursa Malaysia Securities Berhad

^c Listed on the ACE Market of Bursa Malaysia Securities Berhad

^d May include revenue derived from other businesses as segmental revenue is not publicly available from the audited financial statements of the identified private companies from the Companies Commission of Malaysia

^e Computed in relation to group revenue

Latest available as at 30 December 2024

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

8. IMR REPORT (Cont'd)



2 SOLAR PHOTOVOLTAIC INDUSTRY IN MALAYSIA

Renewable energy refers to energy that is generated from natural resources such as sunlight, wind, rain, tides and geothermal heat which are naturally renewable. Renewable energy resources include solar power, wind power, hydro, biomass, biofuels and geothermal. Rapid depletion of fossil fuel reserves as well as climate change have driven further development of renewable energy sources which are widely available, untapped and environmentally friendly.

Solar energy is harnessed from the sun's radiant light and heat through technologies such as solar heating, solar photovoltaics ("PV"), solar thermal energy, solar architecture and artificial photosynthesis. These technologies can be either active or passive depending on how they capture and distribute solar energy or how they convert this energy into solar power. Active solar technologies include the use of solar PV systems, concentrated solar power and solar water heating to harness this energy. Passive solar technologies include orienting buildings in the direction of the sun, and selecting materials with favourable thermal mass or light dispersing properties.

Due to its location around the equator, Malaysia receives approximately 1,575 to 1,812 kilowatt hour per square meter (kWh/m²) of solar irradiance.¹⁵ As solar irradiance is relatively high, solar PV is considered a viable renewable energy option for Malaysia. In addition to favourable irradiation, solar resource is driven by the availability of areas for the installation of solar PV systems. The main types of installation configurations in Malaysia are ground-mounted solar installations, floating installations on water bodies and installations on residential, commercial, industrial and public building rooftops. Installations on residential, commercial, industrial and public building rooftops are rooftop solar PV systems while ground-mounted solar installations and floating installations on water bodies are large scale solar facilities.

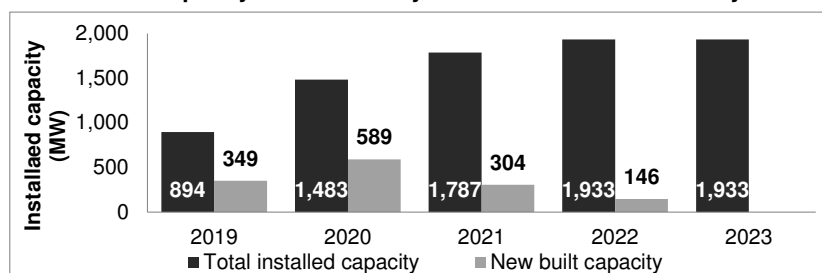
Based on latest publicly available information, the installed capacity of rooftop solar PV systems and large scale solar facilities in Malaysia increased from 894.0 megawatts ("MW") in 2019 to 1,933.0 MW in 2023 at a CAGR of 21.3%. Comparatively, the new built capacity for rooftop solar PV systems and large scale solar facilities was 349 MW in 2019, 589 MW in 2020, 304 MW in 2021 and 146 MW in 2022 respectively. In 2023, the new

built capacity for rooftop solar PV systems and large scale solar facilities is estimated to be negligible. The fluctuations in the new built capacity for rooftop solar PV systems and large scale solar facilities is largely reflective of Government initiatives, such as the Net Energy Metering ("NEM") scheme whereby quotas are allocated to encourage the uptake of renewable energy and the large scale solar ("LSS") competitive bidding programmes. The NEM 2.0 which was launched in 2019 saw full subscription of the 500 MW quota allocation by 31 December 2020 and contributed to the higher new built capacity in 2020. Further, several large scale solar facilities under LSS 1, LSS 2 and LSS 3 that were completed in 2020 also contributed to the higher new built capacity in 2020.

The Government is committed to transforming its energy landscape from fossil fuels to a cleaner energy source, pledging to reduce its economy-wide carbon intensity by targeting reductions in Greenhouse Gas (GHG) emission and becoming a carbon neutral nation by 2050. The introduction of the Malaysia Renewable Energy Roadmap (MyRER) further supports decarbonisation of the electricity supply sector with aims to increase the share of committed renewable energy installed capacity from the current 23.0% in 2020 to a target of 31.0% in 2025 and 40.0% by 2035.

The Government launched the National Energy Policy 2022-2040 ("NEP") which provides details for the energy sector encompassing affordability, sustainability, and energy security as well as optimising economic opportunities in line with trends in sectoral developments. A roadmap is included on how the country can achieve the NEP's Low Carbon Aspiration 2040 initiative with an annual contribution of RM13.0 billion to gross domestic product (GDP), potentially creating more than 207,000 new job opportunities and attracting RM9.2 billion in investments. One of

Installed capacity for solar PV systems and facilities in Malaysia ^a



^a Comprises rooftop solar PV systems as well as large scale solar facilities as detailed breakdown is not publicly available from the Energy Commission of Malaysia
Source: Energy Commission of Malaysia, PROVIDENCE analysis

¹⁵ Malaysia Renewable Energy Roadmap – Pathway Towards Low Carbon Energy Systems, Sustainable Energy Development Authority (SEDA)

8. IMR REPORT (*Cont'd*)



the main areas under the NEP is unlocking the potential of solar resources with increasing capital access for solar energy distribution, with rooftop aggregation, and promoting the economic benefits of distributed solar with peer-to-peer and virtual power purchase agreements. To facilitate RE100 corporations (global companies that have committed to 100% renewable energy utilisation) and those companies with similar green-consciousness to achieve their environmental, social and governance and sustainability commitments, the Government introduced the Corporate Green Power Programme ("CGPP") as a platform for the purchase of renewable energy virtually through the virtual power purchase agreements with mutually agreed terms and conditions from solar energy generators. A total of 600 MW was allocated for CGPP, and eligible companies need to enter into Corporate Green Entry Agreements.

The Government plans to tile the roofs of residential properties with solar panels, amongst other incentives to encourage the use of renewable energy, under the newly launched National Energy Transition Roadmap ("NETR"). In every home, the Government intends to give households the option to lease out their rooftops in return for a monthly income that could lower their electricity bills and put more cash in their pockets. The Government's vision is to see solar panels installed nationwide including atop homes, mosques, halls and factories. The Government is taking the lead by allocating RM80.0 million for solar panels to be installed on the rooftops of government buildings. The focus for this initiative is on large scale housing developments, and working with property developers is an initiative that can be rolled out commercially without government funding. Phase 1 of the NETR also entails the setting up of five centralised large scale solar parks with 100 MW capacity each, to be co-developed by Tenaga Nasional Berhad. Tenaga Nasional Berhad will also develop 2.5 gigawatt (GW) of hybrid hydro-floating solar PV projects at its hydro dams. NETR outlines several key observations for Malaysia's electricity supply mix as the nation progresses along this pathway, among which include:

- Renewable energy will constitute the majority share of installed capacity by 2050. However, the contribution of renewable energy to the total generation mix will be comparatively lower than fossil fuels, particularly natural gas. This reflects the inherent low-capacity factor associated with solar, compared against the high-capacity factor of gas; and
- The ambition to achieve 70.0% renewable energy share of installed capacity by 2050 is expected to be achieved, predominantly driven by solar PV installation. Significant solar capacity growth is required in the next three decades, with 59 GW of installed capacity by 2050.

Commercial and industrial customers also benefit from Government incentives relating to investments in solar PV systems. Under Budget 2020, the Government had announced the extension of Investment Tax Allowance (ITA) for the purchase of green technology assets and Income Tax Exemption ("ITE") on the use of green technology services and systems. The ITE is also extended to commercial and industrial users undertaking solar leasing activities. The objectives of the incentives are:

- to encourage investments in green technology industry on a project basis either for business purpose or own consumption and the adoption of green technology by selected service / system providers;
- to encourage companies to acquire / purchase assets that have been verified as green technology assets by the Malaysian Green Technology and Climate Change Centre and these assets are listed under MyHijau Directory; and
- to widen the coverage of green services to include solar leasing activity.

Malaysia's green technology tax incentives include Green Investment Tax Allowance (Assets), Green Investment Tax Allowance (Projects), Green Investment Tax Allowance (Services) and Green Income Tax Exemption (Leasing). These policies have supported the development of solar power as a significant source of renewable energy in Malaysia.

In April 2024, the Ministry of Energy Transition and Water Transformation through the Energy Commission of Malaysia offered a solar quota of 2,000MW under four packages through a competitive bidding process under the LSS5 or LSS-Peralihan Tenaga SuRiA programme. The packages offered are:

- Package 1 for rooftop/ground solar power plants with a total quota offered of 250MWac and the allowed capacity range is between 1MWac to <10MWac;
- Package 2 is for rooftop/ground solar power plants with a total quota offered of 250MWac with an allowed capacity range of between 10MWac to <30MWac;
- Package 3 is for rooftop/ground solar power plants with a total quota offered of 1,000MWac with an allowed capacity range of between 30MWac to 500MWac; and
- Package 4 for floating solar power plants with a total quota offered of 500MWac with an allowed capacity range of between 10MWac to 500MWac.

The solar power plants under the LSS5 are scheduled to start operating in 2026. LSS5 is expected to support the growth of Malaysia's solar PV industry.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS

9.1.1 We rely on certain registration, approvals, licences and permits

We are required to obtain and hold valid approvals, licences and permits such as the contractor registrations with the CIDB as well as other approvals, licences and permits as set out in Section 6.7.

We leverage on existing registrations, approvals, licences and permits to continue our core business operations. We must comply with the restrictions and conditions imposed by the relevant authorities for us to maintain the validity of such approvals, licences and permits. In the event we fail to comply with the applicable requirements or any required conditions, our registration, approvals, licences and permits may be cancelled or suspended. Delay in renewing such registrations, approvals, licences and permits upon expiry may also result in temporary suspension or restriction of our business operation. Therefore, any revocation and/or failure to obtain renewals for such registrations, approvals, licences and permits which are required for us to continue business activities, will have a material impact on our ability to continue business operations.

As at LPD, we have not experienced any past instances where our renewals of such registrations, approvals, licences and permits were not successful which had a material adverse effect on our Group.

Save as disclosed below, there were no breaches with the relevant registrations, approvals, licences and permits governing conduct of the business of our Group, as at LPD:

- (a) Savelite performed construction works that exceeded the value of construction works specified in its CIDB certificate of registration as a registered contractor in the past. Further details are set out in Section 6.10(b); and
- (b) Savelite's CIDB certificate of registration as a registered contractor was temporarily suspended for 3 months from 9 December 2016 to 7 March 2017 as 17 of its construction site workers did not possess valid CIDB Green Cards to enter and work at a construction site. Further details are set out in Section 6.10(b).

9.1.2 Our M&E engineering projects are non-recurring in nature and there is no guarantee that we will be able to secure new projects

Our revenue from M&E engineering projects is derived from projects that are non-recurring in nature, and all of our projects were awarded on a project-by-project basis. It is therefore critical that we continuously and consistently secure new projects of similar value and volume.

9. RISK FACTORS (*Cont'd*)

As the contracts are awarded on a project-by-project basis, our clients are under no obligation to award contracts to us in the future. As such, there is no assurance that we will be able to successfully tender or secure projects from our existing clients in the future or that our existing clients will continue to engage us in their upcoming projects after the completion of the current contracts. Our ability to successfully tender or secure projects is dependent on a range of factors including our pricing and tender strategy, our competitors' tender and pricing strategy, the level of competition and our clients' evaluation standards. Depending on the then market conditions and competitive landscape, we may have to lower our pricing or adjust our tender strategy, such as through the provision of value engineering and design and build services, in order to maintain the competitiveness of our tenders. In addition, the scope of work in a project, which is dependent on its scale and complexity, will affect the profit margin of the project and our financial performance. In the event that we have to subcontract a material portion of the project work to a third-party subcontractor, our profit margins from such projects may also be reduced.

Cancellation or delay in the commencement of secured projects due to factors such as changes in our clients' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. In addition, there may be a lapse of time between the completion of our projects and the commencement of our subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that we are unable to secure replacement projects on a timely basis, this may adversely affect our business operations and financial position.

As at LPD, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial position or results of operations. However, if we cannot continue to maintain the number of contracts at a similar level or obtain new projects of similar or even larger contract sums, our business, financial performance and business prospects may be materially and adversely affected.

9.1.3 Failure to complete our projects in a timely manner could materially affect our reputation

The contracts with our clients generally contain a LAD clause under which we are liable to pay LAD to our clients if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for LAD is generally set forth in the contract.

Delays in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents and delay in delivery of materials. If there is any delay on our part in completion of a project, we may be liable to pay LAD under the contract.

During FYE 2023 and 2024, we made a provision of LAD amounting to RM1.03 million and RM0.04 million respectively, due to delay in completion of works with Askey, where Savelite was appointed via a letter of award dated 7 March 2016 and a contract dated 29 April 2016, as the main contractor to renovate a 2-storey office and a 1-storey warehouse of a factory (which includes M&E engineering services). Pursuant to the terms of the said letter of award and contract, Savelite was to commence work from 21 March 2016, with targeted completion on 4 September 2016 (i.e. 24 weeks from commencement date). However, there was a delay on the part of Askey to obtain the relevant regulatory approvals and permits to enable Savelite to commence its renovation works. Savelite completed works in September 2017. Savelite had applied for 2 extensions of time from Askey to complete the works above (in September 2016 and July 2017 respectively), which were not considered by Askey and no reasons were given for not granting the extension of time. Further details are set out in Section 12.7.1(a).

9. RISK FACTORS (*Cont'd*)

Save for the above, we have not provided for any other LAD in FYE 2021 to 2024 and up to LPD as we expect to receive approvals for our applications of extension of time from the main contractors for our existing ongoing projects. Further details of our Group's ongoing projects are set out in Section 7.3(a). For clarification, the reason for delays of these ongoing projects which our Group has applied extension of time for, were not caused by us but other factors such as delay in works by other contractors engaged by the project owners/ clients and delay in procuring relevant permits by the clients.

9.1.4 Any significant cost overruns may materially and adversely affect our business operations

Our contracts were generally determined on a fixed-price basis upon execution of the contract. The estimated contract sum quoted in our tender is determined on a case-by-case basis having regard to various factors prevailing at the time of tender, which generally include:

- (a) the scope of services;
- (b) the estimated number and types of personnel required;
- (c) the price trend of the types of materials required;
- (d) the complexity of the project;
- (e) the availability of our manpower and resources;
- (f) the project duration;
- (g) the frequency of carrying out defects rectification works;
- (h) the number and location of designated project sites;
- (i) any subcontracting which is expected to be necessary; and
- (j) the prevailing market conditions.

There is no specific clause in relation to price adjustment in our contracts with our clients which allows us to pass on any substantial increase in our costs of services to our clients. There is also no assurance that our actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastages, inefficiencies, damages or unforeseen additional costs incurred during the course of the contract.

While we have since implemented measures to reduce the likelihood of cost overruns, such as reducing the timing difference between our contract with our clients and our procurement of materials to reduce the possibility of any unexpected increase in costs which may not have been factored into our contract sum with our clients. In addition, although our suppliers would have provided their quotations at the point of our tender, in the event of an unexpected increase in cost of such materials at the point of us accepting letters of award issued by our clients, there is no assurance that our measures will be successful, and accordingly, any under-estimation of costs, delay or other circumstances resulting in cost overruns may adversely affect our profitability, operations and financial performance.

9.1.5 We are subject to the risk of defects liability claims from our clients

We extend a DLP of up to 24 months from the date of CPC. During the DLP, we are liable for any repair works, reconstruction or rectification of any defects which may surface or be identified during this period at our own cost.

In situations where we are affected by defects liability claims, we may experience an increase in project costs if:

- (a) no corresponding claim can be asserted against a subcontractor/ supplier;
- (b) amount of the claim cannot be recovered in full or at all from the subcontractor/ supplier or the retention sum retained from the subcontractor is insufficient, we may be required to bear some or all the cost of such claim; and/ or

9. RISK FACTORS (*Cont'd*)

- (c) we are unable to enforce or experience delay in enforcing legal recourse against our subcontractors/ suppliers to indemnify or compensate us (such as the subcontractor's insolvency).

As a result of this, our business, reputation and financial performance may be materially and adversely affected.

During FYE 2021 to 2024 and up to LPD, we have not experienced any defects liability claim which has materially affected our business operations and financial performance. Furthermore, as at LPD, there is no claim for any compensation and retention sum asserted by our clients against us in relation to any defect works performed by us or our subcontractors, as well as the quality of construction materials supplied by our suppliers.

Nonetheless, there can be no assurance that in the future we will not be subject to material defects liability claims, which may have an adverse impact on our business operations, profitability, reputation and financial performance.

9.1.6 Disruption of operations at our Junjong LSSPV Plant operations could affect our business

We presently operate Junjong LSSPV Plant. We derive our revenue from the generation and sales of renewable energy from our Junjong LSSPV Plant by supplying electricity to TNB. The ability and/ or availability of our Junjong LSSPV Plant to generate and transmit power to the utility grid can be disrupted by a number of events, including:

- (a) a breakdown or failure of power generation and/ or transmission systems and plant equipment, due to wear and tear and/ or human errors or negligence;
- (b) an extension of shutdowns due to delays encountered during repair and maintenance or overhauls;
- (c) an interruption in the supply of key inputs for our Junjong LSSPV Plant namely, solar irradiance;
- (d) stop orders issued by the Government due to:
 - failure to comply with the conditions set out in, or failure to obtain, maintain or renew, the required regulatory approvals, licences and permits;
 - violation of local regulatory laws relating to pollution and/ or environmental contamination or industrial accidents affecting the operations; and
- (e) force majeure events which could cause outages or the suspension of operations of our Junjong LSSPV Plant.

If any of these or similar events materialises, our availability and/ or ability to generate and transmit power may be disrupted. Further, we cannot assure you that we will not encounter any shutdowns extended beyond our plans to make certain repairs and/ or maintenance to our plants and equipment, or any unplanned breakdown of plant and machinery that result in a partial shutdown of our Junjong LSSPV Plant. The performance and output of Junjong LSSPV Plant may be adversely affected, which in turn may result in loss of revenue that we can derive from the REPPA. In FYE 2024, we derived a revenue of RM8.60 million from the generation and sales of renewable energy from Junjong LSSPV Plant. We may be in breach of our REPPA if our Junjong LSSPV Plant becomes unavailable, unable to generate and/ or transmit power at the committed levels or on schedule for a prolonged period beyond the limit permitted under the REPPA. We may also incur costs or penalties resulting from such breaches. Any of the foregoing events could have a material adverse effect on our business and financial performance.

9. RISK FACTORS (Cont'd)

9.1.7 We only have 1 corporate client for CGPP under our generation and sales of renewable energy business segment

On 7 November 2022, the EC launched the CGPP, a renewable energy initiative to provide opportunities for business entities to participate in the promotion and use of renewable energy in their business operation. The CGPP is essentially a mechanism of virtual power purchase agreement, which is implemented using the existing NEDA framework.

On 16 February 2024, a CGPA was entered into between Selarong Pertama and Client M in relation to the virtual supply of solar powered energy generated under the CGPP (for Selarong LSSPV Plant) issued by the EC. Selarong Pertama agreed to sell and Client M agreed to purchase electricity virtually which is certified from a green origin. Please refer to Section 7.2.1.3 for more details.

As at LPD, we have 1 corporate client, namely Client M, in relation to CGPP. In the event we are unable to develop, construct and commercialise Selarong LSSPV Plant, we may experience delays in the revenue recognition from Client M, which will affect our financial performance. Further, in the event Client M ceases to be our corporate client for Selarong LSSPV Plant, a substitute corporate client is required to take over the position vacated by Client M, failing which our Group's financial performance may be affected.

9.1.8 We are dependent on our Executive Directors and key senior management for the continued success of our business

The success of our Group is dependent on the experience, industry knowledge and network, and skills of our Executive Directors and key senior management. Our Promoter and Managing Director, Khor Chuan Meng as well as our Executive Director, Chu Kerd Yee have approximately 23 years and 32 years of experience in the M&E engineering industry respectively and in-depth knowledge of our operations. Khor Chuan Meng and Chu Kerd Yee each also has 7 years of experience in the solar PV industry. Our key senior management comprise individuals who each also has significant relevant experience in the industry.

Our Group's success is also dependent on the continued service of our Executive Directors and key senior management, and our ability to hire, develop, motivate and retain qualified personnel needed to support our business operations. Due to their in-depth knowledge of our operations and experience in the industry, they are critical to the overall management and operations of our business, work culture and strategic direction.

We have not experienced any departure of any key senior management which has had a material effect on our business operations in the past. However, the loss of any Executive Directors and any of our key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect our financial performance if we are not able to replace or attract suitable talents in a timely manner. Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects.

9. RISK FACTORS (Cont'd)

9.1.9 Our historical results may not be indicative of our future revenue and profit margins

For FYE 2021 to 2024, our revenue amounted to approximately RM54.89 million, RM50.82 million, RM136.73 million and RM191.09 million respectively, and our GP margin was approximately 11.5%, 16.5%, 16.1% and 16.2% respectively. Such historical financial information is solely derived from our projects during FYE 2021 to 2024, which does not necessarily have any implication on our future financial performance. Our future financial performance is largely dependent on our ability to secure new contracts, control our costs and expenditure, as well as project implementation. Our revenue and GP margin may fluctuate from project to project, depending on factors that are specific to particular projects, including our determination of tender or quotation price and the actual cost of services. There is no assurance that we will always be able to obtain a similar or greater number of projects in the future and to maintain our profits at similar levels as we did during FYE 2021 to 2024.

9.1.10 We are dependent on main contractors and project owners

We are invited by main contractors and project owners to submit tenders and provide M&E engineering quotations for new projects. Our ability to secure M&E engineering contracts depends on such main contractors or project owners inviting us on a frequent and regular basis to provide M&E engineering quotations to them. These main contractors or project owners may not invite us to tender and quote for a project if they find that we do not have relevant CIDB certifications or adequate track record to carry on the scope and responsibilities required for a particular project or sufficient manpower or financial resources to perform a project.

While there have not been any such past instances which had any material adverse impact on our Group's financial condition or results of operations, there is no assurance that these main contractors or project owners will continue to invite us to provide quotations for all projects that they participate in. Our revenue and financial performance would be materially and adversely affected in the event we are no longer invited by main contractors or project owners to submit tenders and provide M&E engineering quotations for new projects.

9.1.11 Our Group is dependent on the services of our subcontractors and materials supplied by our suppliers

We require the services of subcontractors and materials supplied by our suppliers on a regular basis to enable us to continue carrying on our business. We engage subcontractors to carry out physical installation works which are labour intensive.

There is no assurance that the quality of work of our subcontractors can meet the requirements of our Group or our clients. Therefore, the engagement of subcontractors exposes us to the risks associated with non-performance, late performance or substandard performance of our subcontractors. Since we remain accountable to our clients for the performance and quality of work rendered by our subcontractors, we may incur additional costs or be subject to liability under the relevant contracts between us and our clients for our subcontractors' unsatisfactory performance. Furthermore, these subcontractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our Group's projects, resulting in additional costs for our Group or exposing us to the risk of LAD. Please refer to Section 9.1.3 for further details on the risk of failing to complete our projects in a reliable and timely basis.

9. RISK FACTORS (Cont'd)

We do not enter into any long-term agreements with our suppliers and subcontractors. As such, there is no assurance that our suppliers and subcontractors will continue to provide materials and services at prices acceptable to our Group. We are also subject to price fluctuations of such materials and services that are required for our business. While there had not been any past instances which had any material adverse impact on our Group, in the event that any of our major suppliers or subcontractors is unable to provide materials and services required by our Group, and we are unable to locate alternative suppliers on comparable terms and prices, our business, operating results and profitability may be adversely affected.

9.1.12 Our Group's earnings may be affected by fluctuations in material prices

During FYE 2021 to 2024, our Group experienced fluctuation in the prices of copper which is a key material used in the production of power cables and wires that we use in our M&E engineering business. The price of copper, which is a globally traded commodity, fluctuates primarily due to changes in supply and demand conditions of copper. Any sudden interruption or shortage of supply or reduction in copper may adversely affect our Group's business operations or result in us having to pay a higher cost for power cables and wires.

Furthermore, our contracts range between 6 months and 27 months. As a result, our Group's costs may increase beyond our initial projections and this may result in a reduction in our previously estimated profit margins or our Group incurring a loss. In the event of any significant increase in the costs of power cables and wires and our Group fails to find a cheaper source of supply or pass on such increases in power cable and wire prices to the main contractors or project owners, our results of operations, financial performance and financial condition may be adversely affected.

9.1.13 We rely on the availability of skilled workers

We rely on skilled workers such as wiremen, chargemen and technicians to carry out M&E engineering services. As at LPD, we have 196 employees involved in our Group. Amongst these employees, 69 employees under our project department are skilled workers. Our project department comprises 40 employees such as project managers, assistant project managers, project engineers, site supervisors/ coordinators and safety officers as well as 29 employees such as wiremen, chargemen and technicians.

We have 2 workers who are chargemen. There is competition for the recruitment of qualified chargemen in our industry. Our ability to retain and to attract competent and skilled workers is crucial for our continued success, future business growth and expansion. Any loss of our skilled workers and our inability to find suitable replacements in a timely manner and at competitive salary rates may cause disruptions to our deliverables which may consequently affect our revenue recognition. Any delays to our delivery schedules may lead to dissatisfaction from our clients and may impact our ability to secure future business opportunities from these clients. Additionally, we may lose our competitive edge if we are unable to recruit sufficient skilled workers to support our business growth and thus, causing us to forgo potential business opportunities, which may affect the financial performance and prospects of our Group.

9.1.14 We are exposed to workplace hazards and potential workmen compensation claims

The nature of our business and work requires workers to work on sites where they are exposed to workplace and occupational hazards. On site, they are potentially subject to site accidents resulting from electrical hazards, physical hazards, tripping or slipping hazards and falling objects.

9. RISK FACTORS (Cont'd)

In July 2018, Savelite was charged for committing an offence under Section 15(1) of the OSHA for failure to perform its duty as an employer to ensure the safety, health and welfare of its employees at work resulting in the death of an employee. Although our late employee was wearing the necessary safety gear, he was electrocuted while trying to connect the wire from the fireman switch to the main switch board. On 31 July 2018, Savelite pleaded guilty and a fine of RM20,000.00 was imposed against Savelite. The fine was fully settled by Savelite on 31 July 2018. Please refer to Section 6.10(h) for further information.

While our Group takes every possible measure to ensure that we comply with the OSHA, onsite accidents may still occur at our project sites.

9.1.15 We may not be adequately insured

Pursuant to the terms of the contracts awarded by our clients, we may be required to procure and maintain insurance policies relevant for the projects in which we are involved, namely:

- contractor all risks; and
- workmen's compensation.

We are aware of the adverse consequences arising from the inadequate insurance coverage that could potentially affect our business, operations and financial performance. We have also purchased comprehensive business insurance policies, to protect our business, Headquarters and employees against unexpected losses or damage.

As at LPD, in addition to the group personal accident insurance policy that we have taken for our employees, our Group has also taken up the following insurance policies for our Headquarters and Junjong LSSPV Plant:

Insurance type	Coverage	Sum insured RM'000
Insurance for Headquarters	Fire, lightning and domestic explosion	3,020
	Theft and burglary	300
	Money lost, destroyed or damage	95
Group personal accident insurance for our employees	Medical expenses, accidental death and permanent disablement	16,780
Industrial all risks insurance for the Junjong LSSPV Plant	On the complete set of solar PV system with a capacity of 20.76MWac including solar panels, inverters, batteries, cables, transmission lines, system transformer, switches, all accessories and all properties of every description and all other not otherwise specifically insured or held in trust or commission	70,000

Although we have procured and maintain the relevant insurance policies for our projects, we may receive claims from our clients, subcontractors or other parties in respect of various matters concerning our business operations from time to time. There is no assurance that our current insurance policies will sufficiently protect us against all potential liabilities arising from any claims or losses.

9. RISK FACTORS (Cont'd)

Further, our insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events. The outcome of any claim is subject to the relevant parties' negotiation and the result of claims may be unfavourable to us. If we are held liable for uninsured losses or the amounts of claims for insured losses exceed the limit of our insurance coverage, our business and financial performance will be impacted.

For FYE 2021 to 2024 and up to LPD, we have not encountered any events that resulted in any insurance claims that materially affected our business and financial condition.

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 We operate in competitive industries**

The M&E engineering industry in Malaysia is competitive, and such competition may intensify in the future due to the entry of new players including foreign companies entering the Malaysian market. The solar PV industry is also competitive. In the solar PV industry, we compete with existing and new players to secure solar generation capacity.

In the event that our competitors are able to provide comparable or better services at more competitive prices or respond to changes in market conditions more swiftly or effectively than we do, our operations and our financial performance may be adversely affected. There is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our services and our financial performance.

9.2.2 We may be affected by any changes in the general economic, regulatory, political and social conditions and developments globally and in the countries in which we operate

Our business may be materially and adversely affected by local and global developments in relation to inflation, bank interest rates, government policies and regulations and other conditions which may impact economic, regulatory, political and social stability globally and in Malaysia. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business operations. Negative developments in the socio-political climate in Malaysia may also adversely affect our Group's business, financial performance, results of operations and prospects. There is no assurance that we will be able to adapt to the local conditions, regulations, business practices and customs in future. Any changes implemented by the Government resulting, inter alia, in currency and interest rate fluctuations, capital restrictions and changes in duties and taxes detrimental to our business could materially and adversely affect our business, financial performance, results of operations and prospects.

Our business and operations may also be materially and adversely affected by unforeseeable circumstances and other factors such as power outages, political unrest, severe weather conditions and natural or other catastrophes, which may disrupt our operations and cause loss and damage to our properties. Terrorist attacks or other acts of violence may also materially and adversely affect the global financial markets and business and consumer confidence. Our business may also be affected by macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence in the jurisdictions we operate in, social and political unrest, regulatory, fiscal and other governmental policies, all of which are beyond our control. Any such events may cause damage or disruption to our business, markets, clients and suppliers, any of which could materially and adversely affect our business, prospects, financial position and results of operations.

9. RISK FACTORS *(Cont'd)*

9.2.3 Our Junjong LSSPV Plant is subject to weather fluctuations

The amount of electricity that can be generated by our Junjong LSSPV Plant is directly affected by the prevailing solar irradiation condition in Kulim, Kedah, where our Junjong LSSPV Plant is located.

There is no assurance that the solar irradiance at our Junjong LSSPV Plant will be consistent with our expectations or that climatic and environmental conditions will not change significantly from the conditions prevailing when the investments for our Junjong LSSPV Plant was undertaken. In addition, under severe weather conditions, components of our solar PV systems, such as panels and inverters, could be damaged and we may be obligated to bear the expense of repairing the damaged solar PV systems that we own.

Weather conditions are difficult to predict for our Junjong LSSPV Plant and our power generation plans and financial models based on historical weather data may turn out to be impracticable. In addition, climate change has caused unpredictable weather conditions and may lead to unusual solar irradiance conditions under which our Junjong LSSPV Plant cannot work efficiently or at all. Accordingly, changes to weather patterns which are different from historical weather data available to us and our projections in our financial models may have a material adverse effect on our business and financial performance.

9.2.4 We are subject to credit risk of our clients

Our revenue is mainly derived from project-based contracts and the revenue recognition for any particular year is dependent on the stage of completion of the projects. Our clients make payments based on completed works or progressive payments based on milestones achieved pursuant to contracts and/ or purchase orders, whereby our Group typically grants credit terms of 30 to 120 days to our clients. In the event of delay or default in payment by our clients, our cash flows and financial performance may be affected.

There is no guarantee that our clients will be able to fulfil their payment obligations within our credit terms and that we will not encounter any collection problems in the future. Any default or delay in the collection of payment will lead to impairment losses on trade receivables or bad debts which may impact our financial performance. During FYE 2021 and FYE 2023, we impaired trade receivables of RM0.49 million and RM0.41 million respectively which were long outstanding from 15 clients. These impairments of trade receivables have resulted in lower profits to our Group for FYE 2021 and FYE 2023. However, our Group's financial performance was not materially impacted from the said impaired trade receivables in FYE 2021 and 2023 as in FYE 2022 and 2023, we have also recorded reversals of such impairments of trade receivables amounting RM0.92 million and RM0.94 million respectively. Overall, we had only incurred a net loss on such impairment in FYE 2021 of RM0.46 million. For FYE 2022 and 2023, the net impact (after reversal) was a gain of RM0.90 million and RM0.53 million respectively.

Save for this, we have not impaired for any credit loss or experienced any material delay or default in payment by our clients for FYE 2021 to 2024 and up to LPD.

9. RISK FACTORS (Cont'd)

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 No prior trading market for our Shares

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

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

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

Bursa Securities may not grant an approval-in-principle for our Listing or if granted, we may not be able to proceed with or experience a delay in our Listing due to amongst others, the following reasons:

- (a) the selected investors fail to subscribe for the portions of the Placement Shares allotted to them;
- (b) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein;
- (c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/ or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules. Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the IRB and ROC within 7 days of the date of the special resolution, and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading and performance of our Shares following our Listing is subject to fluctuations

Upon completion of our Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or industries in which our Group is operating. Some factors may not be within our control and are unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analyst's recommendations or projections, changes in general market conditions and broad market fluctuations.

9. RISK FACTORS (Cont'd)

The performance of the stock market is also affected by the external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the stock market, thus adding risks to the market price of our Shares.

9.3.4 We may not be able to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiaries. Hence, our ability to pay dividends in the future is largely dependent on the performance of our subsidiaries. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements.

9.4 OTHER RISKS

9.4.1 Our Promoters can exercise significant control over our Company

Upon Listing, our Promoters will collectively hold approximately 70.0% of our enlarged share capital. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/ or as required by the relevant guidelines or regulations.

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10. RELATED PARTY TRANSACTIONS**10.1 RELATED PARTY TRANSACTIONS**

Save for the Acquisition and as disclosed below, there were no transactions, existing and/ or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/ or persons connected with them which are material to our Group during FYE 2021 to 2024 and up to LPD:

(a) Savelite

Related party	Interested person	Nature of relationship	Nature of transactions	Transaction values								1 August 2024 up to LPD	
				FYE 2021		FYE 2022		FYE 2023		FYE 2024			
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cena Power	• Chu Kerd Yee	Chu Ai Sehh (sister of Chu Kerd Yee) is a director and shareholder of Cena Power	Purchase of main switchboards, sub-switchboards and distribution boards from Cena Power ⁽²¹⁾	(473)	⁽³⁾ 1.0	(1,163)	⁽³⁾ 2.8	(3,094)	⁽³⁾ 2.7	(2,282)	⁽³⁾ 1.4	(3,142)	⁽²⁰⁾ N/A
	• Khor Chuan Meng	Chu Han Po (father of Chu Kerd Yee) was previously a director and shareholder of Cena Power and Savelite	Rental of office and storage space to Cena Power ⁽⁶⁾	15	⁽⁴⁾ 8.1	-	-	-	-	-	-	-	-
		Khor Chuan Meng was previously a director and shareholder of Cena Power	Rental of office and storage space to Cena Power ⁽⁷⁾	15	⁽⁴⁾ 8.1	30	⁽⁴⁾ 20.7	30	⁽⁴⁾ 3.1	10	⁽⁴⁾ 3.5	-	-
		Khor Chuan Meng is our Managing Director, Promoter and substantial shareholder											
		Chu Kerd Yee is our Executive Director, Promoter and substantial shareholder											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Nature of relationship	Nature of transactions	Transaction values								1 August 2024 up to LPD	
				FYE 2021		FYE 2022		FYE 2023		FYE 2024			
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Frazel Heritage Hotel Sdn Bhd ("Frazel Heritage")	Datuk Keh Chuan Seng	Datuk Keh Chuan Seng and Cheong Kai Meng (spouse of Datuk Keh Chuan Seng) are the directors and shareholders of Frazel Heritage Datuk Keh Chuan Seng is our Promoter and substantial shareholder	Provision of M&E engineering services to Frazel Heritage	434	(2)0.8	108	(2)0.2	347	(2)0.3	70	(2)<0.1	-	-
U-Teknik Trading	Chu Kerd Yee	Chu Kerd Yee and Ong Bee Keo (spouse of Chu Kerd Yee) are the directors and shareholders of U-Teknik Trading	Purchase of main switchboards, sub-switchboards and distribution boards from U-Teknik Trading ⁽²¹⁾	(1,065)	(3)2.2	(386)	(3)0.9	(1,370)	(3)1.2	(3,356)	(3)2.1	(125)	(20)N/A
		Chu Kerd Yee is our Executive Director, Promoter and substantial shareholder	Provision of M&E engineering services to U-Teknik Trading	-	-	-	-	15	(2)<0.1	189	(2)0.1	80	(20)N/A
U-Teknik KL	Chu Kerd Yee	Chu Kerd Yee is a director and shareholder of U-Teknik KL Chu Kerd Yee is our Executive Director, Promoter and substantial shareholder	Purchase of main switchboards, sub-switchboards and distribution boards from U-Teknik KL ⁽²¹⁾	(313)	(3)0.6	(1,393)	(3)3.3	(1,400)	(3)1.2	(7,433)	(3)4.6	(1,564)	(20)N/A

10. RELATED PARTY TRANSACTIONS (Cont'd)

				Transaction values									
Related party	Interested person	Nature of relationship	Nature of transactions	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 August 2024 up to LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
KCK Realty Sdn Bhd ("KCK Realty")	• Khor Chuan Meng	Khor Chuan Meng, Chu Kerd Yee and Datuk Keh are directors and shareholders of KCK Realty	Provision of M&E engineering services to LD Global Sdn Bhd ⁽⁸⁾	<1	⁽²⁾ <0.1	342	⁽²⁾ 0.7	223	⁽²⁾ 0.2	-	-	-	-
	• Chu Kerd Yee												
	• Datuk Keh Chuan Seng	Khor Chuan Meng and Chu Kerd Yee are our Directors, Promoters and substantial shareholders											
			Datuk Keh Chuan Seng is our Promoter and substantial shareholder										
Frazel Inn Sdn Bhd ("Frazel Inn")	Datuk Keh Chuan Seng	Datuk Keh Chuan Seng and Cheong Kai Meng (spouse of Datuk Keh Chuang Seng) are directors and shareholders of Frazel Inn	Provision of M&E engineering services to Frazal Inn	96	⁽²⁾ <0.2	9	⁽²⁾ <0.1	8	⁽²⁾ <0.1	-	-	-	-
		Datuk Keh Chuan Seng is our Promoter and substantial shareholder											
Frasers Construction	• Khor Chuan Meng	Khor Chuan Meng and Chu Kerd Yee are directors and shareholders of Frasers Construction	Expenses paid on behalf of Frasers Construction	(2)	⁽¹⁾ <0.1	-	-	-	-	-	-	-	-
	• Chu Kerd Yee												
		Frasers Construction holds 5.0% equity interest in Energy ES	Repayment from Frasers Construction	-	-	-	-	67	⁽¹⁾ 0.2	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

				Transaction values									
Related party	Interested person	Nature of relationship	Nature of transactions	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 August 2024 up to LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Khor Chuan Meng and Chu Kerd Yee are our Promoters, Directors and substantial shareholders											
Frazel Hotel Sdn Bhd ("Frazel Hotel")	• Datuk Keh Chuan Seng	Datuk Keh Chuan Seng is a shareholder of Frazel Hotel	Expenses paid on behalf of Frazel Hotel	(2)	⁽¹⁾ <0.1	-	-	-	-	-	-	-	-
		Datuk Keh Chuan Seng is our Promoter and substantial shareholder											
Eco Standard Berhad ("Eco Standard")	• Khor Chuan Meng	Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng are directors and shareholders of Eco Standard	Expenses paid on behalf of Eco Standard	(4)	⁽¹⁾ <0.1	-	-	(16)	⁽¹⁾ <0.1	(1)	⁽¹⁾ <0.1	-	-
	• Chu Kerd Yee		Repayment from Eco Standard	-	-	-	-	4	⁽¹⁾ <0.1	17	⁽¹⁾ <0.1	-	-
	• Datuk Keh Chuan Seng	Khor Chuan Meng and Chu Kerd Yee are our Directors, Promoters and substantial shareholders											
		Datuk Keh Chuan Seng is our Promoter and substantial shareholder											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Nature of relationship	Nature of transactions	Transaction values									
				FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 August 2024 up to LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Savelite Vortex Sdn Bhd ("Savelite Vortex") ⁽⁹⁾	• Savelite	Savelite Vortex is a 85.0% owned subsidiary of Savelite	Expenses paid on behalf of Savelite Vortex	-	-	-	-	(7)	⁽¹⁾ <0.1	-	-	-	-
	• Khor Chuan Meng	Khor Chuan Meng was a director of Savelite Vortex	Repayment from Savelite Vortex	-	-	-	-	-	-	7	⁽¹⁾ <0.1	-	-
		Khor Chuan Meng is our Managing Director, Promoter and substantial shareholder											
Renergy Elite Sdn Bhd ("Renergy Elite") ⁽¹⁰⁾	• Savelite	Renergy Elite was a 51.0% owned subsidiary of Renergy Elite	Expenses paid on behalf of Renergy Elite	-	-	-	-	(7)	⁽¹⁾ <0.1	-	-	-	-
	• Khor Chuan Meng	Khor Chuan Meng was a director of Renergy Elite	Repayment from Renergy Elite	-	-	-	-	-	-	7	⁽¹⁾ <0.1	-	-
		Khor Chuan Meng is our Managing Director, Promoter and substantial shareholder											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Nature of relationship	Nature of transactions	Transaction values									
				FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 August 2024 up to LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ES Kinetic Sdn Bhd ("ES Kinetic") ⁽¹¹⁾	• Savelite	ES Kinetic was a wholly owned subsidiary of Savelite	Expenses paid on behalf of ES Kinetic	-	-	-	-	(1)	⁽¹⁾ <0.1	-	-	-	-
	• Khor Chuan Meng		Repayment from ES Kinetic	-	-	-	-	-	-	1	⁽¹⁾ <0.1	-	-
	• Chu Kerd Yee	Khor Chuan Meng and Datuk Keh Chuan Seng were directors of ES Kinetic											
	• Datuk Keh Chuan Seng	Chu Kerd Yee is a director and shareholder of ES Kinetic											
		Khor Chuan Meng and Chu Kerd Yee are our Directors, Promoters and substantial shareholders											
		Datuk Keh Chuan Seng is our Promoter and substantial shareholder											
Khor Chuan Meng	Khor Chuan Meng	Khor Chuan Meng is our Managing Director, Promoter and substantial shareholder	Advances received for working capital requirements from Khor Chuan Meng ⁽¹²⁾	3	⁽¹⁾ <0.1	2,744	⁽¹⁾ 24.2	5,230	⁽¹⁾ 12.0	-	-	-	-
			Repayment of advances to Khor Chuan Meng ⁽¹²⁾	(109)	⁽¹⁾ 1.2	(2,539)	⁽¹⁾ 22.4	(1,272)	⁽¹⁾ 2.9	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Nature of relationship	Nature of transactions	Transaction values									
				FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 August 2024 up to LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Capitalisation of advances to share capital in Savelite ⁽¹²⁾	-	-	-	-	(6,063)	⁽²⁾ 14.0	-	-	-	-
			Rental of office from Khor Chuan Meng ⁽¹³⁾ ⁽²¹⁾	-	-	-	-	-	-	77	⁽⁵⁾ 2.5	35	⁽²⁰⁾ N/A
• Khor Chuan Meng	Khor Chuan Meng	Khor Chuan Meng is our Managing Director, Promoter and substantial shareholder Tan Hooi Joo is the spouse of Khor Chuan Meng	Disposal of a light industrial factory to Khor Chuan Meng and Tan Hooi Joo ⁽¹⁴⁾	-	-	-	-	850	⁽¹⁾ 2.0	-	-	-	-
• Tan Hooi Joo													
Tan Hooi Joo	Khor Chuan Meng	Khor Chuan Meng our Managing Director, Promoter and substantial shareholder Tan Hooi Joo is the spouse of Khor Chuan Meng	Rental of accommodation from Tan Hooi Joo ⁽¹⁵⁾	24	⁽⁵⁾ 2.2	52	⁽⁵⁾ 4.9	44	⁽⁵⁾ 2.0	-	-	-	-
Chu Kerd Yee	Chu Kerd Yee	Chu Kerd Yee is our Executive Director, Promoter and substantial shareholder	Advances from Chu Kerd Yee ⁽¹²⁾	-	-	3,679	⁽¹⁾ 32.4	5,229	⁽¹⁾ 12.0	-	-	-	-
			Repayment of advances to Chu Kerd Yee ⁽¹²⁾	-	-	(1,585)	⁽¹⁾ 14.0	(1,260)	⁽¹⁾ 2.9	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Nature of relationship	Nature of transactions	Transaction values									
				FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 August 2024 up to LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Capitalisation of advances to share capital in Savelite ⁽¹²⁾	-	-	-	-	(6,063)	⁽¹⁾ 14.0	-	-	-	-
			Rental of store from Chu Kerd Yee ⁽¹⁶⁾⁽²¹⁾	-	-	-	-	-	-	77	⁽⁵⁾ 2.5	35	⁽²⁰⁾ N/A
			Rental of condominium unit from Chu Kerd Yee ⁽¹⁷⁾	8	⁽⁵⁾ 0.7	20	⁽⁵⁾ 1.9	17	⁽⁵⁾ 0.7	14	⁽⁵⁾ 0.4	-	-
Ong Bee Keo	Chu Kerd Yee	Chu Kerd Yee is our Executive Director, Promoter and substantial shareholder	Disposal of light industrial factory to Ong Bee Keo ⁽¹⁸⁾	-	-	-	-	850	⁽¹⁾ 2.0	-	-	-	-
		Ong Bee Keo is the spouse of Chu Kerd Yee	Disposal of a parcel of condominium to Ong Bee Keo ⁽¹⁸⁾	-	-	-	-	-	-	780	⁽¹⁾ 1.4	-	-
Datuk Keh Chuan Seng	Datuk Keh Chuan Seng	Datuk Keh Chuan Seng is our Promoter and substantial shareholder	Advances from Datuk Keh Chuan Seng ⁽¹²⁾	9,000	⁽¹⁾ 99.7	4,906	⁽¹⁾ 43.2	7,172	⁽¹⁾ 16.5	-	-	-	-
			Repayment of advances to Datuk Keh Chuan Seng ⁽¹²⁾	(3,000)	⁽¹⁾ 33.2	(4,474)	⁽¹⁾ 39.4	(5,520)	⁽¹⁾ 12.7	-	-	-	-
			Capitalisation of advances to share capital in Savelite ⁽¹²⁾	-	-	-	-	(8,084)	⁽¹⁾ 18.6	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)**(b) Energy ES**

Related party	Interested person	Nature of relationship	Nature of transactions	Transaction value								1 August 2024 up to LPD	
				FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 August 2024 up to LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Yansnest	Datuk Keh Chuan Seng	Datuk Keh Chuan Seng is our Promoter and substantial shareholder	Lease of the Junjong Land for the Junjong LSSPV Plant ⁽¹⁹⁾⁽²¹⁾	-	-	(2)	⁽¹⁾ <0.1	(156)	⁽¹⁾ 0.4	(264)	⁽¹⁾ 0.5	(110)	⁽²⁰⁾ N/A
		Datuk Keh Chuan Seng and Cheong Kai Meng (spouse of Datuk Keh Chuan Seng) are the directors and shareholders of Yansnest	Expenses paid on behalf of Yansnest	-	-	-	-	-	-	(21)	⁽¹⁾ <0.1	-	-

Notes:

- (1) Calculated based on our Group's audited NA for each of the respective financial years under review.
- (2) Calculated based on our Group's revenue for each of the respective financial years under review.
- (3) Calculated based on our Group's cost of sales for each of the respective financial years under review.
- (4) Calculated based on our Group's other income for each of the respective financial years under review.
- (5) Calculated based on our Group's other expenses for each of the respective financial years under review.
- (6) Cena Power rented an office and storage space located at part of the mezzanine floor (350 sq ft) of our previous office located at 16, Jalan IKS Bukit Tengah, Taman IKS Bukit Tengah, 14000 Bukit Mertajam, Pulau Pinang from Savelite. The tenancy period was from 1 July 2019 until 30 June 2022, at a monthly rental of RM2,500.00. This rental arrangement ceased on 31 December 2021.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (7) Cena Power rented an office space located at part of the ground floor (250 sq ft) of our Headquarters from Savelite. The tenancy period was from 1 January 2022 to 30 November 2023, at a monthly rental of RM2,500.00. This rental arrangement ceased on 30 November 2023.
- (8) In September 2020, KCK Realty entered into a sale and purchase agreement with LD Global Sdn Bhd to acquire an apartment unit in Langkawi Apartments Project for RM0.63 million ("**Purchase Consideration**"). LD Global Sdn Bhd (a wholly-owned subsidiary of Kobay Technology Berhad, a company listed on Main Market) is the developer of Langkawi Apartments Project. In December 2020, Savelite was appointed as the subcontractor to provide M&E engineering services comprising electrical works for the Langkawi Apartments Project, with a contract sum of RM7.33 million.
- LD Global Sdn Bhd subsequently assigned part of the Purchase Consideration of RM0.56 million to Savelite, as part payment of its subcontracting works for the Langkawi Apartments Project. As at LPD, Savelite has fully collected the entire contract sum of RM7.33 million, of which RM0.56 million was paid by KCK Realty on behalf of LD Global Sdn Bhd.
- (9) Savelite Vortex was incorporated on 20 January 2023 and Savelite held 85.0% equity interest in Savelite Vortex. Savelite Vortex has been dormant since the date of incorporation and had been struck-off from ROC on 9 December 2024. The sole director of Savelite Vortex was Khor Chuan Meng.
- (10) Renergy Elite was incorporated on 8 March 2023 and is a dormant company without any intended future principal activities. Savelite previously held 51.0% equity interest in Renergy Elite and disposed its entire 51.0% shareholdings to Sim Zhen Zhee and Loo Jer Shen (both non-related parties) on 7 December 2023 for RM510, based on cost of investment. Khor Chuan Meng was a director of Renergy Elite and resigned on 25 March 2024.
- (11) ES Kinetic was incorporated on 16 October 2017 as Digital Carnival Savelite Sdn Bhd and subsequently assumed its present name on 14 September 2022. ES Kinetic was a dormant company since incorporation. On 10 August 2021, Chu Kerd Yee and Datuk Keh Chuan Seng were appointed as directors of ES Kinetic. Subsequently, on 20 September 2022, Khor Chuan Meng was also appointed as a director of the company. Savelite previously held 100.0% equity interest in ES Kinetic since 20 January 2023 and disposed its entire shareholdings on 27 July 2023 to Lim Cheang Teik (non-related party) for RM2, based on cost of investment. On 9 December 2023, Khor Chuan Meng and Datuk Keh Chuan Seng resigned as directors. On 26 December 2023, Lim Cheang Teik subsequently disposed his entire shareholdings to Chu Kerd Yee. Upon emergence of Chu Kerd Yee as a shareholder of the company, he converted the then dormant company into a property investment company.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (12) The details of the advances received from/ repayment to Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng during the financial years under review are as follows:

Name	Advances received	Repayment	Capitalisation of advances
	RM'000	RM'000	RM'000
Khor Chuan Meng	*9,983	(3,920)	6,063
Chu Kerd Yee	8,908	(2,845)	6,063
Datuk Keh Chuan Seng	21,078	(12,994)	8,084
Total	39,969	(19,759)	20,210

Note:

- * Comprise advances received from Khor Chuan Meng of RM2.01 million prior to FYE 2021.

The above advances received from Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng were utilised by our Group for the development and construction of Junjong LSSPV Plant and working capital requirements of our Group. The remaining balance of advances of RM20.21 million was capitalised by Savelite issuing new ordinary shares to the respective parties on 15 May 2023 and 17 July 2023.

- (13) We rented an office located at B-03-40, Persiaran Surian, Seksyen 3, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor from Khor Chuan Meng, which is currently used as an office. The tenancy period is from 1 September 2023 to 31 August 2025, at a monthly rental of RM7,000.00. We intend to renew this tenancy upon its expiry. Further details are set out in Section 6.9.2(c).
- (14) On 26 February 2022, Savelite has entered into a sale and purchase agreement with Khor Chuan Meng and Tan Hooi Joo (the spouse of Khor Chuan Meng) for the disposal of 1½ storey terrace light industrial factory at 16, Jalan IKS Bukit Tengah, Taman IKS Bukit Tengah, 14000 Bukit Mertajam, Pulau Pinang. The said property was disposed at total market value of RM0.85 million, as appraised by an independent valuer on 15 December 2021. The disposal was completed on 2 February 2023. Further details are set out in Section 6.5(f).
- (15) We previously rented a condominium unit located at A-30-3A, Residensi GEO, Persiaran Tasik Timur, 47500 Petaling Jaya, Selangor from Tan Hooi Joo (the spouse of Khor Chuan Meng) for the accommodation of our Group's employees at a monthly rental of RM4,000.00. The tenancy period is from 1 January 2021 to 31 December 2024. However, this rental arrangement has been terminated on 31 March 2024.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (16) We rented an office located at B-03-39, Persiaran Surian, Seksyen 3, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor from Chu Kerd Yee, which is currently used as a store. The tenancy period is from 1 September 2023 to 31 August 2025, at a monthly rental of RM7,000.00. We intend to renew this tenancy upon its expiry. Further details are set out in Section 6.9.2(b).
- (17) We previously rented a condominium unit located at A-20-01, Cloudfree Residence, Jalan Juara 43300 Seri Kembangan, Selangor from Chu Kerd Yee for the accommodation of our Group's employees at a monthly rental of RM1,500.00. The tenancy period is from 1 January 2021 to 31 December 2024. However, this rental arrangement has been terminated on 31 March 2024.
- (18) On 26 February 2022, Savelite had entered into a sale and purchase agreement with Ong Bee Keo (the spouse of Chu Kerd Yee) for the disposal of 1½ storey terrace light industrial factory at 78, Jalan IKS Bukit Tengah, Taman IKS Tengah, 14000 Bukit Mertajam, Pulau Pinang. The said property was disposed at total market value of RM0.85 million, as appraised by an independent valuer on 15 December 2021. The disposal was completed on 2 February 2023. Further details are set out in Section 6.5(e).
- On 29 November 2022, Savelite had entered into a sale and purchase agreement with Ong Bee Keo for the disposal of a parcel of condominium at 28B-20-2, Jalan Desiran Tanjung 4, Marinox Sky Villas, 10470 Tanjung Tokong, Pulau Pinang. The said property was disposed at total market value of, RM0.78 million, as appraised by an independent valuer on 17 November 2023, which was completed on 30 July 2024. Further details are set out in Section 6.5(g).
- (19) On 1 July 2021, Energy ES has entered into the lease agreement with Yansnest for the lease of Junjong Land of approximately 74 acres for the development, construction and operations of the Junjong LSSPV Plant for a period of 25 years from 24 July 2023 (commercial operation date) to 23 July 2048, at a monthly lease fee of RM22,000.00. Prior to the commercial operation date, Energy ES paid RM2,000 per annum from 1 July 2021 to 31 December 2022 pending completion of the construction works for the Junjong LSSPV Plant. Despite the commercial operation date being 24 July 2023, the parties agreed that the payment of lease fee be commenced in January 2023 upon actual completion of construction works on 9 January 2023 pending approvals from the authorities to operate the Junjong LSSPV Plant. Further details are set out in Section 6.9.2(a).
- (20) Not applicable as we did not prepare any financial statements from 1 August 2024 up to LPD.
- (21) Relates to recurring related party transactions upon our Listing.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

The transactions in relation to expenses paid on behalf of our Group's related parties or by our Group's related parties on behalf of our Group, advances from our Group's Directors and advances given by/ to our Group's related parties were not conducted on arm's length basis as they were interest free. However, all such payments on behalf and advances have been fully settled by the related parties as at LPD, and moving forward, our Group will no longer pay on behalf or receive payments on behalf of our Group and provide or receive any advances to or from our Group's related parties.

Save as disclosed above, our Directors are of the view that all our related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties. This was determined based on the following:

- (i) provision of M&E engineering services by our Group was based on comparable rates charged to other companies;
- (ii) purchase of main switchboards, sub-switchboards and distribution boards are based on comparable purchase costs from other suppliers;
- (iii) rental expenses paid to the related parties were based on the then prevailing market rental rates;
- (iv) lease paid to Yansnest were based on the then prevailing market lease rates as appraised by independent valuer;
- (v) rental income received from the related parties were based on the then prevailing market rental rates; and
- (vi) disposal of properties to the related parties based on the valuation reports.

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

- (i) At least 2 other contemporaneous transactions with third-parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) If quotation or comparative pricing from third-parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third-parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(b) Other related party transactions

- (i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is detrimental to the minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/ or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/ or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/ or indirect shareholdings. Such interested Directors and/ or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

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10. RELATED PARTY TRANSACTIONS (Cont'd)**10.2 OTHER TRANSACTIONS****10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2021 to 2024 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)**(a) Outstanding loans and/ or balances**

As at LPD, there are no outstanding loans made by our Group to/ for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

As at LPD,

- (i) our Promoters, namely Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng have jointly and/ or severally provided personal guarantees for the banking facilities extended by 5 financial institutions, namely AmBank (M) Berhad, Hong Leong Islamic Bank Berhad, Affin Bank Berhad, CIMB Islamic Bank Berhad and United Overseas Bank (Malaysia) Bhd (collectively referred to as "**Financiers**"), details of which are as follows:

Financiers	Type of facilities	Guarantors	Outstanding balance as at LPD RM'000	Guaranteed sum RM'000
AmBank (M) Berhad	Term loan	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	265	550
AmBank (M) Berhad	• Term loan • Trade financing	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	5,539	6,000
AmBank (M) Berhad	Trade financing	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	3,958	4,000
AmBank (M) Berhad	Trade financing	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	6,897	15,000
Hong Leong Islamic Bank Berhad	• Term loan • Trade financing	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	2,435	3,360

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers	Type of facilities	Guarantors	Outstanding balance as at LPD RM'000	Guaranteed sum RM'000
Affin Bank Berhad	Trade financing	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	4,873	5,000
CIMB Islamic Bank Berhad	Trade financing	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	11,555	12,000
United Overseas Bank (Malaysia) Bhd	• Term loan • Fixed loan • Performance guarantee	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	59,756	95,084
United Overseas Bank (Malaysia) Bhd	Fixed loan	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	2,227	2,779
United Overseas Bank (Malaysia) Bhd	Term loan	• Khor Chuan Meng • Chu Kerd Yee • Datuk Keh Chuan Seng	-	25,000
Total			97,505	

In addition, our Group's Promoters namely Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng have also jointly and/ or severally provided personal guarantees to guarantee payment of monies of all materials purchased by our Group to a supplier.

In conjunction with our Listing, we have applied to the Financiers and supplier to obtain a conditional consent for the release and/ or discharge of the personal guarantees by substituting the same with a corporate guarantee from our Company and/ or other securities from our Group acceptable to the Financiers and supplier. Until such release and/ or discharge are obtained from the respective Financiers and supplier, our Promoters will continue to provide the personal guarantees (i) for the banking facilities which were extended to our Group; or (ii) for the credit facilities which were extended to our Group.

As at LPD, all the Financiers and the supplier have granted their no objection to release and/ or discharge the personal guarantees provided by Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng, subject to, amongst others, the following conditions:

- (aa) successful listing of our Company on ACE Market; and
- (bb) substituting with a corporate guarantee from our Company.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (ii) In addition to the above, Yansnest (a related company) has also provided corporate guarantee in respect of banking facilities from United Overseas Bank (Malaysia) Bhd to our subsidiary, Energy ES.

As at LPD, United Overseas Bank (Malaysia) Bhd has granted their no objection to release and/ or discharge the corporate guarantee, subject to:

- (a) the successful listing of our Company on ACE Market; and
- (b) substituting with a corporate guarantee from our Company.

- (iii) In addition to the above, Savelite has also provided corporate guarantee in respect of banking facilities from Bank Pertanian Malaysia Berhad to CKT Nature Sdn Bhd, a related party. As at LPD, such corporate guarantee has been fully discharged.

As at LPD, our Group does not provide any loan/ guarantees for the benefit of our related parties or third parties.

10.2.3 Financial assistance provided for the benefit of the related party

As LPD, there is no financial assistance provided by us for the benefit of any related party.

10.2.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 1 March 2021 between Savelite and M&A Securities for the appointment of M&A Securities as Adviser, Placement Agent, Underwriter and Sponsor for our Listing; and
- (b) Underwriting Agreement dated 19 December 2024 entered into between our Company and M&A Securities for the underwriting of 52,500,000 Issue Shares.

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11. CONFLICT OF INTEREST**11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND SUPPLIERS**

Save as disclosed below, none of the existing and proposed Directors or substantial shareholders of our Group has any interest, direct or indirect, in any entities which are carrying on a similar or related trade as our Group or which are clients and/ or suppliers of our Group:

Name of company	Principal activities	Interested person/ Nature of interest
Cena Power as a supplier of our Group	Trading of main switchboards, sub-switchboards and distribution boards	Chu Kerd Yee/ Chu Kerd Yee is our Group's Promoter, Executive Director and substantial shareholder. He is also an indirect shareholder of Cena Power, by virtue of his sister's shareholdings in Cena Power (Chu Ai Sehh) pursuant to Section 8(4) of the Act
U-Teknik Trading as a supplier of our Group	Manufacturing and trading of main switchboards, sub-switchboards and distribution boards	Chu Kerd Yee/ Chu Kerd Yee is our Group's Promoter, Executive Director and substantial shareholder. He is also the non-executive director and shareholder of U-Teknik Trading
U-Teknik KL as a supplier of our Group	Trading of main switchboards, sub-switchboards and distribution boards	Chu Kerd Yee/ Chu Kerd Yee is our Group's Promoter, Executive Director and substantial shareholder. He is also the non-executive director and shareholder of U-Teknik KL

For the past financial years under review, Savelite has purchased main switchboards, sub-switchboards and distribution boards from Cena Power, U-Teknik Trading and U-Teknik KL, of which their principal activities are manufacturing and/ or trading of main switchboards, sub-switchboards and distribution boards. Amongst these 3 companies, only U-Teknik KL is listed as one of our Group's top 5 major suppliers in FYE 2024. Please refer to Section 7.12 for details of our Group's purchases from major suppliers.

Notwithstanding that our Group purchases main switchboards, sub-switchboards and distribution boards from these 3 companies, the Board is of the opinion that there is no concerns over the existing or potential conflict of interest between our Group and these companies, having assessed the following mitigating factors:

- (a) Business activities:** Our Group and these 3 companies operate in 2 distinct businesses and are not competing with each other. Cena Power, U-Teknik Trading and U-Teknik KL are a manufacturer and/ or trader of main switchboards, sub-switchboards and distribution boards while our Group is principally involved in the provision of M&E engineering services. Although our Group has recorded revenue from trading of electrical components during the financial years under review, such revenue are generated solely in relation to our Group's projects and from our Group's subcontractors, arising from our Group's arrangements with our subcontractors whereby our Group requires them to purchase certain specified brands of electrical components such as wires and power cables from our Group.

11. CONFLICT OF INTEREST (Cont'd)

To summarise, our Group's trading activities can be differentiated from Cena Power, U-Teknik Trading and U-Teknik KL as follows:

- (i) Cena Power, U-Teknik Trading and U-Teknik KL supplies main switchboards, sub-switchboards and distribution boards whereas our Group supplies electrical components such as wire trunking, wires and power cables to our subcontractors, based on brands/ models specified by our Group's clients (main contractor as instructed by the project owner or project owner directly);
 - (ii) Our Group's trading income solely stems from our provision of M&E engineering services and arrangements with our subcontractors. For avoidance of doubt, save for the arrangement to supply electrical components to our subcontractors for any of our projects involving the said subcontractors, our Group does not supply electronic components to others;
- (b) Chu Kerd Yee's role in Cena Power, U-Teknik Trading and U-Teknik KL:** As at LPD, the shareholders of Cena Power are Chu Ai Sehh (80.0%) and Lim Cheang Teik (20.0%); U-Teknik Trading are Chu Kerd Yee (93.3%) and Ong Bee Keo (6.7%); and U-Teknik KL are Chu Kerd Yee (60.0%), Chuah See Hooi (20.0%) and Ang Pei Ying (20.0%). Chu Kerd Yee was appointed as director of U-Teknik Trading and U-Teknik KL on 18 May 2004 and 14 April 2015 respectively. He is not a shareholder or director of Cena Power.
- As at LPD, he does not manage the business of Cena Power, U-Teknik Trading and U-Teknik KL, which are individually managed by Chu Ai Sehh, Ang Pei Ying and Chuah See Hooi respectively. Between 2004 to 2015, he was involved in the sales and marketing activities of U-Teknik Trading. In 2015, upon joining our Group, he ceased his responsibilities in U-Teknik Trading and became a non-executive Director of U-Teknik Trading. Since U-Teknik KL's incorporation on 14 April 2015, he is a non-executive director in U-Teknik KL, a position he holds to date. For avoidance of doubt, he does not participate in any decisions of these companies as he is a non-executive director in both U-Teknik Trading and U-Teknik KL;
- (c) Related party transactions:** The related party transactions between Savelite and Cena Power, U-Teknik Trading and U-Teknik KL were conducted on arm's length basis and are based on competitive commercial terms not more favourable to either any of the parties. This was determined based on the average purchase price of the products purchased from these companies, which is not lower nor higher than the average purchase price of similar products purchased from other non-related suppliers of our Group; and
- (d) Dependency on Cena Power, U-Teknik Trading and U-Teknik KL:** For FYE 2021 to 2024, our purchases from Cena Power, U-Teknik Trading and U-Teknik KL are as follows:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cena Power	473	1.3	1,163	5.6	3,094	4.1	2,282	2.6
U-Teknik Trading	1,065	3.1	386	1.9	1,370	1.8	3,356	3.1
U-Teknik KL	313	0.9	1,393	6.8	1,400	1.8	7,433	6.9
	1,851	5.3	2,942	14.3	5,864	7.7	13,071	12.6

11. CONFLICT OF INTEREST (*Cont'd*)

Based on the above, our Group's total annual purchase from Cena Power, U-Teknik Trading and U-Teknik KL were individually less than 10.0%. Our Group also purchases main switchboards, sub-switchboards and distribution boards from 30 other suppliers. As such, our Group is not dependent on our purchases from Cena Power, U-Teknik Trading and U-Teknik KL; and our Group is able to secure other replacement suppliers if required.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will first then evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

- (a) immediately inform our Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11. CONFLICT OF INTEREST (*Cont'd*)

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing.
- (b) Ong and Manecksha has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing.
- (c) PKF PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing.
- (d) Providence has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated on 23 November 2023 to facilitate our Listing, and we completed the Acquisition on 17 December 2024. The historical financial information of our Group for FYE 2021 to 2024 is therefore presented based on the audited combined financial statements of our Group.

The audited combined financial statements throughout FYE 2021 to 2024 hasollover been prepared in accordance with MFRS and IFRS. The financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and Section 13 respectively.

12.1.1 Combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our audited combined statements of profit and loss and other comprehensive income for FYE 2021 to 2024 which have been extracted from the Accountants' Report as set out in Section 13.

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	54,887	50,822	136,727	191,091
Cost of sales	(48,564)	(42,450)	(114,694)	(160,152)
GP	6,323	8,372	22,033	30,939
Other income	184	145	977	289
Distribution expenses	(479)	(512)	(563)	(758)
Administrative expenses	(3,365)	(3,647)	(4,438)	(5,401)
Other expenses	(1,067)	(1,053)	(2,252)	(3,032)
Net (loss)/ gain on impairment loss on financial assets	(464)	899	533	69
Profit from operations	1,132	4,204	16,290	22,106
Finance costs	(169)	(331)	(431)	(3,786)
PBT	963	3,873	15,859	18,320
Tax expense	(580)	(1,550)	(4,067)	(4,761)
PAT/ total comprehensive income	383	2,323	11,792	13,559
PAT/ total comprehensive income attributable to:				
Owners of our Company	383	2,330	11,835	13,541
Non-controlling interests	(1)-	(7)	(43)	18
	383	2,323	11,792	13,559
EBIT ⁽²⁾	1,078	4,163	16,162	21,955
EBITDA ⁽²⁾	1,571	4,790	16,826	26,526
GP margin (%) ⁽³⁾	11.5	16.5	16.1	16.2
PBT margin (%) ⁽⁴⁾	1.8	7.6	11.6	9.6
PAT margin (%) ⁽⁴⁾	0.7	4.6	8.6	7.1
Basic EPS (sen) ⁽⁵⁾	0.07	0.42	2.11	2.42
Diluted EPS (sen) ⁽⁶⁾	0.05	0.33	1.69	1.93

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Represents less than RM1,000.
- (2) EBIT and EBITDA are calculated as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
PAT	383	2,323	11,792	13,559
Less:				
Interest income	(54)	(41)	(128)	(151)
Add:				
Finance costs	169	331	431	3,786
Tax expense	580	1,550	4,067	4,761
EBIT	1,078	4,163	16,162	21,955
Add:				
Depreciation	493	627	664	4,571
EBITDA	1,571	4,790	16,826	26,526

- (3) Calculated based on GP over revenue.
- (4) Calculated based on PBT or PAT over revenue.
- (5) Calculated based on PAT attributable to owners of our Company over enlarged share capital of 560,000,000 Shares before IPO.
- (6) Calculated based on PAT attributable to owners of our Company over enlarged share capital of 700,000,000 Shares after IPO.

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12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 July 2021, 2022, 2023 and 2024 which have been extracted from the Accountants' Report as set out in Section 13.

	Audited			
	As at 31 July			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	14,248	34,922	103,267	100,161
Right-of-use assets	1,187	5,555	5,300	4,691
Investment in an associate ⁽²⁾	(1)-	-	-	-
Investment in joint venture ⁽³⁾	-	-	-	(1)-
Total non-current assets	15,435	40,477	108,567	104,852
Current assets				
Inventories	4,106	2,943	3,452	5,406
Trade and non-trade receivables ⁽⁵⁾	8,084	13,005	22,138	42,185
Contract assets	13,419	14,861	21,057	35,072
Fixed deposits with licensed banks	260	3,676	5,037	5,510
Cash and bank balances	1,802	1,956	11,545	13,942
	27,671	36,441	63,229	102,115
Assets held for sale	-	1,073	(4)1	-
Total current assets	27,671	37,514	63,230	102,115
Total assets	43,106	77,991	171,797	206,967
Equity and liabilities				
Equity				
Share capital	1,100	1,100	21,310	21,310
Retained earnings	7,926	10,257	22,091	35,633
Equity attributable to owners of our Company	9,026	11,357	43,401	56,943
Non-controlling interests	(1)-	(8)	124	142
Total equity/ NA	9,026	11,349	43,525	57,085
Liabilities				
Non-current liability				
Borrowings	5,841	12,671	72,352	66,786
Total non-current liability	5,841	12,671	72,352	66,786
Current liabilities				
Trade and non-trade payables ⁽⁶⁾	21,926	29,426	32,553	53,581
Contract liabilities	2,544	19,676	10,119	12,290
Borrowings	2,114	3,602	10,375	14,734
Tax payables	1,655	1,267	2,873	2,491
Total current liabilities	28,239	53,971	55,920	83,096
Total liabilities	34,080	66,642	128,272	149,882
Total equity and liabilities	43,106	77,991	171,797	206,967

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Represents less than RM1,000.
- (2) Being a former associate, ES Kinetic Sdn Bhd.
- (3) Being investment of Savelite in Selarong Pertama.
- (4) Relates to a disposal of a former subsidiary, Renergy Elite Sdn Bhd for RM510 and written off of a former subsidiary, Savelite Vortex Sdn Bhd for its share capital of RM85.
- (5) The breakdown of trade and non-trade receivables are as follows:

		Audited			
		As at 31 July			
		2021	2022	2023	2024
		RM'000	RM'000	RM'000	RM'000
Trade receivables		7,849	12,096	20,519	40,115
Non-trade receivables		235	909	1,619	2,070
		8,084	13,005	22,138	42,185

Non-trade receivables mainly comprise (i) amount owing to related parties, which were non-trade in nature, interest-free and repayable on demand; (ii) rentals and utilities deposits and deposits paid to local authorities in relation to projects; and (iii) prepayments for licenses, permits as well as professional fees for our Listing.

- (6) The breakdown of trade and non-trade payables are as follows:

		Audited			
		As at 31 July			
		2021	2022	2023	2024
		RM'000	RM'000	RM'000	RM'000
Trade payables		13,579	13,227	27,758	48,187
Non-trade payables		8,347	16,199	4,795	5,394
		21,926	29,426	32,553	53,581

Non-trade payables mainly comprise (i) non-trade transactions such as legal fees, secretarial fees and motor vehicles maintenance expenses; (ii) amount owing to directors, a shareholder and a related party, which were non-trade in nature, interest-free and repayable on demand; (iii) provision of LAD made in relation to the Company's litigation with Askey, details are set out in Section 12.7.1(a); (iv) accruals for costs and expenses such as employees' salaries and statutory contributions; and (v) amount owing to Atlantic Blue for EPCC works.

Our Group's non-trade payables increased by RM7.85 million from RM8.35 million in FYE 2021 to RM16.20 million in FYE 2022 mainly attributable to:

- (a) RM5.38 million being amount owing to Atlantic Blue for EPCC works performed for our Junjong LSSPV Plant; and
- (b) RM2.30 million being advances received from Khor Chuan Meng (our Managing Director) and Chu Kerd Yee (our Executive Director) to finance the construction and development of our Junjong LSSPV Plant.

12. FINANCIAL INFORMATION (Cont'd)**12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for FYE 2021 to 2024 which has been extracted from the Accountants' Report as set out in Section 13.

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities				
PBT	963	3,873	15,859	18,320
Adjustments for:				
Depreciation of property, plant and equipment	194	337	339	4,208
Depreciation of right-of-use assets	299	290	325	363
Interest expenses	169	331	431	3,786
Impairment loss on goodwill	3	-	-	-
Impairment loss on receivables	492	18	411	-
Reversal of impairment loss on receivables	(28)	(917)	(944)	(69)
Property, plant and equipment written off	-	4	-	71
Assets held for sale written off	-	-	-	(1)-
Loss/ (Gain) on disposal of property, plant and equipment	85	-	(20)	(28)
Gain on disposal of assets held for sale	-	-	(627)	-
Gain on disposal of right-of-use assets	-	-	-	(6)
Interest income	(54)	(41)	(128)	(151)
Provision of LAD	-	-	1,034	38
Operating profit before working capital changes	2,123	3,895	16,680	26,532
Changes in working capital:				
(Increase)/ Decrease in inventories	(1,997)	1,163	(509)	(1,954)
Increase in receivables	(583)	(3,683)	(8,815)	(19,977)
Decrease/ (Increase) in contract assets	1,781	(1,442)	(6,196)	(14,015)
Increase/ (Decrease) in payables	1,225	(642)	16,043	22,297
(Decrease)/ Increase in contract liabilities	(4,369)	17,132	(9,557)	2,170
Cash generated from operations	(1,820)	16,423	7,646	15,053
Tax paid	(771)	(1,886)	(2,461)	(5,142)
Real property gain tax paid	-	(51)	-	-
Net cash (used in)/ from operating activities	(2,591)	14,486	5,185	9,911
Cash flow from investing activities				
Interest received	54	41	128	151
Proceeds from disposal of property, plant and equipment	970	-	20	29
Proceeds from disposal of investment in an associate	-	(1)-	-	-
Proceeds from disposal of right-of use asset	-	-	-	780

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Proceeds from disposal of assets held for sale	-	-	1,700	1
Net cash flow on acquisition of subsidiary	(1)-	-	175	-
Net change in fixed deposits	-	(3,676)	(1,362)	(473)
Acquisition of property, plant and equipment	(1,904)	(16,709)	(71,973)	(2,652)
Acquisition of assets held for sale	-	-	(1)	-
Acquisition of right-of-use assets	(1)	(10)	(3)	(29)
Investment in joint venture	-	-	-	(1)-
Net cash used in investing activities	(881)	(20,354)	(71,316)	(2,193)
Cash flow from financing activities				
Issuance of ordinary shares	100	-	20,210	(1)-
(Repayment to)/ Advances from Directors	(107)	2,328	(4,228)	18
Advances from/ (Repayment to) a shareholder	6,000	200	(6,200)	-
Advances from/ (Repayment to) a related party	-	233	(232)	(1)-
Repayment from/ (Advances to) related parties	(6,025)	(340)	216	154
Drawdown of term loan	550	2,779	69,387	-
Drawdown of term financing	725	-	-	-
Repayment of term loan	(553)	(107)	(4,256)	(70)
Repayment of term financing	(70)	(80)	(72)	(5,604)
Repayment of lease liabilities	(262)	(175)	(359)	(354)
Interest paid	(169)	(331)	(431)	(3,786)
Net changes in bankers' acceptances	329	1,255	1,685	4,321
Net cash from/ (used in) financing activities	518	5,762	75,720	(5,321)
Net (decrease)/ increase in cash and cash equivalents	(2,954)	(106)	9,589	2,397
Cash and cash equivalents at beginning of financial year	5,016	2,062	1,956	11,545
Cash and cash equivalents at end of financial year	2,062	1,956	11,545	13,942

Notes:

(1) Represents less than RM1,000.

(2) Cash and cash equivalents comprise the following:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,802	1,956	11,545	13,942
Fixed deposit with licensed bank (less than 3 months)	260	-	-	-
	2,062	1,956	11,545	13,942

12. FINANCIAL INFORMATION (Cont'd)

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis of our combined financial statements for FYE 2021 to 2024 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

Our Group provides M&E engineering services for various types of properties such as industrial, commercial and residential as well as solar facilities. Our Group is principally involved in the following:

- (i) provision of electrical engineering services for electricity supply distribution systems;
- (ii) provision of mechanical engineering services for building services; and
- (iii) generation and sales of renewable energy.

Commencing FYE 2024, our Group began deriving revenue from the generation and sales of renewable energy upon the commissioning of our Junjong LSSPV Plant on 24 July 2023.

We derived all our revenue from Malaysia for FYE 2021 to 2024.

Please refer to Section 7 for our Group's detailed business overview.

(b) Revenue

(i) Provision of M&E engineering services

The nature of our provision of M&E engineering services is on a project to project basis. Our clients issue letter of award or purchase order to engage our Group for M&E engineering services.

The length of contract issued via letter of awards are generally between 6 and 27 months, whilst purchase orders issued to our Group are generally less than a year. Any subsequent changes in the initially agreed scope or pricing will be set out in a variation order and/ or revised work order, which will be issued by our clients.

Our revenue from the provision of M&E engineering services is measured and recognised either by:

- for projects which are issued via (i) letter of awards; and (ii) purchase orders carried over from the previous year, revenue is recognised based on the contract by reference to the progress towards complete satisfaction of our performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date, over the estimated total construction costs (an input method); or

12. FINANCIAL INFORMATION (Cont'd)

- our purchase order that we supply and install for clients, which are generally completed within the same year. Revenue from such purchase order is recognised when all works are delivered in the same year.

We are entitled to invoice clients for construction services based on achieving a series of performance-related milestones. Our Group recognises a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when an invoice is issued or timing for billings is due in the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances are received from clients, then our Group recognises a contract liability for the difference.

As such, our revenue generated from this segment, in any financial year fluctuates depending on the number of projects which we undertake and stage of completion of the projects which are issued via letter of awards.

(ii) Trading

Further, our Group also sells electrical components such as wire trunking, wires and power cables to our subcontractors on demand basis under this segment. We require our subcontractors to purchase certain brands of electrical components from us, as for the majority of the projects that our Group secures, the project owners specify certain brands of electrical components that are required to be used in their projects. Our subcontractors typically issue purchase orders for the purchase of these electrical components. Revenue from trading segment is recognised at a point of delivery when the sale of electrical components has been transferred to our subcontractors and coincided with the delivery of products and acceptance by them.

(iii) Sale of renewable energy

On 18 August 2021, ES Energy and TNB had entered into a REPPA for a period of 25 years to purchase electricity generated from our Junjong LSSPV Plant. We commenced generation of renewable energy from Junjong LSSPV Plant upon its commercialisation on 24 July 2023.

Our revenue is recognised upon delivery of electricity, which is measured in kWh upon acceptance by our client.

(c) Cost of sales

Our cost of sales comprises materials consumed, subcontractors' cost, direct labour cost, site expenses and depreciation of Junjong LSSPV Plant as follows:

(i) Materials consumed

Our Group's materials consumed mainly consist of switchboards, generators and related electrical panels, power cables and wires, cable trunking and related accessories, transformers and capacitors, hardware, solar PV panels and electrical components.

We generally purchase our materials consumed based on our projects' requirements. These materials are widely available in Malaysia and sourced from our large base of approved suppliers. Our approved suppliers are selected based on their pricing, availability and lead time for delivery.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Subcontractors cost**

Our Group generally undertakes project planning and management for our M&E engineering services projects. For physical installation works which are labour intensive, our Group generally outsource such works to subcontractors under our supervision and project management. The installation works will involve M&E engineering services, depending on the scope of our Group's contract. Our Group may engage subcontractors to carry out installation works such as cable laying and sockets installation, jointing and installation of critical and high value equipment such as switchgears, switchboards, transformers as well as HV, MV, LV and ELV power cables under our Group's project management and supervision.

(iii) Direct labour cost

Our direct labour comprises salaries, bonuses and allowance directly related to the provision of M&E engineering services for our clients. Staff costs generally vary as it depends on the number of headcount and manpower planning during the financial years under review.

(iv) Site expenses

Site expenses mainly comprise rental of machineries, tools and equipment, rental of sites, insurance fees, consultant fees, diesel, petrol and travelling expenses.

(v) Depreciation

Being depreciation charged on the Junjong LSSPV Plant, which is classified as property, plant and equipment in FYE 2024.

(d) Other income

Other income mainly comprises gain on disposal of assets held for sale, gain on disposal of property, plant and equipment, rental income, interest income, wage subsidy and insurance compensation received.

(e) Distribution expenses

Distribution expenses mainly comprise travelling expenses, accommodation expenses, upkeep of motor vehicles and property agent commission from disposal of properties.

(f) Administrative expenses

Administrative expenses mainly comprise staff costs, directors' remuneration, printing and stationery, depreciation, utilities, bank charges, audit fee, permit and processing fees as well as upkeep of office and office equipment.

(g) Other expenses

Other expenses mainly comprise professional fees, entertainment expenses, penalties, office expenses, rental expenses, staff trainings, workers' levies, stamp duty, provision of LAD, assets held for sale written off as well as loss on disposal of property, plant and equipment.

12. FINANCIAL INFORMATION (Cont'd)

(h) Net gain/ (loss) on impairment loss on financial assets

For the application of MFRS 9 – Financial Instruments, our Group estimates a lifetime expected credit loss allowance for all financial assets. We derived the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses which is then adjusted based on reasonable and supportable qualitative and quantitative forward-looking information.

(i) Finance costs

Finance costs comprise interests charged on bankers' acceptance, lease liabilities and term loans.

(j) Recent developments

Save for the Acquisition, there were no other significant events subsequent to our Group's audited combined financial statements for FYE 2024.

(k) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2021 to 2024. In addition, our audited financial statements for FYE 2021 to 2024 were not subject to any audit qualifications.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.2 Review of our results of operations****(i) Revenue****Analysis of revenue by segment**

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of M&E engineering services	52,727	96.1	48,079	94.6	131,096	95.9	168,896	88.4
Trading ⁽¹⁾	2,160	3.9	2,743	5.4	5,631	4.1	13,591	7.1
Generation and sales of renewable energy	-	-	-	-	-	-	8,604	4.5
	54,887	100.0	50,822	100.0	136,727	100.0	191,091	100.0

Note:

- ⁽¹⁾ Relates to electrical components such as wire trunking, wires and power cables supplied to our Group's subcontractors for projects which our Group has awarded to them.

Our revenue for FYE 2021 to 2024 are mainly derived from the provision of M&E engineering services segment, which accounted for more than 88.4% of our total revenue in FYE 2021 to 2024 respectively.

Analysis of revenue from provision of M&E engineering services by types of property

Our Group's revenue contribution from provision of M&E engineering services which are presented by the types of property, the revenue varies from period to period according to the existing and new projects secured by our Group in a particular period.

<u>Types of property</u>	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Solar ⁽¹⁾	12,527	23.8	5,622	11.7	43,532	33.2	11,247	6.6
Industrial	16,316	30.9	16,690	34.7	45,346	34.6	65,144	38.6
Commercial and residential ⁽²⁾	23,884	45.3	25,767	53.6	42,218	32.2	92,505	54.8
	52,727	100.0	48,079	100.0	131,096	100.0	168,896	100.0

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Refers to M&E engineering services in relation to installation of solar PV panels on roof-top and solar farms.
- (2) Includes public sector buildings, high-rise residential properties, mixed-development properties and commercial buildings.

Our revenue for FYE 2021, FYE 2022 and FYE 2024 were mainly derived from the commercial and residential properties which accounted for 45.3%, 53.6% and 54.8% of revenue from provision of M&E engineering services segment, while our revenue for FYE 2023 was mainly derived from industrial properties, which accounted for 34.6% of our revenue from provision of M&E engineering services segment. The projects contributing to the increase/decrease of our revenue during FYE 2021 to 2024 are as follows:

(a) Solar facility

No.	Project name	Client name	Contract period	Total contract sum ⁽¹⁾ RM'000	Revenue recognised				Remaining contract sum RM'000
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	
1.	Seri Iskandar Project	Atlantic Blue	March 2021 to June 2022	11,003	10,421	712	⁽²⁾ (130)	-	-
2.	Junjong LSSPV Plant Project	Atlantic Blue	February 2022 to September 2023	30,450	-	4,510	24,940	1,000	-
3.	Sitiawan Project	Atlantic Blue	August 2022 to March 2024 ⁽³⁾	23,352	-	-	18,722	3,890	⁽³⁾ 740

Notes:

- (1) Variation orders may occur throughout the contract period and are recognised as part of the contract sum in accordance to the certified progress billings and variation order approval letters.

12. FINANCIAL INFORMATION (Cont'd)

⁽²⁾ Our Group had completed the works in June 2022. The negative revenue recognised in FYE 2023 were from discount given to Atlantic Blue upon finalisation of accounts. Following negotiations with Atlantic Blue regarding the final works completed, a discount was given to Atlantic Blue to expedite collection after finalisation of accounts. Such discounts are assessed on a case-by-case basis, considering factors such as the discount amount, project scope and size as well as client's payment history and creditworthiness. From time to time, we also offer similar discounts to other selected clients, based on our assessment of the abovementioned factors.

⁽³⁾ As at LPD, CCC has been issued by our client for the Sitiawan Project on 15 March 2024 and we are in the midst of finalising the final accounts with our client.

(b) Industrial

No.	Project name	Client Name	Contract period	Total contract sum ⁽¹⁾ RM'000	Revenue recognised				Remaining contract sum RM'000
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	
1.	Pasir Gudang Project	Client W	June 2020 to February 2021	1,920	1,920	-	-	-	-
2.	Kulim Project	NLE Electrical Engineering Sdn Bhd	September 2022 to January 2025	90,195	-	-	33,970	37,705	18,520
3.	Seremban Project	Kwan On Construction (M) Sdn Bhd	September 2022 to May 2024	10,263	-	-	3,990	5,339	⁽²⁾ 934
4.	Kulim 1 Project	Risinglight Sdn Bhd	December 2023 to October 2024	6,457	-	-	-	5,406	⁽³⁾ 1,051

12. FINANCIAL INFORMATION (Cont'd)
Notes:

- (1) Variation orders may occur throughout the contract period and are recognised as part of the contract sum in accordance to the certified progress billings and variation orders.
- (2) There were unbilled amount subsequent to the completion date, pending finalisation of final accounts with the customer.
- (3) The project was completed in October 2024. As such, the remaining contract sum of RM1.05 million was recognised after FYE 2024.

(c) Commercial & residential

No.	Project name	Client name	Contract period	Total contract sum ⁽¹⁾ RM'000	Revenue recognised				Remaining contract sum RM'000
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	
1.	Petaling Jaya Project	Atlantic Blue	September 2018 to August 2022	⁽²⁾ 9,449	4,456	655	213	⁽³⁾ 626	⁽⁴⁾ 249
2.	Retirement Village Project	Client Z	October 2020 to September 2023	8,561	844	4,919	2,528	97	⁽⁴⁾ 173
3.	Langkawi Apartments Project	Mentari Berseri Sdn Bhd	March 2020 to January 2023	6,978	413	3,596	1,536	⁽⁵⁾ 1,298	⁽⁴⁾ 135
4.	Setapak Project	Marvellous Garden Sdn Bhd	May 2021 to May 2024 ⁽⁶⁾	18,200	21	3,112	1,845	9,811	3,411
5.	Sri Petaling Project	GD Builders Sdn Bhd	January 2020 to May 2024 ⁽⁷⁾	13,780	294	1,563	8,223	2,432	1,268

12. FINANCIAL INFORMATION (Cont'd)

No.	Project name	Client name	Contract period	Total contract sum ⁽¹⁾ RM'000	Revenue recognised				Remaining contract sum RM'000
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	
6.	Seri Kembangan Project	Bina BMK Sdn Bhd	December 2021 to July 2024 ⁽⁸⁾	9,500	-	60	1,975	6,424	1,041
7.	Segambut Project	Shanghai Baoye Group (Malaysia) Sdn Bhd	January 2021 to November 2024 ⁽⁹⁾	6,800	107	355	2,061	4,184	93
8.	Kajang Project	Pesona Metro Sdn Bhd	January 2022 to August 2024 ⁽¹⁰⁾	17,300	-	-	1,587	13,753	1,960
9.	George Town Project	PC Construction Sdn Bhd	November 2022 to May 2024 ⁽⁷⁾	6,936	-	-	335	5,881	720
10.	Old Klang Road Project	TME Builders Sdn Bhd	July 2022 to December 2024	15,800	-	115	846	4,894	9,945
11.	Sungai Buloh Project	Vestland Resources Sdn Bhd	February 2023 to December 2024 ⁽¹¹⁾	14,000	-	-	255	7,253	6,492
12.	Subang Project	Positive Platform Sdn Bhd	September 2022 to June 2024 ⁽¹²⁾	27,645	-	34	587	6,196	20,828

12. FINANCIAL INFORMATION (Cont'd)

No.	Project name	Client name	Contract period	Total contract sum ⁽¹⁾ RM'000	Revenue recognised				Remaining contract sum RM'000
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	
13.	Seputeh Project	MCC Overseas (M) Sdn Bhd	February 2022 to May 2025	13,334	-	-	150	4,343	8,841
14.	Seri Tanjung Pinang Project	Kerjaya Prospek (M) Sdn Bhd	July 2022 to July 2025	17,520	-	-	242	3,292	13,986

Notes:

- (1) Variation orders may occur throughout the contract period and are recognised as part of the contract sum in accordance to the certified progress billings and variation orders.
- (2) Revenue of RM3.25 million was recognised in the previous financial years, FYE 2019 and FYE 2020.
- (3) Our Group had completed the works in August 2022. The revenue recognised in FYE 2024 were from variation orders from client after the works were completed in prior year.
- (4) There were unbilled amounts subsequent to the completion date, pending finalisation of final accounts.
- (5) The project has been completed in January 2023. The revenue recognised in FYE 2024 were from variation orders from client after the works were completed in prior year.
- (6) Our Group expects that there will be a delay for this project and had since February 2024 applied for an extension of time up to January 2025 to complete this project. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project is still ongoing, and our client's consultants are still certifying our works for purposes of its progress billings and payments.
- (7) As at LPD, CCC has been issued by the respective clients in May 2024 and we are in the midst of finalising the final accounts with the respective clients.

12. FINANCIAL INFORMATION (Cont'd)

- (8) Our Group expects that there will be a delay for this project and had since June 2024 applied for an extension of time up to January 2025 to complete this project. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project is still ongoing, and our client's consultants are still certifying our works for purposes of its progress billings and payments.
- (9) We have completed the works for this project as of November 2024 and the client's consultant has certified our Group's works for purposes of its progress billings and payments. In addition, the application to obtain CCC from client's consultant has also been submitted by the main contractor, and our Group was expecting the inspections from relevant authorities in November 2024 as scheduled. However, such inspection was rescheduled to mid December 2024. As such, as requested from the client (i.e. main contractor), our Group had in December 2024 applied for an extension of time up to February 2025 for the issuance of the project's CCC. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. As at 16 January 2025, the relevant authority has inspected the project site and the issuance of the project's CCC is expected to be by end January 2025.
- (10) As at LPD, we have completed the M&E engineering works for this project in September 2024, and our client's consultants are still certifying our Group's works for purposes of its progress billings and payments. The main contractor has submitted to the relevant authorities to obtain CPC from the consultants appointed by the project owner. For clarity, our Group's involvement in this project will be deemed completed once the main contractor obtains CPC.
- (11) Our Group expects that there will be a delay for this project and had in November 2024 applied for an extension of time up to January 2025 to complete the project as mentioned above. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project are still ongoing, and the client's consultants are still certifying our Group's works for purposes of its progress billings and payments.
- (12) Our Group expects that there will be a delay for this project and had since March 2024 applied for an extension of time up to April 2025 to complete the project as mentioned above. The decision for the extension of time is still pending as at LPD, as the main contractor is still awaiting the approval/ reply from the project owner for the said extension of time. Nevertheless, the works for this project are still ongoing, and the client's consultants are still certifying our Group's works for purposes of its progress billings and payments.

Comparison between FYE 2021 and FYE 2022

Our Group's total revenue decreased by RM4.07 million or 7.4% from RM54.89 million in FYE 2021 to RM50.82 million in FYE 2022. This was contributed by the lower revenue contribution from our provision of M&E engineering services, which recorded a decrease in revenue of RM4.65 million during FYE 2022. This decrease was offset by an increase in revenue contribution from our trading segment of RM0.58 million in FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)

Provision of M&E engineering services

Our primary revenue contributor was commercial and residential projects, which contributed to 53.6% of our revenue from provision of M&E engineering services segment in FYE 2022 (FYE 2021: 45.3%).

In FYE 2022, our Group's revenue from provision of M&E engineering services segment decreased by RM4.65 million or 8.8%, from RM52.73 million in FYE 2021 to RM48.08 million in FYE 2022. The decrease in revenue mainly attributable to completion of several projects in FYE 2022, namely:

- (i) Seri Iskandar Project. The revenue from this project had decreased by RM9.71 million in FYE 2022 from RM10.42 million in FYE 2021 to RM0.71 million in FYE 2022, representing 19.8% and 1.5% of our Group's provision of M&E engineering services segment revenue for FYE 2021 and FYE 2022 respectively;
- (ii) Petaling Jaya Project. The revenue from this project had decreased by RM3.80 million in FYE 2022 from RM4.45 million in FYE 2021 to RM0.65 million in FYE 2022, representing 8.5% and 1.4% of our Group's provision of M&E engineering services segment revenue for FYE 2021 and FYE 2022 respectively; and
- (iii) Pasir Gudang Project. The revenue from this project was recorded at RM1.92 million in FYE 2021, representing 3.6% of our Group's provision of construction services segment revenue for FYE 2021.

The abovementioned decrease in revenue was partially offset by the increase in revenue attributable to the following:

- (a) commencement of Junjong LSSPV Plant Project. This new project contributed a revenue of RM4.51 million in FYE 2022, representing 9.4% of our Group's provision of M&E engineering services segment revenue for FYE 2022;
- (b) higher level of construction activities in the following ongoing projects, namely:
 - (i) Retirement Village Project. The revenue from this project had increased by RM4.08 million in FYE 2022 from RM0.84 million in FYE 2021 to RM4.92 million in FYE 2022, representing 1.6% and 10.2% of our Group's provision of M&E engineering services segment revenue for FYE 2021 and FYE 2022 respectively; and
 - (ii) Langkawi Apartments Project. The revenue from this project had increased by RM3.19 million in FYE 2022 from RM0.41 million in FYE 2021 to RM3.60 million in FYE 2022, representing 0.8% and 7.5% of our Group's provision of M&E engineering services segment revenue for FYE 2021 and FYE 2022 respectively.

12. FINANCIAL INFORMATION (Cont'd)

Trading

Revenue from our trading segment increased by RM0.58 million or 26.9% from RM2.16 million in FYE 2021 to RM2.74 million in FYE 2022, mainly attributable to increased purchase orders for electrical components such as wire trunking, wires and power cables supplied to our Group's subcontractors during the year, for projects which we had awarded to them.

Comparison between FYE 2022 and FYE 2023

Our Group's total revenue increased by RM85.91 million or 169.0% from RM50.82 million in FYE 2022 to RM136.73 million in FYE 2023. This was contributed by the higher revenue contribution from our provision of M&E engineering services of RM83.02 million and higher revenue contribution from trading segment of RM2.89 million in FYE 2023.

Provision of M&E engineering services

Our primary revenue contributor was industrial projects, which contributed to 34.6% of our revenue from provision of M&E engineering services in FYE 2023 (FYE 2022: 34.7%).

In FYE 2023, our Group's revenue from provision of M&E engineering services increased by RM83.02 million or 172.7%, from RM48.08 million in FYE 2022 to RM131.10 million in FYE 2023. This was mainly attributable to:

- (a) commencement of the following new projects, namely:
 - (i) Kulim Project. This new project contributed a revenue of RM33.97 million in FYE 2023, representing 25.9% of our Group's provision of M&E engineering services segment revenue for FYE 2023;
 - (ii) Sitiawan Project. This new project contributed a revenue of RM18.72 million in FYE 2023, representing 14.3% of our Group's provision of M&E engineering services segment revenue for FYE 2023; and
 - (iii) Seremban Project. This new project contributed a revenue of RM3.99 million in FYE 2023, representing 3.0% of our Group's provision of M&E engineering services segment revenue for FYE 2023.
- (b) higher level of construction activities in the following ongoing projects, namely:

12. FINANCIAL INFORMATION (Cont'd)

- (i) Junjong LSSPV Plant Project. The revenue from this project had increased by RM20.43 million in FYE 2023 from RM4.51 million in FYE 2022 to RM24.94 million in FYE 2023, representing 9.4% and 19.0% of our Group's provision of M&E engineering services segment revenue for FYE 2022 and FYE 2023 respectively; and
- (ii) Sri Petaling Project. The revenue from this project had increased by RM6.66 million in FYE 2023 from RM1.56 million in FYE 2022 to RM8.22 million in FYE 2023, representing 3.3% and 6.3% of our Group's provision of M&E engineering services segment revenue for FYE 2022 and FYE 2023 respectively.

Trading

Revenue from our trading segment increased by RM2.89 million or 105.5% from RM2.74 million in FYE 2022 to RM5.64 million in FYE 2023, mainly attributable to increased purchase orders from our subcontractors for electrical components such as wire trunking, wires and power cables supplied to our Group's subcontractors during the year, for projects which we had awarded to them.

Comparison between FYE 2023 and FYE 2024

Our Group's total revenue increased by RM54.36 million or 39.8% from RM136.73 million in FYE 2023 to RM191.09 million in FYE 2024. This was contributed by higher revenue contribution from our provision of M&E engineering services, trading and generation and sales of renewable energy segments by RM37.80 million, RM7.96 million and RM8.60 million respectively in FYE 2024.

Provision of M&E engineering services

Our primary revenue contributor was commercial and residential projects, which contributed to 54.8% of our revenue from provision of M&E engineering services segment in FYE 2024 (FYE 2023: 32.2%).

In FYE 2024, our Group's revenue from provision of M&E engineering services segment increased by RM37.80 million or 28.8%, from RM131.10 million in FYE 2023 to RM168.90 million in FYE 2024. This increase was mainly attributable to:

- (a) higher level of construction activities mainly in the following ongoing projects, namely:
 - (i) Kajang Project. The revenue of this project had increased by RM12.16 million in FYE 2024 from RM1.59 million in FYE 2023 to RM13.75 million in FYE 2024, representing 1.2% and 8.1% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) Setapak Project. The revenue of this project had increased by RM7.96 million in FYE 2024 from RM1.85 million in FYE 2023 to RM9.81 million in FYE 2024, representing 1.4% and 5.8% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;
- (iii) Sungai Buloh Project. The revenue of this project had increased by RM6.99 million in FYE 2024 from RM0.26 million in FYE 2023 to RM7.25 million in FYE 2024, representing 0.2% and 4.3% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;
- (iv) Subang Project. The revenue of this project had increased by RM5.61 million in FYE 2024 from RM0.59 million in FYE 2023 to RM6.20 million in FYE 2024, representing 0.5% and 3.7% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;
- (v) George Town Project. The revenue of this project had increased by RM5.54 million in FYE 2024 from RM0.34 million in FYE 2023 to RM5.88 million in FYE 2024, representing 0.3% and 3.5% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;
- (vi) Seri Kembangan Project. The revenue of this project had increased by RM4.44 million in FYE 2024 from RM1.98 million in FYE 2023 to RM6.42 million in FYE 2024, representing 1.5% and 3.8% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;
- (vii) Seputeh Project. The revenue of this project had increased by RM4.19 million in FYE 2024 from RM0.15 million in FYE 2023 to RM4.34 million in FYE 2024, representing 0.1% and 2.6% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;
- (viii) Old Klang Road Project. The revenue of this project had increased by RM4.04 million in FYE 2024 from RM0.85 million in FYE 2023 to RM4.89 million in FYE 2024, representing 0.6% and 2.9% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;
- (ix) Kulim Project. The revenue of this project had increased by RM3.74 million in FYE 2024 from RM33.97 million in FYE 2023 to RM37.71 million in FYE 2024, representing 25.9% and 22.3% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively; and
- (x) Seri Tanjung Pinang Project. The revenue of this project had increased by RM3.05 million in FYE 2024 from RM0.24 million in FYE 2023 to RM3.29 million in FYE 2024, representing 0.2% and 1.9% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively;

12. FINANCIAL INFORMATION (Cont'd)

- (b) commencement of the Kulim 1 Project in FYE 2024. This new project contributed a revenue of RM5.41 million in FYE 2024, representing 3.2% of our Group's provision of M&E engineering services segment revenue for FYE 2024.

The abovementioned increase in revenue was partially offset by the decrease in revenue attributable to the following projects:

- (i) completion of works of the Junjong LSSPV Plant Project in FYE 2024. The revenue from this project had decreased by RM23.94 million in FYE 2024 from RM24.94 million in FYE 2023 to RM1.00 million in FYE 2024, representing 19.0% and 0.6% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively; and
- (ii) completion of works of the Sitiawan Project in FYE 2024. The revenue from this project had decreased by RM14.83 million in FYE 2024 from RM18.72 million in FYE 2023 to RM3.89 million in FYE 2024, representing 14.3% and 2.3% of our Group's provision of M&E engineering services segment revenue for FYE 2023 and FYE 2024 respectively.

Trading

Revenue from our trading segment increased by RM7.96 million or 141.4% from RM5.63 million in FYE 2023 to RM13.59 million in FYE 2024, mainly attributable to increased purchase orders from our Group's subcontractors for electrical components such as wire trunking, wires and power cables during the year, for projects which we had awarded to them.

Generation and sales of renewable energy

During FYE 2024, our Group recorded a revenue contribution of RM8.60 million arising from the generation and sales of renewable energy, being electricity generated from the Junjong LSSPV Plant sold to TNB, which was commercialised on 24 July 2023.

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Cost of sales, GP and GP margin**

Our Group prices our projects based on contract cost estimates after taking into consideration, amongst others, the size, complexity and specifications of the projects. The contract cost is estimated at the beginning of the project based on expected purchase costs, direct labour costs, subcontractors' costs, site expenses and project duration. Generally, the contract cost estimates will be revised towards the end of each project period to reflect the actual incurred costs. Apart from contract costs estimates, each project's GP may differ based on the scope of project, project duration and project margin.

Analysis of cost of sales by segment

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of M&E engineering services	46,467	95.7	39,787	93.7	109,228	95.2	142,169	88.8
Trading	2,097	4.3	2,663	6.3	5,466	4.8	13,183	8.2
Generation and sales of renewable energy	-	-	-	-	-	-	4,800	3.0
	48,564	100.0	42,450	100.0	114,694	100.0	160,152	100.0

Analysis of cost of sales by cost items

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials consumed	32,664	67.3	21,692	51.1	75,312	65.7	106,020	66.2
Subcontractors' costs	12,654	26.1	17,762	41.9	34,619	30.2	36,600	22.8
Direct labour cost	2,203	4.5	2,299	5.4	3,794	3.3	11,781	7.4
Site expenses	1,043	2.1	697	1.6	969	0.8	1,731	1.1
Depreciation	-	-	-	-	-	-	4,020	2.5
	48,564	100.0	42,450	100.0	114,694	100.0	160,152	100.0

Major components of our cost of sales are materials consumed and subcontractors cost that collectively represents between 89.0% and 95.9% of our Group's cost of sales for FYE 2021 to 2024.

12. FINANCIAL INFORMATION (Cont'd)

(a) Materials consumed

The increase in materials consumed in FYE 2021 to 2024 were in line with the increase in total revenue for the same period.

The high proportion of materials consumed compared to other costs of sales was a result of high proportion of our sales being undertaken on turnkey basis which includes the procurement of materials, equipment and electrical components by us. These materials, equipment and electrical components are generally widely available and sourced from local suppliers. The prices of these materials are mainly influenced by the overall market supply and demand conditions.

Materials consumed constituted 67.3%, 51.1%, 65.7%, and 66.2% of our total cost of sales for FYE 2021 to 2024 respectively. These materials consumed are dependent on the nature and project requirements of our M&E engineering projects undertaken.

(b) Subcontractors' costs

This relates to third-party subcontractors which we engage to carry out installation works for our M&E engineering services, such as cable laying and sockets installation, jointing and installation of critical and high value equipment such as switchgears, switchboards, transformers as well as HV, MV, LV and ELV power cables under our Group's project management and supervision. We also engaged a subcontractor to carry out the O&M of our Junjong LSSPV Plant since FYE 2024.

Subcontractors' costs constituted 26.1%, 41.9%, 30.2% and 22.8% of our total cost of sales for FYE 2021 to 2024 respectively.

(c) Direct labour costs

Direct labour costs mainly consist of salaries/ wages, allowances, bonuses, employees' provident fund contributions, workers welfare as well as levy expenses paid for the hiring of workers (comprising project managers, site engineers, quantity surveyors, site supervisors, wiremen, chargemen and foreign workers) that we directly employ. This is in line with the changes in our Group's project team's headcount from 46 in FYE 2021 to 53 in FYE 2022, to 93 in FYE 2023 and subsequently to 173 in FYE 2024.

(d) Site expenses

This relates to the following:

- (i) rental of machineries, tools and equipment such as trenching and dredging machinery to support our M&E engineering services from third-party providers as well as rental of sites used for keeping the direct materials and consumables for projects;
- (ii) insurance fees for projects:

12. FINANCIAL INFORMATION (Cont'd)

(iii) consultant fees incurred for conducting site surveys at our project sites, calibration and commissioning expenses on projects prior to project handover; and

(iv) diesel, petrol and travelling expenses.

(e) Depreciation

Being depreciation charged on our Junjong LSSPV Plant that we own and operate, which are classified as property, plant and equipment in FYE 2024.

Comparison between FYE 2021 and FYE 2022

Our Group's total cost of sales decreased by RM6.11 million or 12.6% from RM48.56 million in FYE 2021 to RM42.45 million in FYE 2022, which corresponded with our Group's lower revenue during the same period, attributable to the following:

(a) materials consumed decreased by RM10.97 million or 33.6% from RM32.66 million to RM21.69 million in FYE 2022, which was in line with the decrease in revenue from provision of M&E engineering services segment during FYE 2022. The decrease in direct materials consumed mainly attributable to the following projects in FYE 2022:

(i) Seri Iskandar Project;

(ii) Petaling Jaya Project; and

(iii) Pasir Gudang Project;

(b) site expenses decreased by RM0.34 million or 32.7% from RM1.04 million to RM0.70 million in FYE 2022, arising from the decrease in rental of sites used for keeping the direct materials and consumables for projects, which was in line with the decrease in the materials consumed during FYE 2022.

The decrease in the abovementioned cost items were offset by the following:

(a) subcontractors' costs increased by RM5.11 million or 40.4% from RM12.65 million in FYE 2021 to RM17.76 million in FYE 2022, mainly arising from the increased manpower required for our provision of M&E engineering services segment, specifically on Junjong LSSPV Plant Project that we engaged subcontractors to perform installation and electrical works; and

12. FINANCIAL INFORMATION (Cont'd)

- (b) direct labour costs increased by RM0.10 million or 4.5% from RM2.20 million in FYE 2021 to RM2.30 million in FYE 2022, arising from the increased headcount of our project team from 46 in FYE 2021 to 53 in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our cost of sales increased by RM72.24 million or 170.2% from RM42.45 million in FYE 2022 to RM114.69 million in FYE 2023, which corresponded with our Group's higher revenue during the same period, attributable to the following:

- (a) materials consumed increased by RM53.62 million or 247.2% from RM21.69 million to RM75.31 million in FYE 2023, which was in line with the increase in revenue from provision of M&E engineering services segment during FYE 2023. The increase in direct materials consumed mainly attributable to the following projects in FYE 2023:
- (i) Kulim Project;
 - (ii) Junjong LSSPV Plant Project;
 - (iii) Sitiawan Project;
 - (iv) Petaling Jaya Project; and
 - (v) Seremban Project.
- (b) subcontractors' costs increased by RM16.86 million or 94.9% from RM17.76 million in FYE 2022 to RM34.62 million in FYE 2023, mainly arising from the increased manpower required for our provision of M&E engineering services segment as mentioned above;
- (c) direct labour costs increased by RM1.49 million or 64.8% from RM2.30 million in FYE 2022 to RM3.79 million in FYE 2023, arising from the increased headcount of the project team required for the increased in number of projects from provision of M&E engineering services segment. Our Group's project team's headcount increased from 53 in FYE 2022 to 93 in FYE 2023; and
- (d) site expenses increased by RM0.27 million or 38.6% from RM0.70 million to RM0.97 million in FYE 2023, arising from the increase in rental of sites used for storing direct materials and consumables for projects, which was in line with the increase in the materials consumed during FYE 2023.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2023 and FYE 2024

Our cost of sales increased by RM45.46 million or 39.6% from RM114.69 million in FYE 2023 to RM160.15 million in FYE 2024, which corresponded with our Group's higher revenue during the same period, attributable to the following:

- (a) materials consumed increased by RM30.71 million or 40.8% from RM75.31 million to RM106.02 million in FYE 2024, which was in line with the increase in revenue from provision of M&E engineering services segment in FYE 2024. The increase in direct materials consumed were mainly attributable to the following projects in FYE 2024:
 - (i) Kajang Project;
 - (ii) Setapak Project;
 - (iii) Sungai Buloh Project;
 - (iv) Subang Project;
 - (v) George Town Project;
 - (vi) Seri Kembangan Project;
 - (vii) Seputeh Project;
 - (viii) Old Klang Road Project;
 - (ix) Kulim Project; and
 - (x) Seri Tanjung Pinang Project.
- (b) subcontractors' costs increased by RM1.98 million or 5.7% from RM34.62 million in FYE 2023 to RM36.60 million in FYE 2024, mainly arising from the increased manpower required for our provision of M&E engineering services segment, as mentioned above;
- (c) direct labour costs increased by RM7.99 million or 210.8% from RM3.79 million in FYE 2023 to RM11.78 million in FYE 2024, arising from the increased headcount of our project team from 93 in FYE 2023 to 173 in FYE 2024;

12. FINANCIAL INFORMATION (Cont'd)

- (d) site expenses increased by RM0.76 million or 78.4% from RM0.97 million in FYE 2023 to RM1.73 million in FYE 2024, arising from the increase in rental of sites used for storing direct materials and consumables for projects, which was in line with the increase in the materials consumed during FYE 2024; and
- (e) depreciation charged on our Junjong LSSPV Plant of RM4.02 million.

Analysis of GP and GP margin by segment

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of M&E engineering services	6,260	11.9	8,292	17.2	21,868	16.7	26,727	15.8
Trading	63	2.9	80	2.9	165	2.9	408	3.0
Generation and sales of renewable energy	-	-	-	-	-	-	3,804	44.2
	6,323	11.5	8,372	16.5	22,033	16.1	30,939	16.2

Our GP and GP margin for provision of M&E engineering services are dependent on our overall project mix during the financial years. We price our projects based on cost estimates taking into consideration the complexity and scale of the project. As such, our GP and GP margin are also dependent on the accuracy of our cost estimates.

In addition, our GP and GP margin may fluctuate throughout our project tenure as and when there is a need to revise our revenue and/ or cost estimates. Such fluctuations are generally more significant towards the completion of the project when we can estimate our revenue and/ or cost more accurately.

The GP margin for the trading segment was maintained at a consistent level for FYE 2021 to 2024.

In FYE 2024, costs incurred for the generation and sales of renewable energy comprised the installation costs and labour costs for our Junjong LSSPV Plant (which were capitalised and recorded under property, plant and equipment), and depreciation as well as O&M services for our Junjong LSSPV Plant (which were charged off to cost of sales). Hence, our GP margin from the generation and sales of renewable energy segment fluctuates with both expenses operated in FYE 2024.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our total GP increased by RM2.05 million or 32.4% from RM6.32 million in FYE 2021 to RM8.37 million in FYE 2022, mainly contributed by higher GP from provision of M&E engineering services segment. Our overall GP margin for FYE 2022 was 16.5% in FYE 2022 (FYE 2021: 11.5%).

Our GP from provision of M&E engineering services segment increased by RM2.03 million or 32.4% to RM8.29 million in FYE 2022 (FYE 2021: RM6.26 million), mainly contributed by the projects as explained in Section 12.2.2(i) above which had higher GP in FYE 2022 in line with higher revenue recorded in FYE 2022. While our GP margin increased from 11.9% in FYE 2021 to 17.2% in FYE 2022. The increase in our GP margin in FYE 2022 was mainly due to:

- (a) revision in budgeted cost for the completed or nearing completion projects as the actual cost incurred was lower than our previous budgeted cost, such as the budgeted cost for Cyberjaya Project decreased from RM8.41 million in FYE 2021 to RM6.62 million in FYE 2022, while the budgeted cost for Tanjung Pinang Project decreased from RM5.38 million in FYE 2021 to RM5.12 million in FYE 2022; and
- (b) variation in the initial project job scope and/ or additional variation orders secured for the following projects which led to an overall higher GP margin as compared to the initial project's margin:
 - (i) Retirement Village Project, where the initial contract sum was RM6.44 million in FYE 2021, which subsequently increased to RM7.20 million in FYE 2022;
 - (ii) Alor Setar Project, where the initial contract sum was RM4.91 million in FYE 2021, which subsequently increased to RM7.62 million in FYE 2022;
 - (iii) Seri Iskandar Project, where the initial contract sum was RM10.60 million in FYE 2021, which subsequently increased to RM11.08 million in FYE 2022;
 - (iv) Seberang Perai Selatan Project, where the initial contract sum was RM2.82 million in FYE 2021, which subsequently increased to RM3.20 million in FYE 2022; and
 - (v) Petaling Jaya Project, where the initial contract sum was RM8.95 million in FYE 2021, which subsequently increased to RM9.37 million in FYE 2022.

The lower GP margin for our provision of M&E engineering services segment of 11.9% in FYE 2021 was attributable to higher competition for projects, following the gradual economic recovery in 2021.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2022 and FYE 2023

Our total GP increased by RM13.66 million or 163.2% from RM8.37 million in FYE 2022 to RM22.03 million in FYE 2023, mainly contributed by higher GP from provision of M&E engineering services segment. Our overall GP margin for FYE 2023 was 16.1% (FYE 2022: 16.5%).

Our GP from provision of M&E engineering services segment increased by RM13.58 million or 163.8% to RM21.87 million in FYE 2023 (FYE 2022: RM8.29 million), mainly contributed by the projects as explained in Section 12.2.2(i) above which had higher GP in FYE 2023 in line with higher revenue recorded in FYE 2023. Our GP margin decreased slightly from 17.2% in FYE 2022 to 16.7% in FYE 2023. The decrease in our GP margin in FYE 2023 was mainly due to lower GP margin (normally ranging from 12.0% to 19.0%) for a new project secured i.e. Kulim Project. Our Group has priced the Kulim Project below its average range in order to secure the project, as the Kulim Project represents our Group's largest contract at that point in time.

The decrease in GP margin was cushioned by:

- (a) revision in budgeted cost for the completed Junjong LSSPV Plant Project from RM24.61 million in FYE 2022 to RM23.43 million in FYE 2023 as the actual cost incurred was lower than our previous budgeted cost;
- (b) variation in the initial project job scope and/ or additional variation orders secured for the following projects which led to an overall higher GP margin as compared to the initial project's margin:
 - (i) Retirement Village Project, where the initial contract sum was RM7.20 million in FYE 2022, which subsequently increased to RM8.49 million in FYE 2023; and
 - (ii) Langkawi Hotel Project, where the initial contract sum was RM7.90 million in FYE 2022, which subsequently increased to RM9.59 million in FYE 2023.

Comparison between FYE 2023 and FYE 2024

Our total GP increased by RM8.91 million or 40.4% from RM22.03 million in FYE 2023 to RM30.94 million in FYE 2024, mainly contributed by higher GP from provision of M&E engineering services segment of RM4.86 million and GP from generation and sales of renewable energy segment of RM3.80 million. The slight improvement in GP margin of 0.1% from 16.1% for FYE 2023 to 16.2% for FYE 2024 was attributable to GP margin for generation and sales of renewable energy segment of 44.2% as the major cost component was recorded under property, plant and equipment.

12. FINANCIAL INFORMATION (Cont'd)

Our GP from provision of M&E engineering services segment increased by RM4.86 million or 22.2% to RM26.73 million in FYE 2024 (FYE 2023: RM21.87 million), mainly contributed by the projects as explained in Section 12.2.2(i) above which had higher GP in FYE 2024 in line with higher revenue recorded in FYE 2024. However, our GP margin for this segment decreased slightly from 16.7% in FYE 2023 to 15.8% in FYE 2024. The decrease in GP margin in FYE 2024 was due to the revision in budgeted cost for Kulim Project where the budgeted cost increased from RM68.79 million in FYE 2023 to RM79.23 million in FYE 2024 attributable to the increase in budgeted material costs arising from overall higher copper prices in FYE 2024.

(iii) Other income

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of assets held for sale	-	-	-	-	627	64.2	-	-
Compensation received	-	-	(5)20	13.8	(6)137	14.0	-	-
Interest income ⁽¹⁾	54	29.4	41	28.3	128	13.1	151	52.2
Rental income ⁽²⁾	73	39.7	63	43.4	44	4.5	39	13.5
Wage subsidy ⁽³⁾	31	16.8	-	-	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	-	20	2.0	28	9.7
Gain on disposal of right-of-use assets	-	-	-	-	-	-	6	2.1
Others ⁽⁴⁾	26	14.1	21	14.5	21	2.2	65	22.5
	184	100.0	145	100.0	977	100.0	289	100.0

Notes:

- (1) Relates to interest income from cash deposited in licensed banks.
- (2) Relates to rental income mainly derived from the rental of 2 units of 1½ storey terrace light industrial factories located in Bukit Mertajam, Pulau Pinang to a third party and Cena Power in FYE 2022, 1 unit of single storey shoplot in Petaling Jaya, Selangor to Moderntent Development in FYE 2023 and FYE 2024 and an office and storage space at our Headquarters to Cena Power in FYE 2023 and FYE 2024.
- (3) Relates to wage subsidy received from the Government under the PERKESO Wage Subsidy Programme.
- (4) Comprises discount received from our suppliers and sales of electricity generated to TNB from solar panels installed on the rooftop of our previous office premise located at Bukit Mertajam, Pulau Pinang in FYE 2023 as well as the administrative income from sourcing materials on behalf of subcontractors in FYE 2024.

12. FINANCIAL INFORMATION (Cont'd)

- (5) Relates to insurance compensation for the damages caused by heavy rain where rainwater seeped into the underground cable erected at a project site located at Port Klang, Selangor.
- (6) Being one-off compensation from Itramas comprising interests and costs of RM0.14 million received in August 2022 pursuant to an award by the Court of Appeal in March 2022. Further details are set out in Section 12.7.1(c).

Comparison between FYE 2021 and FYE 2022

Our other income decreased by RM0.03 million or 16.7% from RM0.18 million in FYE 2021 to RM0.15 million in FYE 2022, mainly due to wage subsidy of RM0.03 million received in FYE 2021 which did not recur in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.83 million or 553.3% from RM0.15 million in FYE 2022 to RM0.98 million in FYE 2023, mainly due to the following:

- (a) gain on disposal of assets held for sale of RM0.63 million arising from the disposal of 2 units of 1½ storey terrace light industrial factories located at Bukit Mertajam, Pulau Pinang, further details of which are set out in Sections 6.5(e) and 6.5(f).; and
- (b) one-off compensation received of RM0.14 million, as mentioned in Note (6) above.

Comparison between FYE 2023 and FYE 2024

Our other income decreased by RM0.69 million or 70.4% from RM0.98 million in FYE 2023 to RM0.29 million in FYE 2024, mainly due to absence of gain on disposal of assets held for sale of RM0.63 million, arising from the disposal of 2 units of 1½ storey terrace light industrial factories located at Bukit Mertajam, Pulau Pinang. Further details of the disposal are set out in Sections 6.5(e) and 6.5(f). Further, the decrease in compensation received of RM0.13 million in FYE 2024 also contributed to the decrease in other income in FYE 2024.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Distribution expenses**

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Travelling expenses	184	38.4	248	48.4	301	53.5	398	52.5
Accommodation expenses	111	23.2	151	29.5	151	26.8	232	30.6
Upkeep of motor vehicles	111	23.2	93	18.2	93	16.5	121	16.0
Commission ⁽¹⁾	68	14.2	17	3.3	17	3.0	-	-
Others ⁽²⁾	5	1.0	3	0.6	1	0.2	7	0.9
	479	100.0	512	100.00	563	100.0	758	100.0

Notes:

- (1) Relates to property agent commission arising from disposal of properties and sales commission to third parties for business referrals.
- (2) Mainly consist of sponsorships, printing fees and other miscellaneous expenses for our Group.

Comparison between FYE 2021 and FYE 2022

Our distribution expenses increased by RM0.03 million or 6.3% from RM0.48 million in FYE 2021 to RM0.51 million in FYE 2022, mainly attributable to the increase in traveling and accommodation expenses of RM0.07 million. This was mainly due to increase in numbers of business trips to visit clients and project sites during FYE 2022.

The increase in distribution expenses was offset by the decrease in commission of RM0.05 million, attributable to lower sales commission paid to third parties for business referrals in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our distribution expenses increased by RM0.05 million or 9.8% from RM0.51 million in FYE 2022 to RM0.56 million in FYE 2023, mainly due to increase in traveling and accommodation expenses of RM0.05 million. This was mainly attributable to increase in numbers of business trips to visit clients and project sites.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2023 and FYE 2024**

Our distribution expenses increased by RM0.20 million or 35.7% from RM0.56 million in FYE 2023 to RM0.76 million in FYE 2024, mainly due to higher travelling expenses and accommodation expenses of RM0.18 million resulting from the increase in numbers of business trips to visit clients and project sites during FYE 2024.

(v) Administrative expenses

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	1,612	47.9	1,751	48.0	1,964	44.3	2,474	45.8
Directors' remuneration	1,097	32.6	1,013	27.8	1,319	29.8	1,407	26.1
Depreciation	493	14.7	627	17.2	664	15.0	551	10.2
Printing and stationery	59	1.8	64	1.7	76	1.7	96	1.8
Utilities	51	1.5	61	1.7	78	1.8	124	2.3
Bank charges	18	0.5	74	2.0	281	6.3	137	2.5
Audit fee	26	0.8	33	0.9	41	0.9	44	0.8
Permit and processing fees as well as insurance costs ⁽¹⁾	-	-	-	-	-	-	550	10.2
Upkeep of office and office equipment	8	0.2	14	0.4	5	0.1	8	0.1
Others ⁽²⁾	1	<0.1	10	0.3	10	0.1	10	0.2
	3,365	100.0	3,647	100.0	4,438	100.0	5,401	100.0

Notes:

⁽¹⁾ Relates to Junjong LSSPV Plant.

⁽²⁾ Mainly consist of stamp duties and service charges.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM0.28 million or 8.3% from RM3.37 million in FYE 2021 to RM3.65 million in FYE 2022, attributable to the increase in staff costs of RM0.14 million or 8.7%, due to annual salary adjustment for existing staff and expansion of our headcount mainly in finance, administration and human resources department from 9 in FYE 2021 to 15 in FYE 2022. In addition, the increase was also attributable to increase in depreciation due to an acquisition of a single storey shoplot located at Petaling Jaya, Selangor.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM0.79 million or 21.6% from RM3.65 million in FYE 2022 to RM4.44 million in FYE 2023, mainly due to the following reasons:

- (a) increase in directors' remuneration of RM0.31 million or 30.7%, mainly due to the increase in Directors' salaries of our Executive Directors to reward them for our Group's business growth during FYE 2023;
- (b) increase in staff costs of RM0.21 million or 12.0%, mainly due to (i) higher bonuses and incentives paid to our existing employees to reward them for the improvement in the financial results of our Group during FYE 2023; and (ii) recruitment of additional 3 employees in finance, administration and human resource departments during FYE 2023 to support our Group's business expansion activities during the year; and
- (c) increase in bank charges of RM0.21 million or 300.0%, attributable to bank guarantees as performance bond for Junjong LSSPV Plant.

Comparison between FYE 2023 and FYE 2024

Our administrative expenses increased by RM0.96 million or 21.6% from RM4.44 million in FYE 2023 to RM5.40 million in FYE 2024, mainly due to the following reasons:

- (a) increase in staff costs by RM0.51 million or 26.0%, mainly due to higher bonuses paid to our employees to reward them for our business growth in FYE 2024 as well as higher salaries mainly from the recruitment of 4 additional employees for our administration and human resource department during FYE 2024 to support our Group's business expansion activities; and
- (b) the permit and processing fees as well as insurance costs incurred for our Junjong LSSPV Plant of RM0.55 million.

The increase in administrative expenses was offset by the decrease in bank charges of RM0.14 million in FYE 2024 attributable to absence of bank guarantees as performance bond for Junjong LSSPV Plant due to completion of the construction of Junjong LSSPV Plant in FYE 2023.

12. FINANCIAL INFORMATION (Cont'd)**(vi) Other expenses**

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Professional fees ⁽¹⁾	492	46.1	360	34.2	436	19.4	2,034	67.1
Entertainment expenses	96	9.0	204	19.4	279	12.4	273	9.0
Penalties ⁽²⁾	53	5.0	184	17.5	-	-	6	0.2
Office expenses ⁽³⁾	127	11.9	150	14.2	146	6.5	220	7.3
Rental expenses ⁽⁴⁾	26	2.4	76	7.2	75	3.2	227	7.5
Staff trainings	13	1.2	49	4.6	50	2.2	36	1.2
Worker's levies	2	0.2	2	0.2	196	8.7	2	0.1
Loss on disposal of property, plant and equipment	⁽⁵⁾ 85	8.0	-	-	-	-	-	-
Property, plant and equipment written off ⁽⁶⁾	-	-	-	-	-	-	71	2.3
Stamp duty	150	14.1	-	-	-	-	34	1.1
Provision of LAD	-	-	-	-	1,034	45.9	38	1.2
Others ⁽⁷⁾	23	2.1	28	2.7	36	1.7	91	3.0
	1,067	100.0	1,053	100.0	2,252	100.0	3,032	100.0

Notes:

* Represents less than RM1,000.

^ Represents less than 0.1%

(1) Mainly include secretarial fees, audit fees, legal fees, tax agent fees and professional fees incurred for the preparation of our Listing.

(2) Mainly include (a) late charges on delay in the release of term financing facilities to our Headquarters of RM0.05 million in FYE 2021 arising from delay in the processing of sale and purchase agreement for the said acquisition, caused by the COVID-19 pandemic; (b) compensation of RM0.05 million in FYE 2022 in relation to an occupational accident which occurred in 2020, as disclosed in Section 6.10(h); and (c) tax penalty of RM0.12 million for the late payment of tax expenses for year of assessment 2020, which was imposed by IRB in FYE 2022 as disclosed in Section 6.10(f).

(3) Mainly include office expenses, cleaning charges, insurances expenses, printing and stationery, subscription fee and licence fees.

12. FINANCIAL INFORMATION (Cont'd)

- (4) Relates to the rental of a double storey light industrial terrace factory located at Subang Jaya, Selangor and 2 units of 1 ½ storey factory cum warehouse located at Petaling Jaya, Selangor, which tenancy commenced in September 2023 as well as rental of water dispenser units and photocopier machines located at offices in Penang and Selangor.
- (5) Relates to the disposal of 3-storey terrace house located at Bayan Lepas, Pulau Pinang for the disposal consideration of RM0.97 million in FYE 2021.
- (6) Relates to renovation and office equipment written off.
- (7) Mainly includes services tax, stamp duty and small value assets. Small value assets refer to the purchase of printers, chairs and cabinets, which each value below RM1,000 respectively.

Comparison between FYE 2021 and FYE 2022

Our other expenses decreased by RM0.02 million or 1.9% from RM1.07 million in FYE 2021 to RM1.05 million in FYE 2022, attributable to lower professional fees of RM0.13 million and absence of stamp duty of RM0.15 million which we incurred in FYE 2021 for the acquisition of our Headquarters.

The decrease in other expenses was offset by:

- (i) increase in entertainment expenses of RM0.10 million, following the upliftment of COVID-19 pandemic movement control restrictions and recovery of economy in year 2022; and
- (ii) increase in penalties of RM0.12 million, attributable to the tax penalty for the late payment of tax expenses for year of assessment 2020, which was imposed by IRB.

Comparison between FYE 2022 and FYE 2023

Our other expenses increased by RM1.20 million or 114.3% from RM1.05 million in FYE 2022 to RM2.25 million in FYE 2023, attributable to the following:

- (i) provision of LAD of RM1.03 million, due to the delay in project completion with Askey. Further details are set out in Section 12.7.1(a); and
- (ii) increase in workers' levies of RM0.20 million, being upfront levies paid for new foreign workers.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2023 and FYE 2024**

Our other expenses increased by RM0.78 million or 34.7% from RM2.25 million in FYE 2023 to RM3.03 million in FYE 2024, attributable to the following:

- (i) increase in professional fees of RM1.59 million, which mainly relates to legal fee of RM0.23 million for a loan facility agreement and professional fees incurred for our Listing of RM1.12 million; and
- (ii) increase in rental expenses of RM0.15 million, attributable to 2 new rented offices and 1 store located at Petaling Jaya and Subang Jaya, Selangor.

The increase in other expenses was offset by the decrease in provision of LAD made in FYE 2023, due to the delay in project completion with Askey, set out in Section 12.7.1(a).

(vii) Net loss/ (gain) on impairment loss on financial assets

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Impairment loss on trade receivables ⁽¹⁾	492	106.0	-	-	411	(77.1)	-	-
Impairment loss on non-trade receivables ⁽¹⁾	-	-	18	(2.0)	-	-	-	-
Reversal of impairment loss on trade receivables ⁽²⁾	(28)	(6.0)	(917)	102.0	(944)	177.1	(69)	100.0
	464	100.0	(899)	100.0	(533)	100.0	(69)	100.0

Notes:

- (1) Impairment loss on trade and non-trade receivables were provided based on expected credit losses in accordance with MFRS 9 *Financial Instruments*. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables that are credit impaired. Among the factors considered for credit risk include the historical payment trends and forward-looking information.
- (2) Reversals of impairment losses are made when there are subsequent collections on the impairment loss on receivables previously provided.

For further details on this policy, please refer to Section 13.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

In FYE 2021, the impairment losses on trade receivables of RM0.49 million was individual impairment from amounts owing by 10 clients as they were unrecoverable due to financial difficulties faced by these clients, resulting from the COVID-19 pandemic and/ or challenges in collecting payments from the project owners/ main contractors. As at LPD, save for 1 client whom our Group continues to transact with (which our Group expects to recover the impaired amount by December 2024), our Group has ceased all transactions with the remaining 9 clients. This was offset by the reversal of impairment loss on trade receivables of RM0.03 million.

In FYE 2022, our Group had net impairment gain on financial assets of RM0.90 million due to reversal of impairment loss on trade receivables of RM0.92 million for clients impaired in previous years and subsequently collected in FYE 2022. This was offset by the impairment loss on 1 non-trade receivable of RM0.02 million.

Comparison between FYE 2022 and FYE 2023

In FYE 2023, our Group had net impairment gain on financial assets of RM0.53 million due to reversal of impairment loss on trade receivables of RM0.94 million for clients impaired in previous years and subsequently collected in FYE 2023, where RM0.73 million relates to Itramas. Further details are set out in Section 12.7.1(c). This was offset by the impairment loss on 5 clients of RM0.41 million as they were unrecoverable due to financial difficulties faced by these clients and/ or challenges in collecting payments from the project owners/ main contractors. As at LPD, our Group has ceased all transactions with these 5 clients.

Comparison between FYE 2023 and FYE 2024

There was no impairment loss on financial assets in FYE 2024. In FYE 2024, our Group recorded a reversal of impairment loss on trade receivables of RM0.07 million attributable to subsequent collections of the trade receivables previously impaired.

12. FINANCIAL INFORMATION (Cont'd)**(viii) Finance costs**

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bankers' acceptance interests	37	21.9	80	24.2	80	18.6	316	8.4
Lease liabilities interests	31	18.3	32	9.7	118	27.4	186	4.9
Term loan interests	101	59.8	219	66.1	233	54.0	3,226	85.2
Factoring facility interests	-	-	-	-	-	-	58	1.5
	169	100.0	331	100.0	431	100.0	3,786	100.0

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.16 million or 94.1% from RM0.17 million in FYE 2021 to RM0.33 million in FYE 2022, mainly attributable to the increase in interest expenses on term loans of RM0.12 million or 120.00% to RM0.22 million in FYE 2022 (FYE 2021: RM0.10 million). This was primarily due to the drawdown of term loans to finance the purchase of our Headquarters for RM3.60 million and a single storey shoplot located at Petaling Jaya, Selangor for RM0.58 million.

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.10 million or 30.3% from RM0.33 million in FYE 2022 to RM0.43 million in FYE 2023, mainly attributable to the increase in interest expenses on lease liabilities by RM0.09 million or 300.0% to RM0.22 million in FYE 2023 (FYE 2022: RM0.03 million) due to purchase of 2 units of motor vehicles.

Comparison between FYE 2023 and FYE 2024

Our finance costs increased by RM3.36 million or 781.4% from RM0.43 million in FYE 2023 to RM3.79 million in FYE 2024, mainly attributable to the increase in interest expenses on term loans by RM3.00 million or 1,304.3% to RM3.23 million in FYE 2024 (FYE 2023: RM0.23 million) due to interest expenses on the term loan upon the completion of the development and construction of our Junjong LSSPV Plant in FYE 2023. Prior to completion, the interest expenses on term loan to finance the development and construction of our Junjong LSSPV Plant, was capitalised under property, plant and equipment.

12. FINANCIAL INFORMATION (Cont'd)**(ix) Tax expense, PBT and PAT**

The following tables set out the comparison between the statutory tax rates and our effective tax rates for FYE 2021 to 2024:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Malaysia statutory tax rate (%)	24.0	24.0	24.0	24.0
Tax expenses (RM'000)	580	1,550	4,067	4,761
Effective tax rate (%)	60.2	40.0	25.6	26.0

The following tables set out our PBT, PBT margin, PAT and PAT margin for FYE 2021 to 2024:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
PBT (RM'000)	963	3,873	15,859	18,320
PBT margin (%)	1.8	7.6	11.6	9.6
PAT (RM'000)	383	2,323	11,792	13,559
PAT margin (%)	0.7	4.6	8.6	7.1

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM2.91 million or 303.1% from RM0.96 million in FYE 2021 to RM3.87 million in FYE 2022. In addition, our PBT margin has increased from 1.8% in FYE 2021 to 7.6% in FYE 2022. The increase in PBT and PBT margin were mainly derived from the higher GP and GP margin, as explained in Section 12.2.2(ii) above, as well as the reversal of impairment loss on trade receivables of RM0.92 million, as explained in Section 12.2.2(vii) above.

Our effective tax rate of 60.2% in FYE 2021 was higher than the statutory tax rate of 24.0%, due to the following:

- (i) higher non-deductible expenses such as depreciation for non-qualifying assets of RM0.27 million, professional fees of RM0.48 million and stamp duty of RM0.16 million; and

12. FINANCIAL INFORMATION (Cont'd)

- (ii) impairment on trade receivables of RM0.49 million.

Our effective tax rate of 40.0% in FYE 2022 (FYE 2021: 60.2%) was higher than the statutory tax rate of 24.0%, mainly due to the following:

- (i) non-deductible expenses such as depreciation for non-qualifying assets of RM0.32 million and certain legal fees of RM0.20 million, entertainment expenses of RM0.19 million and tax penalty of RM0.12 million;
- (ii) under-provision of current tax expenses in prior year of RM0.55 million; and
- (iii) real property gains tax of RM0.05 million from disposal of 3-storey terrace house at Bayan Lepas, Pulau Pinang.

Despite the increase in tax expenses, our PAT increased from RM0.38 million in FYE 2021 to RM2.32 million in FYE 2022 and PAT margin also increased from 0.7% in FYE 2021 to 4.6% in FYE 2022, mainly due to the higher PBT margin in FYE 2022.

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT of RM11.99 million or 309.8% from RM3.87 million in FYE 2022 to RM15.86 million in FYE 2023 mainly derived from the higher GP. Despite the decrease in our GP margin from 16.5% in FYE 2022 to 16.1% in FYE 2023, our PBT margin has increased from 7.6% in FYE 2022 to 11.6% in FYE 2023. The increase in PBT margin was mainly derived from lower administrative, distribution and other expenses as a percentage of revenue, as well as higher other income for FYE 2023 as explained in Section 12.2.2(iii) above.

Our effective tax rate of 25.6% in FYE 2023 (FYE 2022: 40.0%) was higher than the statutory tax rate of 24.0%, mainly due to higher non-taxable income of RM0.38 million such as gain on disposal of assets held for sale. This was offset by the non-deductible expenses such as depreciation for non-qualifying assets and provision for LAD of RM1.03 million.

Despite the increase in tax expenses, our PAT increased from RM2.32 million in FYE 2022 to RM11.79 million in FYE 2023 and PAT margin also increased from 4.6% in FYE 2022 to 8.6% in FYE 2023, mainly due to the higher PBT margin in FYE 2023.

Comparison between FYE 2023 and FYE 2024

We recorded an increase in PBT of RM2.46 million or 15.5% from RM15.86 million in FYE 2023 to RM18.32 million in FYE 2024, mainly attributable to higher GP as explained in Section 12.2.2(ii) above. Despite the slight increase in our GP margin from 16.1% in FYE 2023 to 16.2% in FYE 2024, our PBT margin decreased from 11.6% in FYE 2023 to 9.6% in FYE 2024, as a result of higher finance costs and lower other income in FYE 2024, as explained in Sections 12.2.2 (iii) and (viii) above.

12. FINANCIAL INFORMATION (Cont'd)

Our effective tax rate of 26.0% in FYE 2024 (FYE 2023: 25.6%) was higher than the statutory tax rate of 24.0%, mainly due to certain non-deductible expenses for tax purpose amounting to RM2.45 million such as depreciation expenses on non-qualifying assets, professional fees and entertainment expenses.

Our PAT increased from RM11.79 million in FYE 2023 to RM13.56 million in FYE 2024. Our PAT margin decreased from 8.6% in FYE 2023 to 7.1% in FYE 2024, due to the lower PBT margin in FYE 2024.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.3 Review of cash flows**

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Net cash (used in)/ from operating activities	(2,591)	14,486	5,185	9,911
Net cash used in investing activities	(881)	(20,354)	(71,316)	(2,193)
Net cash used in financing activities	518	5,762	75,720	(5,321)
Net decrease in cash and cash equivalents	(2,954)	(106)	9,589	2,397
Cash and cash equivalents at the beginning of financial year	5,016	2,062	1,956	11,545
Cash and cash equivalents at end of financial year	2,062	1,956	11,545	13,942

FYE 2021**Net cash used in operating activities**

In FYE 2021, our Group recorded a net cash used in operating activities amounting to RM2.59 million. We collected RM46.59 million, mainly RM45.93 million from our clients. The clients' collections were offset by cash payments of RM49.18 million in respect of the following:

- (i) payment of RM41.03 million to our trade suppliers and subcontractors;
- (ii) payment for operating and administrative expenses of RM7.38 million such as site expenses, professional fees, rentals, staff costs and directors' remuneration; and
- (iii) income tax of RM0.77 million paid to IRB.

We recorded negative operating cash flow of RM2.59 million, mainly as our Group purchased more inventories (i.e. cables and switchboards) in anticipation of the increased construction activities for certain projects in the beginning of FYE 2022 (i.e. Junjong LSSPV Plant Project, Tanjung Pinang Project, Langkawi Apartments Project, Setapak Project and Retirement Village Project). Further, for several projects where we have incurred costs to complete works done, but such progress was yet to be certified by our clients, we have yet to collect our progress billings from clients as at FYE 2021. These outstanding progress billings include projects from Tanjung Pinang Project (RM1.08 million), Batu Ferringhi Project (RM0.59 million) and Seberang Perai Selatan Project (RM0.72 million).

Net cash used in investing activities

For FYE 2021, we recorded a net cash outflow of RM0.88 million for our investing activities, mainly attributable to cash payment of RM1.90 million arising from acquisition of our Headquarters and a 3-storey semi-detached house located at Shah Alam, Selangor.

The cash outflow was partially offset by the proceeds of RM0.97 million from the disposal of a 3-storey terrace house located at Bayan Lepas, Pulau Pinang.

12. FINANCIAL INFORMATION (Cont'd)

Net cash from financing activities

For FYE 2021, we recorded a net cash inflow of RM0.52 million from our financing activities, mainly due to the following:

- (i) net advances received from a shareholder (Datuk Keh Chuan Seng) of RM6.00 million for our Group to finance the construction and development of our Junjong LSSPV Plant as well as for working capital requirements;
- (ii) drawdown of term loan of RM0.55 million for working capital purpose;
- (iii) additional drawdown of term financing of RM0.73 million to finance the acquisition of a 3-storey semi-detached house located at Shah Alam, Selangor for investment; and
- (iv) net changes in bankers' acceptance of RM0.33 million, for payment to suppliers.

The cash inflow was offset by:

- (i) repayment of advances to related parties (i.e Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng) of RM6.03 million; and
- (ii) repayment of principal sum and interests of borrowings of RM1.05 million, including term loans, term financing and lease liabilities.

FYE 2022

Net cash from operating activities

In FYE 2022, our Group recorded a net cash from operating activities amounting to RM14.49 million. We collected RM61.37 million from our clients. The clients' collections were offset by cash payments of RM46.88 million in respect of the following:

- (i) payment of RM37.67 million to our trade suppliers and subcontractors;
- (ii) payment for operating and administrative expenses such as site expenses, professional fees, staff costs and directors' remuneration rentals of RM7.27 million; and
- (iii) income tax of RM1.89 million and real property gains tax of RM0.05 million paid to IRB.

Net cash used in investing activities

For FYE 2022, we recorded a net cash outflow of RM20.35 million for our investing activities, mainly attributable to:

- (i) cash payment of RM16.71 million for acquisition of property, plant and equipment (mainly for the construction costs for our Junjong LSSPV Plant of RM20.79 million); and
- (ii) increase in placement of fixed deposit pledged with licensed bank of RM3.68 million.

12. FINANCIAL INFORMATION (Cont'd)**Net cash from financing activities**

For FYE 2022, we recorded a net cash inflow of RM5.76 million from our financing activities, mainly due to the following:

- (i) advances received from our Group's Executive Directors, namely Khor Chuan Meng and Chu Kerd Yee of RM2.33 million to finance the construction and development of our Junjong LSSPV Plant;
- (ii) drawdown of term loan of RM2.78 million to finance the construction and development of our Junjong LSSPV Plant; and
- (iii) net changes in bankers' acceptance of RM1.26 million, for payment to suppliers.

The cash inflow was offset by:

- (i) repayment of principal sum and interests of borrowings of RM0.69 million, including term loans, term financing and lease liabilities; and
- (ii) repayment of advances to related parties (i.e. Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng) of RM0.34 million.

FYE 2023**Net cash from operating activities**

In FYE 2023, our Group recorded a net cash from operating activities amounting to RM5.19 million. We collected RM106.10 million from our clients. The clients' collections were offset by cash payments of RM100.91 million in respect of the following:

- (i) payment of RM89.30 million to our trade suppliers and subcontractors;
- (ii) payment for operating and administrative expenses such as site expenses, professional fees, rentals, staff costs and directors' remuneration of RM9.15 million; and
- (iii) income tax of RM2.46 million paid to IRB.

Net cash used in investing activities

For FYE 2023, we recorded a net cash outflow of RM71.32 million for our investing activities, mainly attributable to the following:

- (i) cash payment of RM71.97 million attributable to addition of property, plant and equipment of RM68.68 million, mainly comprising the construction and development costs for our Junjong LSSPV Plant; and
- (ii) increase in placement of fixed deposit pledged with licensed bank of RM1.36 million.

The cash outflow was mainly offset by proceeds of RM1.70 million from the disposal of 2 units of 1½ storey terrace light industrial factories located at Bukit Mertajam, Pulau Pinang.

12. FINANCIAL INFORMATION (Cont'd)**Net cash from financing activities**

For FYE 2023, we recorded a net cash inflow of RM75.72 million from our financing activities, mainly due to the following:

- (i) issuance of ordinary shares amounting to RM20.21 million as a result of the capitalisation of advances from our Group's shareholders (i.e. Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng). As a result of these capitalisations, the amounts owing to abovementioned shareholders have been fully settled;
- (ii) drawdown of term loan of RM69.39 million to finance the construction and development of our Junjong LSSPV Plant; and
- (iii) net changes in bankers' acceptance of RM1.69 million, for payment to suppliers.

The cash inflow was offset by the following:

- (i) repayments of advances to Directors (i.e. Khor Chuan Meng and Chu Kerd Yee) of RM4.23 million;
- (ii) repayments of advances to a shareholder (i.e. Datuk Keh Chuan Seng) of RM6.20 million; and
- (iii) repayment of principal sum and interests of borrowings of RM5.12 million, including term loans, term financing and lease liabilities.

FYE 2024**Net cash from operating activities**

In FYE 2024, our Group recorded a net cash from operating activities amounting to RM9.91 million. We collected RM153.53 million from our clients. The clients' collections were offset by cash payments of RM143.62 million in respect of the following:

- (i) payment of RM118.90 million to our trade suppliers and subcontractors;
- (ii) payment for operating and administrative expenses of RM19.58 million such as site expenses, professional fees, rentals, staff costs and directors' remuneration; and
- (iii) income tax of RM5.14 million paid to IRB.

Net cash used in investing activities

For FYE 2024, we recorded a net cash outflow of RM2.19 million for our investing activities, attributable to increase in placement of fixed deposit pledged with licensed banks of RM0.47 million and cash payment of RM2.65 million (mainly comprising payment for works done in relation to the construction and development of our Junjong LSSPV Plant of RM2.13 million and renovation cost incurred mainly for our existing store and office located at Petaling Jaya, Selangor as well as our Headquarters of RM0.29 million).

The cash outflow was offset by the proceeds from disposal of a parcel of condominium located at Tanjung Tokong, Pulau Pinang (details are set out in Section 6.5(g)) of RM0.78 million and interest income of RM0.15 million.

12. FINANCIAL INFORMATION (*Cont'd*)

Net cash used in financing activities

For FYE 2024, we recorded a net cash outflow of RM5.32 million for our financing activities, mainly due to the repayment of principal sum and interests of term loan, term financing and lease liabilities of RM9.81 million.

The cash outflow was partially offset by the net changes in bankers' acceptance of RM4.32 million, for payment to suppliers.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by trade payables and/ or financial institutions as well as cash and bank balances. Our banking facilities from financial institutions comprise term loans, term financing, bank guarantees, bankers' acceptance as well as finance lease liabilities.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board confirms that we have sufficient working capital for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) our cash and cash equivalent of approximately RM7.63 million as at LPD;
- (b) our expected future cash flows from operations;
- (c) our total banking facilities as at LPD of RM143.69 million (excluding finance leases), of which RM97.51 million have been utilised; and
- (d) our pro forma gearing level of 0.67 times, based on our pro forma statements of financial position as at 31 July 2024 after Acquisition, Public Issue and utilisation of proceeds.

Given that we still have sufficient unutilised banking facilities as at LPD and based on our existing order book as at LPD, we do not foresee additional external financing to fund our working capital within the next 12 months from the date of this Prospectus.

At this juncture, we do not foresee any circumstances which will materially affect our liquidity. Our finance and accounting team work closely with our project team for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while maintaining a cordial relationship with our clients.

12. FINANCIAL INFORMATION (Cont'd)**12.4 BORROWINGS**

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings (bank borrowings and lease liabilities excluding lease liabilities arising from lease of Junjong Land of RM4.05 million) as at 31 July 2024 stood at RM77.47 million, details of which are set out below:

	Purpose	Security	Tenure of the facility	Effective interest rate %	As at 31 July 2024 RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Term financing	Purchase of a 3-storey semi-detached house located at Shah Alam, Selangor	(a) A legal charge over a 3-storey semi-detached house located at Shah Alam, Selangor (b) Joint and several guarantee by certain Directors of our Company	10 years	4.91	76
Term loan	Construction cost of Junjong LSSPV Plant, finance keyman insurance, for working capital requirements and purchase of our Headquarters	(a) A legal charge over our Headquarters as well as Junjong Land (b) Joint and several guarantee by certain Directors of our Company (c) Corporate guarantee by Yansnest	5 to 15 years	3.50 to 7.93	5,629
Lease liabilities	Purchase of motor vehicles	(a) Certain lease liabilities are secured by motor vehicles under hire purchase arrangements	2 to 5 years	2.07 to 3.50	237
Bankers' acceptance	Working capital requirements	(a) A legal charge over our Headquarters and a 3-storey semi-detached house located at Shah Alam, Selangor (b) Joint and several guarantee by certain Directors of our Company	Less than 120 days	5.16 to 5.55	8,668
					14,610

12. FINANCIAL INFORMATION (Cont'd)

	Purpose	Security	Tenure of the facility	Effective interest rate %	As at 31 July 2024 RM'000
Interest bearing long-term borrowings, payable after 1 year:					
Term financing	Purchase of a 3-storey semi-detached house located at Shah Alam, Selangor	(a) A legal charge over a 3-storey semi-detached house located at Shah Alam, Selangor (b) Joint and several guarantee by certain Directors of our Company	10 years	4.91	1,285
Term loan	Construction cost of Junjong LSSPV Plant, finance keyman insurance, for working capital requirements and purchase of our Headquarters	(a) A legal charge over our Headquarters as well as Junjong Land (b) Joint and several guarantee by certain Directors of our Company (c) Corporate guarantee by Yansnest	5 to 15 years	3.50 to 7.93	60,981
Lease liabilities	Purchase of motor vehicles	(a) Certain lease liabilities are secured by motor vehicles under hire purchase arrangements	2 to 5 years	2.07 to 3.50	598
Total borrowings					62,864
					77,474

Gearing (times)After Acquisition but before Public Issue and utilisation of proceeds⁽¹⁾

1.36

After Acquisition, Public Issue and utilisation of proceeds⁽²⁾

0.67

Notes:

- (1) Computed based on our pro forma NA attributable to the owners of our Company of RM57.09 million in the pro forma statements of financial position after the Acquisition, but before IPO and utilisation of proceeds.
- (2) Computed based on our pro forma NA attributable to the owners of our Company of RM95.09 million in the pro forma statements of financial position after the Acquisition, IPO and utilisation of proceeds.

12. FINANCIAL INFORMATION (Cont'd)

Separately, we have also recognised the following lease liabilities on the lease (arising from lease of our Junjong Land) which are denominated in RM:

	Purpose	Tenure	As at 31 July 2024
			RM'000
Lease liabilities payable within 1 year	Lease of Junjong Land	Initial lease of 1 to 2 years with option to renew for another 1 to 3 years	124
Lease liabilities payable after 1 year	Lease of Junjong Land	Initial lease of 1 to 2 years with option to renew for another 1 to 3 years	3,922
			4,046

We also rely on bank guarantees for performance bonds. Such bank guarantees are used for all aspects of the M&E engineering services contract lifecycle from the start of project award to project handover to clients in accordance with the terms of each contract. The bank guarantees allow us to execute and guarantee our deliverables to our clients. The tenure requirements for the bank guarantees are structured to match the tenure of the contracts awarded by our clients.

Our total bank guarantees as at 31 July 2024 stood at RM6.78 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM.

	Purpose	Security	Tenure	Interest rate	As at 31 July 2024
				% per annum	RM'000
Bank guarantees	Performance guarantees for contract works carried out by our Group	(a) A legal charge over our Headquarters and a 3-storey semi-detached house located at Shah Alam, Selangor (b) Joint and several guarantee by certain Directors of our Company (c) Pledged of fixed deposits	Up to 120 days	5.0 to 5.9	6,780

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our clients of the performance bonds in accordance with the terms and conditions of such M&E engineering services contracts. During FYE 2021 to 2024, we did not experience any call of the performance bonds issued to our clients.

12. FINANCIAL INFORMATION (Cont'd)

As at LPD, we do not have any borrowings which are non-interest bearing and/ or in foreign currency.

We have not defaulted on payments of principal sums and/ or interests in respect of any of our borrowings throughout FYE 2021 to 2024 and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or banking facilities which can materially affect our (a) financial position and results; (b) business operations; or (c) the investments by holders of our securities.

During FYE 2021 to 2024, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

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12. FINANCIAL INFORMATION (Cont'd)**12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used towards purchase of property, plant and equipment and our construction business.

As at 31 July 2024, save for our finance lease liabilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	To be funded internally or with borrowings	To be funded from proceeds of our Public Issue
	RM'000	RM'000
Approved and contracted for		
Development and construction of Selarong LSSPV Plant ⁽¹⁾	38,499	14,100
Approved but not contracted for		
Purchase of ERP system ⁽²⁾	-	720
	38,499	14,820

Notes:

⁽¹⁾ Representing Savelite's contribution portion (40.0%) of the total capital expenditures for development and construction of Selarong Pertama. Further details are set out in Section 4.9.1(a).

⁽²⁾ Further details are set out in Section 4.9.1(d).

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES**12.7.1 Material litigation**

Save as disclosed below, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

12. FINANCIAL INFORMATION (Cont'd)**(a) Penang High Court Civil Suit No.: PA-22NCvC-56-02/2019****Askey (Plaintiff) and Savelite (Defendant)**

Askey is the registered proprietors of 2 lands known as Hakmilik No. 6681, Lot No. 12146 ("**Plot 73B**") and Hakmilik No. 6685, Lot No. 12145 ("**Plot 73C**") both of Mukim 12, Daerah Barat Daya, Pulau Pinang (both collectively referred to as "**Askey's Lands**"). Plot 73B is a vacant land. Askey vide a LOA dated 7 March 2016 and a contract dated 29 April 2016, appointed Savelite as the main contractor to renovate a 2-storey office and a 1-storey warehouse of a factory (which includes M&E engineering services) for a contract sum of RM8.60 million ("**the Project**"). The completion date was 4 September 2016 and Askey alleged that Savelite delayed and only completed its work on 15 September 2017.

Askey claimed LAD of the Project, loss of rental income and damages payable to tenant, because Askey was only able to hand over the Lands to Askey's tenant after 16 September 2017. Askey sued Savelite for:

- (i) LAD in the sum of RM1,240,800.00 (RM3,300.00 x 376 days);
- (ii) alternatively, Savelite shall pay the sum of RM768,900.00;
- (iii) interest of 5.0% per annum calculated on daily rest on the sum of (i) or (ii) from 4 September 2016 until full settlement;
- (iv) loss of profit for the sum of RM1,136,180.00 (loss of rental from 13 March 2017 to 16 September 2017);
- (v) damages for the sum of RM523,096.50 (being the LAD of RM100,000.00 per month payable to Askey's tenant);
- (vi) interest of 5.0% per annum calculated on daily rest on the sum of (iv) and (v) from the date of filing until full settlement; and
- (vii) general damages and cost.

Savelite filed its defence with counter claim for the sum of RM721,807.00 as the Adjudication Decision on 25 September 2018 allowed Savelite's claim RM721,807.00 ("**Adjudication Decision**"). Savelite withdrew its counter-claim on 7 November 2022 as the Adjudication Decision's sum was released to Savelite.

On 8 January 2024, the High Court allowed Askey's claim as follows:

- (i) Savelite shall pay Askey the sum of RM768,900.00;
- (ii) time was of the essence and no notice is necessary to impose the LAD;
- (iii) Savelite shall pay interest of 5.0% per annum on RM768,900.00 from 4 September 2016 until full settlement;
- (iv) all the other Askey's claims are dismissed; and
- (v) Savelite pays Askey a cost of RM10,000.00.

("the Judgment")

Savelite filed the Notice of Appeal on 8 January 2024 and the Court of Appeal had fixed the hearing on 23 January 2025. Savelite had also filed an application to stay the execution of the Judgment dated 8 January 2024, which was allowed by Penang High Court on 14 March 2024.

The solicitors handling the appeal is of the view that Savelite has a good case based on the following:

- (i) Askey failed to consider Savelite's applications for extension of time dated 15 September 2016 and 17 July 2017 to complete the works;

12. FINANCIAL INFORMATION (*Cont'd*)

- (ii) the LOA did not have an extension of time clause. Therefore, the LAD clause is inoperative and time is at large;
- (iii) Askey failed to raise their LAD claim prior to the scheduled completion date. Therefore, Askey cannot raise this claim now;
- (iv) Askey also failed to mitigate their losses during the delay to the completion of the works; and
- (v) Savelite has no knowledge of any rental agreements entered into by Askey for the rental of the property and neither was Savelite a party to the rental agreements.

In the event Savelite fails to defend its appeal, Savelite is required to pay the Askey the following:

- (i) RM768,900.00;
- (ii) interest of 5.0% per annum on RM768,900.00 from 4 September 2016 until full settlement; and
- (iii) cost of RM10,000.00.

Our Group has already made a provision for the LAD of RM1.07 million (i.e. RM768,900.00 and a total interest of RM303,979 (5.0% per annum on RM768,900.00 from 4 September 2016 till 31 July 2024), which is already captured under the financial statements for FYE 2023 and FYE 2024.

(b) **Penang Sessions Court Civil Suit No.: PA-A52NCVC-33-03/2022**

TNB ("Plaintiff") and Askey ("Defendant") and Savelite ("3rd Party") and Chuan Un Chye (M) Sdn Berhad ("4th Party")

TNB alleged damages of TNB's cable due to the excavation and piling works conducted by Askey and/ or 3rd party for the Project and the damage disrupted the electricity supply to the neighbouring lands. TNB sued Askey for damages of RM129,727.38 for causing damage to TNB's cables located in front of Plot 73C, and an interest sum of 5.0% per annum of RM129,727.38 from the date of judgment and costs. Askey alleged that Savelite should be responsible for the damages as the main contractor and Askey filed third party proceedings against Savelite to indemnify Askey against TNB's claimed amount.

Askey's main defence against TNB are that:

- (i) Savelite is the main contractor, Savelite should be responsible;
- (ii) TNB did not inform Askey of the underground cables running through Plot 73B to Plot 73C;
- (iii) TNB claimed that the damages to the cables occurred in front of Plot 73C, however, there were no digging and piling works carried out in front of Plot 73C; and
- (iv) Askey was forced/ under duress by Savelite to sign a letter dated 20 July 2017 prepared by Savelite to enable a claim against third party insurance or claim under Contractor's All Risk Insurance to Am General Insurance Berhad on the damaged cables.

On 15 November 2022, Savelite filed 4th Party Proceedings against the 4th Party for damages caused to the TNB cables for the claimed amount. The 4th Party is a subcontractor appointed by Savelite for piling works of the Project.

The next trials are fixed on 24 to 26 March 2025.

12. FINANCIAL INFORMATION (Cont'd)

Savelite's solicitors are of the view that the chances of TNB proving its claim are poor because:

- (i) TNB failed to provide the layout plan of TNB's cable;
- (ii) there are no documents evidencing the location of the alleged damages;
- (iii) there are no photographs evidencing the alleged damages;
- (iv) no investigation report evidencing the alleged damages at Plot 73C;
- (v) the pilling works conducted by Savelite and/ or the 4th Party was carried out at Plot 73B; and
- (vi) TNB did not request or provide opportunity for Askey and/ or Savelite and/ or the 4th Party to carry out rectification works on the alleged damage.

In respect of Askey's allegation on duress and/ or coercion by Savelite to sign the letter dated 20 July 2017, Savelite's solicitors are of the view that Askey's allegation is likely to fail because:

- (i) Askey failed to plead in the claim documents;
- (ii) no police report against Savelite on the alleged coercion/ duress;
- (iii) the said letter dated 20 July 2017 is printed on the letterhead of Askey; and
- (iv) Askey signed the letter without protest and only raised for the 1st time in the Defence in May 2021.

Savelite's solicitors are of the view that Savelite's chances of succeeding are fair because TNB has the legal and evidential burden to prove that Askey or Savelite caused the damages to the cables including the following:

- (i) the location of the damage is in front of Plot 73C;
- (ii) Savelite carried out work at Plot 73B (which was an empty lot);
- (iii) documentary proof of the cable damage; and
- (iv) investigation papers on the damage.

In the event TNB successfully claims against Askey and Savelite fails to defend from Askey's claims or fails to win against the 4th Party in the 4th Party Proceeding, Savelite is required to pay Askey on the amount claimed by TNB, where the maximum compensation payable are as follows:

- (i) RM129,727.38; and
- (ii) interests of 5.0% per annum of RM129,727.38 from the date of judgment and other costs as may be awarded by the court.

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12. FINANCIAL INFORMATION (Cont'd)**(c) Savelite ("Claimant") and Itramas ("Respondent")****CIPAA Proceedings****Adjudication Reference No. AIAC/D/ADJ-3042-2020**

Itramas was appointed by Scatec Solar Solutions Malaysia Sdn Bhd ("**Scatec Solar**") for part of the works for a solar project on Lot PT 10905 – 10912 and PT 10921 – PT 10939, Mukim Ayer Puteh, Daerah Pendang, Kedah Darul Aman ("**Solar Project**"). By 19 January 2018, Savelite was appointed as subcontractor by Itramas to carry out electrical works for the Solar Project ("**Contract Works**") for a contract sum of RM9,069,255.58. The completion date of the Contract Works was on 28 March 2018. On 2 January 2020, Savelite issued its payment claim against Itramas for the balance outstanding sum of RM2,577,081.62 under Section 5 of the Construction Industry Payment & Adjudication Act 2012 ("**CIPAA**"). However, Itramas failed to pay Savelite the amount due.

After which, Savelite had on 21 January 2020 issued a Notice of Adjudication. An Adjudicator was appointed to determine the dispute. In the same CIPAA proceedings, Itramas disputed Savelite's claim and alleged that Savelite delay in completing the Contract Works, and only completed on 26 December 2018. On 10 March 2020, Itramas cross claimed against Savelite for a LAD of RM1,846,182.03. On 13 April 2020, the Adjudicator dismissed Itramas' LAD claim and allowed Savelite's claim of RM2,577,081.62 against Itramas with interest and costs ("**CIPAA Decision**"). However, Itramas failed to pay.

High Court Proceedings Post CIPAA Decision

Arising from the CIPAA Decision, Savelite filed a fresh suit at the Shah Alam High Court on 5 June 2020 to enforce the CIPAA Decision against Itramas for payment.

Itramas was dissatisfied with the CIPAA Decision, and subsequently filed 2 suits on 21 May 2020 and 1 July 2020 respectively at the Shah Alam High Court against Savelite to set aside the CIPAA Decision and to stay the execution of the CIPAA Decision pending setting aside of CIPAA Decision and conclusion of the arbitration proceedings.

On 6 May 2021, the Shah Alam High Court allowed Itramas to set aside the CIPAA Decision. The Shah Alam High Court also allowed Itramas and stayed the CIPAA Decision pending Arbitration proceedings. The Shah Alam High Court dismissed Savelite's suit with costs of RM15,000.00 to be paid by Savelite and Savelite could not enforce the CIPAA Decision ("**the High Court Decisions**").

The Shah Alam High Court's main ground of setting aside the CIPAA Decision was that the Adjudicator was bias and acted unfairly in its CIPAA Decision. Savelite's solicitors are of the view that the High Court was wrong in its decision and Savelite filed an appeal to the Court of Appeal.

12. FINANCIAL INFORMATION (Cont'd)**Court of Appeal Proceedings from the High Court Decisions**

This Court of Appeal proceedings were derived from the High Court Decisions. On 28 March 2022, the Court of Appeal found that there was no actual biasness by the Adjudicator but in the procedure, the Adjudicator was unfair towards Itramas and hence allowed Savelite's appeal in part. The Court of Appeal ordered Itramas to pay Savelite a sum of RM730,899.59, 30.0% of the costs awarded in the adjudication proceedings amounting to RM24,617.49 and interest at the rate of 6.65% per annum on the sum of RM730,899.59, calculated from 13 April 2020 ("**the COA Order**"). As a result of the COA Order, Itramas made a payment of RM867,907.41 (comprising of RM730,899.59, interests of RM112,390.33 and costs of RM24,617.49) to Savelite in August 2022. Savelite claims for the outstanding sum in the amended counter-claim below.

Arbitration Proceedings**Reference No. AIAC/D/ADM-956-2021**

In relation to the stay of the CIPAA Decision pending Arbitration proceedings above, Itramas issued a Notice of Arbitration on 25 January 2021 seeking for LAD of RM1,846,182.03 and a further sum of RM41,070.00 for alleged defect rectification. Savelite served its response to the Notice of Arbitration on 24 February 2021. After taking into account the principal payment sum of RM730,899.59 made by Itramas in August 2022, Savelite amended its counterclaim in the Arbitration proceedings to RM2,154,038.18 (comprising the sum of RM1,846,182.03 for the work done and the second tranche of the retention sum of RM307,856.15).

The hearing dates are fixed from 26 February 2025 to 28 February 2025 and 18 March 2025 to 21 March 2025.

Savelite's solicitors are of the view that Savelite has a fair chance of succeeding in the arbitration proceedings for recovery of RM307,856.15 (second tranche of the retention sum) of its counter claim against Itramas. With respect to the LAD claim by Itramas, Savelite's solicitors are of the view that both parties have weaknesses in their respective positions, i.e. Savelite failed to formally request for extension of time which may affect Savelite's right to challenge the LAD claim, whilst Itramas failed to comply with certain conditions under the contract in order to impose LAD against Savelite which may be a basis for Savelite to dispute the LAD.

In the event Savelite loses the Arbitration proceedings, Savelite has to pay Itramas for the LAD of RM1,846,182.03 and a further sum of RM41,070.00 for alleged defect rectification.

Savelite has already provided an impairment of trade receivables for amount owing from Itramas in FYE 2019 and 2020 of RM2,533,042.26. However, Savelite has made a reversal of impairment of trade receivables in FYE 2023 of RM730,899.59 as payment was made by Itramas in August 2022, resulting in the total balance impairment provided for Itramas of RM1,802,142.67. In the event Savelite loses the Arbitration proceedings, the net profit impact to Savelite's financial performance amounts to RM85,109.36 (computed based on LAD amount (RM1,846,182.03) deducting impaired amount (RM1,802,142.67) and RM41,070.00 for alleged defect rectification).

12. FINANCIAL INFORMATION (Cont'd)

Based on the abovementioned litigation, in order to prevent any instances where extension of time is not requested in the future, we have put in place better internal procedures where our project department will monitor the project's progress on monthly basis. If there is delay in the project and our project department foresees that we are unable to complete the project before the contract's completion date, our project department will write a letter to the client/ main contractor to request for an extension of time, 3 months prior to the project's completion date. Our project department will follow up with the client/ main contractor on a monthly basis, on the status of extension of time.

In addition, we have also appointed a legal firm to assist in reviewing our contracts and legal matters pertaining to our projects.

12.7.2 Contingent liabilities

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2021 to 2024 are as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Trade receivables turnover (days) ⁽¹⁾	71	71	43	58
Trade payables turnover (days) ⁽²⁾	93	115	65	87
Inventory turnover (days) ⁽³⁾	34	59	15	15
Current ratio (times) ⁽⁴⁾	0.98	0.70	1.13	1.23
Gearing ratio (times) ⁽⁵⁾	0.88	1.07	1.80	1.36

Notes:

- (1) Computed based on average opening and closing trade receivables over revenue for the year multiplied by 365 days for each financial year.
- (2) Computed based on average opening and closing trade payables over cost of sales for the year multiplied by 365 days for each financial year.
- (3) Computed based on the average opening and closing inventories over purchases for the year, multiplied by 365 days for each financial year.
- (4) Computed based on current assets over current liabilities as at each year.
- (5) Computed based on total interest-bearing borrowings (excluding lease liabilities relating to rental obligation) divided by total equity attributable to the owners of our Company at the end of each financial year.

12. FINANCIAL INFORMATION (Cont'd)**12.8.1 Trade receivables turnover**

The normal trade credit period granted by our Group to our clients range from 30 days and up to 120 days from the date of our invoices.

Our average trade receivables turnover days for FYE 2021 to 2024 is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	13,715	7,849	12,096	20,519
Closing trade receivables	7,849	12,096	20,519	40,115
Average trade receivables	10,782	9,973	16,308	30,317
Revenue	54,887	50,822	136,727	191,091
Average trade receivables turnover days	71	71	43	58

Our trade credit period to clients is assessed and approved on an individual clients' basis taking into consideration various factors such as our relationship with clients, clients' payment history, their credit worthiness, quantum of amount owing as well as the reason for the clients' inability to pay within the normal credit period. There were no changes to our credit policies and procedures from FYE 2021 to 2024.

Our Group has outstanding trade receivables of approximately RM40.12 million as at 31 July 2024. Our trade receivable turnover periods for FYE 2021 to 2024 were between 43 days and 71 days, which were within our normal credit period.

Our Group's trade receivables turnover period decreased from 71 days for FYE 2021 and FYE 2022 to 43 days in FYE 2023 respectively, as our Group has put in place a more robust monitoring process for its project receivables such as closely following up with clients via issuance of reminder letters/ emails.

Our Group's trade receivables turnover period increased from 43 days in FYE 2023 to 58 in FYE 2024 attributable to more invoices issued towards the end of FYE 2024.

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12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade receivables as at 31 July 2024 is as follows:

	Trade receivables as at 31 July 2024		Amount collected from 1 August 2024 up to LPD	Balance of trade receivables which have yet to be collected as at LPD
	RM'000	Percentage of trade receivables (a)/total of (a)	RM'000	RM'000
	(a)	(a)	(b)	(c) = (a)-(b)
Neither past due nor impaired	16,827	41.9	16,121	706
Past due but not impaired:	23,288	58.1	17,419	5,869
- less than 30 days	6,218	15.5	4,800	1,418
- 31 to 60 days	6,412	16.0	5,662	750
- 61 to 90 days	1,502	3.7	1,162	340
- over 90 days	9,156	22.9	5,795	3,361
	40,115	100.0	33,540	6,575

Our Group has total trade receivables of approximately RM40.12 million as at 31 July 2024. Subsequent to 31 July 2024 and up to LPD, we collected RM33.54 million, representing 83.6% of the total trade receivables as at 31 July 2024, of which RM17.42 million were relating to trade receivable past due as at 31 July 2024.

Our Group has not encountered any major disputes with our trade receivables. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after 31 July 2024.

Our Group has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all clients requiring credit over certain amount.

Our management closely monitors the recoverability of trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. As at LPD, an allowance for impairment losses amounting to RM2.69 million from 16 clients has been made for the trade receivables. These 16 clients include 1 project owner, 9 main contractors and 6 subcontractors (who we supply electrical components for projects which we undertake), where the impaired amount are mainly from Itramas Engineering Sdn Bhd, Khor Khye Hing Constructions Sdn Bhd and Thak Soon Sdn Bhd. Our Group has ceased all transactions with all impaired trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with our clients, as well as our efforts to improve collection with various credit control measures to reduce the potential exposure on credit risk.

12. FINANCIAL INFORMATION (Cont'd)**12.8.2 Trade payables turnover**

The normal credit periods granted by our suppliers to our Group ranges from 30 days and up to 150 days from the date of suppliers' invoice.

Our average trade payables turnover days for FYE 2021 to 2024 is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	11,380	13,579	13,226	27,758
Closing trade payables	13,579	13,226	27,758	48,187
Average trade payables	12,480	13,403	20,492	37,973
Cost of sales	48,564	42,450	114,694	160,152
Average trade payables turnover days	93	115	65	87

Our Group has outstanding trade payables of approximately RM48.19 million as at 31 July 2024. Our trade payables turnover periods for FYE 2021 to 2024 were between 65 days and 115 days, which were within our normal credit period.

Our Group's trade payables turnover period increased to 115 days in FYE 2022 (FYE 2021: 93 days), as we received more invoices from our subcontractors for the works engaged towards the end of FYE 2022. In addition, our subcontractors allowed us a longer period for payment in view of our Group's established relationships with them, our Group's payment history and our Group's credentials. Our Group has not encountered any issue with our subcontractors notwithstanding the slower payments.

Our Group's trade payables turnover period decreased to 65 days in FYE 2023 (FYE 2022: 115 days) as we made timely payments to our suppliers and subcontractors following our improved collections from our clients.

Our Group's trade payables turnover period increased to 87 days in FYE 2024 (FYE 2023: 65 days) due to higher purchases from suppliers and invoices received from subcontractors for works performed towards the end of FYE 2024.

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12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade payables as at 31 July 2024 is as follows:

	Trade payables as at 31 July 2024	Amount paid from 1 August 2024 up to LPD	Balance of trade payables which have yet to be paid as at LPD
	RM'000	Percentage of trade payables (a)/total of (a)	RM'000
	(a)	(a)	(b)
			(c) = (a)-(b)
Within credit period	30,849	64.0	28,720
Exceeding credit period:	17,338	36.0	16,842
- 1 to 30 days	6,346	13.2	6,171
- 31 to 60 days	4,912	10.2	4,838
- More than 60 days	6,080	12.6	5,833
	48,187	100.0	45,562
			2,625

We note that there is a gap between our trade receivables turnover days (FYE 2021: 71 days, FYE 2022: 71 days, FYE 2023: 43 days and FYE 2024: 58 days) and our trade payables turnover days (FYE 2021: 93 days, FYE 2022: 115 days, FYE 2023: 65 days and FYE 2024: 87 days). Such differences for FYE 2021 to 2024 were mainly due to timing differences in our collections and payments during the said financial year, respectively.

We are of the view that such timing differences did not affect the sufficiency of our working capital as our working capital requirements were also financed by our cash and bank balances on hand at that time as well as via utilisation of our banking facilities. This is in line with the management of our working capital, as set out in Section 12.3.1, whereby our Group's business is financed via a combination of internal and external sources of funds comprising cash generated from our Group's operations while external sources are banking facilities from financial institutions i.e., term loans, term financing, bank guarantees, bankers' acceptance as well as finance lease liabilities.

As at LPD, we have paid RM45.56 million or 94.6% of our total trade payables as at 31 July 2024. Our Group has yet to make payment for trade payables exceeding credit period of RM0.50 million as at LPD mainly due to our working capital management strategy to utilise the credit term granted by suppliers to reduce the utilisation of our trade facilities and finance cost. Nevertheless, as at LPD, there are no disputes in respect of our trade payables and we are not aware of any legal action initiated by our suppliers or subcontractors to demand for payment. In addition, we maintain regular communication with our suppliers and subcontractors to manage our past-due payments and have been making gradual payments for the outstanding amounts, including those exceeding for more than 60 days.

As at LPD, we have paid RM16.84 million, representing 97.1% of our total past due trade payables as at 31 July 2024.

12. FINANCIAL INFORMATION (Cont'd)**12.8.3 Inventory turnover**

Our average trade inventory turnover days for FYE 2021 to 2024 is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Opening inventories	2,108	4,106	2,943	3,452
Closing inventories	4,106	2,943	3,452	5,406
Average inventories	3,107	3,524	3,197	4,429
Purchases	32,664	21,692	75,312	106,020
Average inventory turnover days	34	59	15	15

Our purchases consist of materials used such as switchboards and related electrical panels, power cables and wires, hardware and electrical accessories.

The higher inventories turnover days for FYE 2022 of 59 days (FYE 2021: 34 days) were due to purchase of inventories made towards the end of FYE 2022 to cater for upcoming project needs in FYE 2023, as evident from the increase in our Group's total revenue during the year.

Our inventories turnover days in FYE 2024 was consistent at 15 days with FYE 2023.

We conduct a quarterly internal meeting to review our inventory level and inventory ageing. Approval is required from our Directors for the replenishment of project materials. During FYE 2021 to 2024 and up to LPD, our Group did not have any inventories that were written down.

12.8.4 Current ratio

Our current ratio throughout FYE 2021 to 2024 is as follows:

	Audited			
	As at 31 July			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	27,671	37,514	63,230	102,115
Current liabilities	28,239	53,971	55,920	83,096
Net current liabilities	(568)	(16,457)	7,310	19,019
Current ratio (times)	0.98	0.70	1.13	1.23

Our current ratio ranged between 0.70 times and 1.23 times for FYE 2021 to 2024.

12. FINANCIAL INFORMATION (Cont'd)

Our Group recorded net current liabilities of RM0.57 million as at 31 July 2021. The net current liabilities position as at 31 July 2021 was mainly attributable to higher trade payables as our Group had purchased more inventories in FYE 2021 to cater for projects' needs in anticipation of the increased project activities in the beginning of FYE 2022 and higher contract liabilities for several projects as at 31 July 2021.

Our Group recorded net current liabilities of RM16.46 million as at 31 July 2022. The net current liabilities position as at 31 July 2022 was mainly attributable to the following:

- (i) the usage of cash generated from operations, advances from directors/ shareholder and non-trade payables in FYE 2022 (short-term funds) instead of long-term funds (such as term loans), to partially finance our Group's capital expenditure (long-term assets) i.e. the construction and development of our Junjong LSSPV Plant; and
- (ii) increase in contract liabilities, attributable to several projects where our Group issued progress billings to its clients ahead of works done. These projects include the Junjong LSSPV Plant Project and the Kinta Project.

Due to the foregoing, our Group's current ratio decreased from 0.98 times as at 31 July 2021 to 0.70 times as at 31 July 2022.

Our Group's current ratio increased from 0.70 times as at 31 July 2022 to 1.13 times as at 31 July 2023 mainly due to:

- (a) increase in trade receivables as more invoices were issued to clients in line with our Group's growth in revenue;
- (b) increase in cash and bank balances attributable to higher internally generated funds; and
- (c) decrease in contract liabilities attributable to the works performed to its clients in FYE 2023 for the progress billings issued in prior years.

Our current ratio remained fairly consistent which ranged between 1.13 times and 1.23 times for FYE 2023 to FYE 2024.

12.8.5 Gearing ratio

Our gearing ratio throughout FYE 2021 to 2024 is as follows:

	Audited			
	As at 31 July			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Total borrowings	7,955	16,273	82,727	81,520
Lease liabilities in relation to rental lease arrangement	-	4,156	4,167	4,046
Total borrowings (excluding lease liabilities relating to rental obligation)	7,955	12,117	78,560	77,474
Total equity	9,026	11,349	43,525	57,085
Gearing ratio (times)	0.88	1.07	1.80	1.36

12. FINANCIAL INFORMATION (Cont'd)

Our gearing ratio ranged between 0.88 times and 1.80 times for FYE 2021 to 2024.

Our Group's gearing ratio increased from 0.88 times as at 31 July 2021 to 1.07 times as at 31 July 2022. This was attributable to higher borrowings arising from drawdown of a term loan for our Junjong LSSPV Plant, amounting to RM2.78 million.

Our Group's gearing ratio further increased from 1.07 times as at 31 July 2022 to 1.80 times as at 31 July 2023. This was attributable to higher borrowings arising from further drawdown of existing term loan for financing the construction of our Junjong LSSPV Plant, amounting to RM69.39 million. The increase in gearing ratio was cushioned by the increased equity as a result of higher retained earnings recorded (31 July 2023: RM22.09 million; 31 July 2022: RM10.26 million).

Our Group's gearing ratio decreased from 1.80 times as at 31 July 2023 to 1.36 times as at 31 July 2024. This was mainly attributable to increase in equity as a result of higher retained earnings recorded (31 July 2024: RM35.63 million, 31 July 2023: RM22.09 million) resulting from higher PAT achieved in FYE 2024.

12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE

Section 9 details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but not limited to the following:

(a) We rely on certain registration, approvals, licences and permits

We are required to obtain and hold valid approvals, licences and permits such as the contractor registrations with the CIDB as well as other approvals, licences and permits as set out in Section 6.7.

We leverage on existing registrations, approvals, licences and permits to continue our core business operations. We must comply with the restrictions and conditions imposed by the relevant authorities for us to maintain the validity of such approvals, licences and permits. In the event we fail to comply with the applicable requirements or any required conditions, our registration, approvals, licences and permits may be cancelled or suspended. Delay in renewing such registrations, approvals, licences and permits upon expiry may also result in temporary suspension or restriction of our business operation. Therefore, any revocation and/ or failure to obtain renewals for such registrations, approvals, licences and permits which are required for us to continue business activities, will have a material impact on our ability to continue business operations.

As at LPD, we have not experienced any past instances where our renewals of such registrations, approvals, licences and permits were not successful which had a material adverse effect on our Group.

12. FINANCIAL INFORMATION (Cont'd)**(b) Our M&E engineering projects are non-recurring in nature and there is no guarantee that we will be able to secure new projects**

Our revenue from M&E engineering projects is derived from projects that are non-recurring in nature, and all of our projects were awarded on a project-by-project basis. It is therefore critical that we are able to continuously and consistently secure new projects of similar value and volume.

As the contracts are awarded on a project-by-project basis, our clients are under no obligation to award contracts to us in the future. As such, there is no assurance that we will be able to successfully tender or secure projects from our existing clients in the future or that our existing clients will continue to engage us in their upcoming projects after the completion of the current contracts. Our ability to successfully tender or secure projects is dependent on a range of factors including our pricing and tender strategy, our competitors' tender and pricing strategy, the level of competition and our clients' evaluation standards. Depending on the then market conditions and competitive landscape, we may have to lower our pricing or adjust our tender strategy, such as through the provision of value engineering and design and build services, in order to maintain the competitiveness of our tenders. In addition, the scope of work in a project, which is dependent on its scale and complexity, will affect the profit margin of the project and our financial performance. In the event that we have to subcontract a material portion of the project work to a third-party subcontractor, our profit margins from such projects may also be reduced.

Cancellation or delay in the commencement of secured projects due to factors such as changes in our clients' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. In addition, there may be a lapse of time between the completion of our projects and the commencement of our subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that we are unable to secure replacement projects on a timely basis, this may adversely affect our business operations and financial position.

As at LPD, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial position or results of operations. However, if we cannot continue to maintain the number of contracts at a similar level or obtain new projects of similar or even larger contract sums, our business, financial performance and business prospects may be materially and adversely affected.

(c) Failure to complete our projects on a reliable and timely basis could materially affect our reputation

The contracts with our clients generally contain a LAD clause under which we are liable to pay LAD to our clients if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for LAD is generally set forth in the contract.

Delays in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents and delay in delivery of materials. If there is any delay on our part in completion of a project, we may be liable to pay LAD under the contract.

During FYE 2023 and 2024, we made a provision of LAD amounting to RM1.03 million and RM0.04 million respectively, due to delay in completion of works with Askey. Further details are set out in Section 12.7.1(a). Save for the above, we have not provided for any other LAD in FYE 2021 to 2024 and up to LPD.

12. FINANCIAL INFORMATION (Cont'd)**(d) We are dependent on main contractors and project owners**

We are invited by main contractors and project owners to submit tenders and provide M&E engineering quotations for new projects. Our ability to secure M&E engineering contracts depends on such main contractors or project owners inviting us on a frequent and regular basis to provide M&E engineering quotations to them. These main contractors or project owners may not invite us to tender and quote for a project if they find that we do not have relevant CIDB certifications or adequate track record to carry on the scope and responsibilities required for a particular project or sufficient manpower or financial resources to perform a project.

While there have not been any such past instances which had any material adverse impact on our Group's financial condition or results of operations, there is no assurance that these main contractors or project owners will continue to invite us to provide quotations for all projects that they participate in. Our revenue and financial performance would be materially and adversely affected in the event we are no longer invited by main contractors or project owners to submit tenders and provide M&E engineering quotations for new projects.

(e) Our Group's earnings may be affected by fluctuations in material prices

During FYE 2021 to 2024, our Group experienced fluctuation in the prices of copper which is a material used for the production of cables that we use in our M&E engineering business. The price of copper fluctuates primarily due to changes in supply and demand conditions of copper. Any sudden interruption or shortage of supply or reduction in copper may adversely affect our Group's business operations or result in us having to pay a higher cost for such materials.

Furthermore, our contracts range between 6 months and 27 months. As a result, our Group's costs may increase beyond our initial projections and this may result in a reduction in our previously estimated profit margins or our Group incurring a loss. In the event of any significant increase in the costs of such materials and our Group failing to find a cheaper source of supply or pass on such increases in material prices to the main contractors or project owners, our results of operations, financial performance and financial condition may be adversely affected.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12.11 IMPACT OF INFLATION

The length of contract issued via letter of awards are generally between 6 and 27 months, whilst purchase orders issued to our Group are generally less than a year. Accordingly, prices of key construction materials at the time of submission of tender bids or signing of contracts may not reflect the prices that we will eventually pay during the implementation of our projects. Certain of our contracts are firm and fixed-price contracts, under which we commit to provide all of the resources required to complete a project at fixed unit prices. As such, we are not able to pass on any increases in construction cost.

12. FINANCIAL INFORMATION (Cont'd)

Our operations are also dependent on the availability of labour at acceptable rates. Any unanticipated increases in the cost of labour not taken into account at the time of submission of tender bids or signing of contracts may also result in our profits being different from those originally estimated and may result in us experiencing reduced profitability or losses on projects.

During FYE 2021 to 2024, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/ OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

(a) Impact of foreign exchange rates

Our transactions are solely denominated in RM.

(b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

Our Group does not expect any material effect on our Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

Our financial results for FYE 2021 to 2024 were not materially affected by fluctuations in interest rates.

(c) Impact of commodity prices

Our direct materials mainly consist of materials such as switchboards and related electrical panels, power cables and wires, hardware and electrical accessories. These materials are widely available in Malaysia and from a large base of suppliers.

We were not materially affected by fluctuations in commodity prices for FYE 2021 to 2024 as it is our strategy to provide sufficient buffer in our budgeted project cost which allows better planning for potential cost overruns that may arise due to increased price of materials. The buffers in our budgeted project cost had been sufficient to contain the price fluctuations in commodity prices such as copper (one of the raw materials for the production of power cables and wires) for FYE 2021 to 2024.

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12. FINANCIAL INFORMATION (Cont'd)**12.13 ORDER BOOK**

Details of our unbilled order book are as follows:

Project details	As at 31 July 2024	As at LPD
	RM' 000	RM' 000
Building		
- Industrial	100,646	100,533
- Commercial & Residential	158,515	168,585
- Solar	-	-
	259,161	269,118

The above unbilled order book relates to the contract value of projects which are ongoing less revenue recognised up to 31 July 2024 or LPD, as the case may be. This unbilled order book will be recognised progressively over the next 1 to 3 financial years based on the expected progress of each project.

None of our order book is awarded by related party. Our unbilled order book of RM269.12 million as at LPD represents 2.48 times of our average revenue of RM108.38 million, calculated based on our audited revenues from FYE 2021 to 2024.

12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) our Group's revenue will remain sustainable in line with our unbilled order book as set out in Section 12.13;
- (b) our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.18; and
- (c) our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.15 TREND INFORMATION

Based on our track record for FYE 2021 to 2024, the following trends may continue to affect our business:

- (a) during FYE 2021 to 2024, more than 88.4% of our revenue was derived from the provision of M&E engineering services segment. We expect that this segment to continue contributing significantly to our revenue in the future;
- (b) during FYE 2021 to 2024, industrial, commercial and residential have been our main focus for types of property and we will continue to focus in these types of property;

12. FINANCIAL INFORMATION (Cont'd)

- (c) the main components of our cost of sales are materials and subcontractors' costs which collectively accounted for more than 89.0% of our total cost of sales during FYE 2021 to 2024. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our direct materials, direct labour and subcontractor costs; and
- (d) we achieved a GP margin of 11.5% to 16.5% for FYE 2021 to 2024 respectively. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and the types and complexity of projects that we can secure in the future.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) 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 Group's financial performance, position and operations other than those discussed in Sections 7.17, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (b) material commitments for capital expenditure save as disclosed in Section 12.6;
- (c) 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 discussed in Sections 7.17, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.17, 12.2, 12.9, 12.10, 12.11 and 12.12; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.17, 12.2, 12.9, 12.10, 12.11 and 12.12.

Based on the above, our Board is optimistic about the future prospects of our Group given the positive outlook of the M&E engineering and solar PV industries in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.9 and our Group's intention to implement the business strategies as set out in Section 7.18.

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12. FINANCIAL INFORMATION (Cont'd)

12.16 DIVIDEND POLICY

We currently do not have a fixed dividend policy. Our ability to distribute dividends or make other distributions to shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for our business expansion, working capital or our capital expenditure.

In making recommendations for dividends, our Board will consider various factors including, amongst others, our Group's:

- (a) ability to generate positive operating cash flow;
- (b) working capital needs and availability of cash;
- (c) capital expenditure and business expansion;
- (d) compliance with financial covenants of loan agreements, if any;
- (e) compliance with requirements of Section 132 of the Act;
- (f) overall financial performance and condition; and
- (g) prospects taking into account the general economic and business conditions prevailing.

For FYE 2021 to 2024 and up to LPD, our Group did not declare and pay any dividends. Further, we do not intend to declare and pay any dividends from LPD up to our Listing.

Our ability to declare and pay dividends is subject to the discretion of our Board. However, the intention to recommend dividends should not be treated as a legal obligation to do so. The level of dividends should also not be treated as an indication of our future dividend policy.

As we are an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends we receive from our subsidiaries. The payment of dividends by our subsidiaries will in turn depend on their distributable profits, financial performance, financial condition and capital expenditure plans.

Save for certain banking restrictive covenants which our Group is subject to, there are no dividend restrictions imposed on our Group as at LPD. There are no specific legal, financial or economic restrictions on our subsidiary to declare and pay dividends to us.

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12. FINANCIAL INFORMATION (Cont'd)**12.17 CAPITALISATION AND INDEBTEDNESS**

The following information should be read in conjunction with the Reporting Accountants' report on the pro forma statement of financial position set out in Section 14.

The table below summarises our capitalisation and indebtedness:

- (a) based on our Group's latest unaudited financial information as at 30 November 2024; and
- (b) after adjusting for the effects of Public Issue and utilisation of proceeds from our Public Issue.

	Unaudited ⁽¹⁾ As at 30 November 2024 RM'000	I After Public Issue RM'000	II After I and utilisation of proceeds RM'000
<u>Indebtedness</u>			
<u>Current</u>			
Secured and guaranteed			
Term loans	5,813	5,813	5,813
Bankers' acceptances	12,794	12,794	-
Lease liabilities (under hire purchase arrangements)	297	297	297
Unsecured and unguaranteed			
Lease liabilities (rentals)	125	125	125
<u>Non-current</u>			
Secured and guaranteed			
Term loans	60,996	60,996	59,790
Lease liabilities (under hire purchase arrangements)	908	908	908
Unsecured and unguaranteed			
Lease liabilities (rentals)	3,880	3,880	3,880
Financial guarantees ⁽²⁾	18,085	18,085	18,085
Total indebtedness	102,898	102,898	88,898
Capitalisation			
Shareholders' equity	62,618	104,618	101,956
Total capitalisation	62,618	104,618	101,956
Total capitalisation and indebtedness	165,516	207,516	190,854
Gearing ratio⁽³⁾	1.29	0.77	0.66

Notes:

- (1) After adjusting for Acquisition.
- (2) Comprises bank guarantees, performance bonds and earnest money.
- (3) Calculated based on total indebtedness (exclude lease liabilities in relation to rentals and contingent liabilities) divided by total capitalisation.

13. ACCOUNTANTS' REPORT



Our ref: PKF/NCP/LWJ

Date: 7 January 2025

The Board of Directors
ES Sunlogy Berhad
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia.

PKF PLT
202206000012(LLP0030836-LCA) &
AF0911

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Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF ES SUNLOGY BERHAD AND ITS SUBSIDIARIES ("ESSB" OR "THE COMPANY" OR "THE GROUP")

Opinion

We have audited the combined financial statements of ES Sunlogy Berhad, which comprise the combined statements of financial position as at 31 July 2021, 31 July 2022, 31 July 2023 and 31 July 2024, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 July 2021, 31 July 2022, 31 July 2023 and 31 July 2024 and notes to the Combined Financial Statements as set out on pages 4 to 99 (collectively referred to herein as "the **Combined Financial Statements**").

These historical combined financial statements have been prepared for inclusion in the Prospectus of ESSB in connection with the listing of and quotation for the entire issued share capital of ESSB on the ACE Market of Bursa Malaysia Securities Berhad ("**Listing**") ("**Bursa Securities**").

In our opinion, the accompanying Combined Financial Statements give a true and fair view of the combined financial position of the Group as at 31 July 2021, 31 July 2022, 31 July 2023 and 31 July 2024 and of its combined financial performance and their cash flows for the financial years ended 31 July 2021, 31 July 2022, 31 July 2023 and 31 July 2024 in accordance with the Malaysian Financial Reporting Standards and IFRS Accounting Standards and Paragraph 10.05 of Chapter 10. Part II Division 1: Equity of the Prospectus Guidelines as issued by Securities Commission Malaysia.

Basis for Opinion

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

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PKF PLT is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

PENANG: 67, Jalan Seang Tek, George Town, 10450 George Town, Pulau Pinang | **PERAK:** No. 62, 62A, 62B and 62C, Persiaran Greentown 2, Pusat Perdagangan Greentown, 30350 Ipoh, Perak | **JOHOR:** No.49, Jalan Harimau Tarum, Taman Century, 80250 Johor Bahru, Johor | **SABAH:** Lot 23-1, 1st Floor, Lintas Plaza, Lorong Lintas Plaza, 88300 Kota Kinabalu, Sabah | **SABAH:** 1st floor, Lot 4D (corner), Bandar Nasalim, Mile 5, Jalan Lintas Utara, 90000 Sandakan, Sabah | **LABUAN:** Level 1, Lot 8, Block F, Saguking Commercial Building, Jalan Patau-Patau, 87000 Labuan, FT

13. ACCOUNTANTS' REPORT (Cont'd)**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 ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company ("Director") are responsible for the preparation of the Combined Financial Statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and IFRS Accounting 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 that are free from material misstatements, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the 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.

13. ACCOUNTANTS' REPORT (Cont'd)



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: (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the 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 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 and significant deficiencies in internal control that we identify during our audit.

Other Matter

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

PKF A1
 PKF PLT
 202206000012 (LLP0030836-LCA) & AF0911
 CHARTERED ACCOUNTANTS


 NG CHEW PEI
 03373/06/2026 J
 CHARTERED ACCOUNTANT

Kuala Lumpur

13. ACCOUNTANTS' REPORT (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**COMBINED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Revenue	5	191,091,456	136,727,412	50,821,801	54,887,277
Cost of sales		(160,152,232)	(114,694,427)	(42,449,965)	(48,563,622)
Gross profit		30,939,224	22,032,985	8,371,836	6,323,655
Other income	6	288,878	976,708	144,874	184,415
Distribution expenses		(758,263)	(563,141)	(512,225)	(478,658)
Administrative expenses		(5,401,637)	(4,438,179)	(3,647,201)	(3,364,822)
Other expenses		(3,031,988)	(2,251,803)	(1,052,789)	(1,067,544)
Net gain/(loss) on impairment loss on financial assets		69,492	533,323	899,331	(464,323)
Profit from operations		22,105,706	16,289,893	4,203,826	1,132,723
Finance costs	8	(3,785,680)	(430,697)	(331,370)	(169,221)
Profit before tax	9	18,320,026	15,859,196	3,872,456	963,502
Tax expense	10	(4,760,772)	(4,067,267)	(1,549,750)	(580,183)
Profit, representing total comprehensive income for the financial year		13,559,254	11,791,929	2,322,706	383,319
Profit for the year attributable to:					
Owners of the parent		13,541,331	11,834,482	2,330,281	383,316
Non-controlling interests		17,923	(42,553)	(7,575)	3
		13,559,254	11,791,929	2,322,706	383,319
Total comprehensive profit attributable to:					
Owners of the parent		13,541,331	11,834,482	2,330,281	383,316
Non-controlling interests		17,923	(42,553)	(7,575)	3
		13,559,254	11,791,929	2,322,706	383,319
Earnings per share:					
- Basic and diluted	11	3.80	3.32	2.12	0.35

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

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13. ACCOUNTANTS' REPORT (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	2024 RM	2023 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	100,160,677	103,267,465	34,922,234	14,247,694
Right-of-use assets	13	4,691,459	5,300,213	5,554,592	1,187,210
Investment in an associate	14	-	-	-	1
Investment in joint venture	15	40	-	-	-
Goodwill	16	-	-	-	-
		<u>104,852,176</u>	<u>108,567,678</u>	<u>40,476,826</u>	<u>15,434,905</u>
Current assets					
Inventories	17	5,405,905	3,452,012	2,942,754	4,105,745
Trade and non-trade receivables	18	42,184,979	22,138,098	13,005,458	8,083,554
Contract assets	19	35,071,756	21,056,944	14,860,889	13,419,000
Fixed deposit with licensed bank	20	5,510,317	5,037,484	3,675,777	260,000
Cash and bank balances		13,941,872	11,544,884	1,955,965	1,802,458
		<u>102,114,829</u>	<u>63,229,422</u>	<u>36,440,843</u>	<u>27,670,757</u>
Assets held for sales	21	-	595	1,073,363	-
		<u>102,114,829</u>	<u>63,230,017</u>	<u>37,514,206</u>	<u>27,670,757</u>
TOTAL ASSETS		<u><u>206,967,005</u></u>	<u><u>171,797,695</u></u>	<u><u>77,991,032</u></u>	<u><u>43,105,662</u></u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	21,310,233	21,310,230	1,100,000	1,100,000
Retained earnings	23	35,632,576	22,091,245	10,256,763	7,926,482
		<u>56,942,809</u>	<u>43,401,475</u>	<u>11,356,763</u>	<u>9,026,482</u>
Non-controlling interests	24	142,420	124,497	(7,850)	(275)
Total equity		<u>57,085,229</u>	<u>43,525,972</u>	<u>11,348,913</u>	<u>9,026,207</u>

13. ACCOUNTANTS' REPORT (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Non-current liability					
Borrowings	25	66,786,223	72,352,135	12,671,501	5,840,520
Current liabilities					
Trade and non-trade payables	26	53,581,199	32,552,829	29,425,609	21,925,876
Contract liabilities	19	12,289,795	10,119,136	19,675,864	2,543,791
Borrowings	25	14,733,367	10,374,743	3,602,064	2,114,181
Tax payables		2,491,192	2,872,880	1,267,081	1,655,087
		83,095,553	55,919,588	53,970,618	28,238,935
Total liabilities		149,881,776	128,271,723	66,642,119	34,079,455
TOTAL EQUITY AND LIABILITIES		206,967,005	171,797,695	77,991,032	43,105,662

13. ACCOUNTANTS' REPORT (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent		Non- controlling interests	Total equity
	Note	Share capital RM	Retained earnings RM	RM	RM
At 1 August 2020		1,000,000	7,543,166	-	8,543,166
Issuance of share capital	22	100,000	-	-	100,000
Investment in a subsidiary		-	-	(278)	(278)
Profit, representing total comprehensive income for the financial year		-	383,316	3	383,319
At 31 July 2021		1,100,000	7,926,482	(275)	9,026,207
Profit, representing total comprehensive income for the financial year		-	2,330,281	(7,575)	2,322,706
At 31 July 2022		1,100,000	10,256,763	(7,850)	11,348,913
Issuance of share capital	22	20,210,230	-	-	20,210,230
Investment in a subsidiary		-	-	174,900	174,900
Profit, representing total comprehensive income for the financial year		-	11,834,482	(42,553)	11,791,929
At 31 July 2023		21,310,230	22,091,245	124,497	43,525,972
Issuance of share capital	22	3	-	-	3
Profit, representing total comprehensive income for the financial year		-	13,541,331	17,923	13,559,254
At 31 July 2024		21,310,233	35,632,576	142,420	57,085,229

13. ACCOUNTANTS' REPORT (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Cash flows from operating activities					
Profit before tax		18,320,026	15,859,196	3,872,456	963,502
Adjustments for:					
Depreciation of property, plant and equipment		4,208,530	338,574	337,297	193,366
Depreciation of right-of-use assets		362,662	324,906	290,310	299,303
Interest expenses		3,785,680	430,697	331,370	169,221
Impairment loss on goodwill		-	-	-	3,406
Impairment loss on receivables		-	410,932	18,000	492,323
Reversal of impairment loss on receivables		(69,492)	(944,255)	(917,331)	(28,000)
Property, plant and equipment written off		71,095	-	4,485	-
Assets held for sales written off		85	-	-	-
(Gain)/Loss on disposal of property, plant and equipment		(28,500)	(19,998)	-	85,313
Gain on disposal of assets held for sales		-	(626,637)	-	-
Gain on disposal of right-of-use assets		(5,631)	-	-	-
Interest income		(151,295)	(127,726)	(40,740)	(54,203)
Provision of liquidated ascertained damages		38,445	1,034,434	-	-
Operating profit before working capital changes		<u>26,531,605</u>	<u>16,680,123</u>	<u>3,895,847</u>	<u>2,124,231</u>

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

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13. ACCOUNTANTS' REPORT (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Cash flows from operating activities (continued)					
Operating profit before working capital changes (continued)		26,531,605	16,680,123	3,895,847	2,124,231
(Increase)/Decrease in inventories		(1,953,893)	(509,258)	1,162,991	(1,997,628)
Increase in receivables		(19,977,389)	(8,814,816)	(3,682,975)	(582,747)
(Increased)/Decrease in contract assets		(14,014,812)	(6,196,055)	(1,441,889)	1,781,309
Increase/(Decrease) in payables		22,296,866	16,042,852	(642,769)	1,224,728
Increase/(Decrease) in contract liabilities		2,170,659	(9,556,728)	17,132,073	(4,369,186)
Cash generated from/ (used in) operations		15,053,036	7,646,118	16,423,278	(1,819,293)
Tax paid		(5,142,460)	(2,461,468)	(1,886,406)	(770,833)
Real property gain tax paid		-	-	(51,350)	-
Net cash from/(used in) operating activities		9,910,576	5,184,650	14,485,522	(2,590,126)

13. ACCOUNTANTS' REPORT (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Cash flows from investing activities					
Interest received		151,295	127,726	40,740	54,203
Proceeds from disposal of property, plant and equipment		28,500	20,000	-	970,000
Proceeds from disposal of investment in an associate		-	-	1	-
Proceeds from disposal of right-of-use assets		780,000	-	-	-
Proceeds from disposal of assets held for sales		510	1,700,000	-	-
Net cash flow on acquisition of subsidiary		-	174,900	-	65
Net change in fixed deposits		(472,833)	(1,361,707)	(3,675,777)	-
Acquisition of property, plant and equipment	(ii)	(2,651,806)	(71,973,053)	(16,708,435)	(1,904,024)
Acquisition of assets held for sales	21	-	(595)	-	-
Acquisition of right-of-use assets	(iii)	(28,777)	(2,788)	(10,280)	(1,425)
Investment in joint venture		(40)	-	-	-
Net cash used in investing activities		<u>(2,193,151)</u>	<u>(71,315,517)</u>	<u>(20,353,751)</u>	<u>(881,181)</u>

13. ACCOUNTANTS' REPORT (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Cash flows from financing activities					
Issuance of ordinary shares	3	20,210,230	-	100,000	
Advances from/(Repayment to) Directors	17,908	(4,228,404)	2,328,404	(106,701)	
(Repayment to) /Advances from a shareholder	-	(6,199,999)	199,999	6,000,000	
Advances/(Repayment to) from a related party	(432)	(232,417)	232,849	-	
Repayment from /(Advances to) related parties	154,552	215,499	(339,598)	(6,024,982)	
Drawdown of term loan	-	69,387,500	2,779,000	550,000	
Drawdown of term financing	-	-	-	724,700	
Repayment of term loan	(70,055)	(4,255,604)	(107,419)	(553,086)	
Repayment of term financing	(5,603,536)	(72,400)	(80,078)	(70,591)	
Repayment of lease liabilities	(354,197)	(358,922)	(174,551)	(262,140)	
Interest paid	(3,785,680)	(430,697)	(331,370)	(169,221)	
Net changes in bankers' acceptances	4,321,000	1,685,000	1,254,500	329,500	
Net cash (used in)/from financing activities		(5,320,437)	75,719,786	5,761,736	517,479

13. ACCOUNTANTS' REPORT (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Net increase/ (decrease) in cash and cash equivalents		2,396,988	9,588,919	(106,493)	(2,953,828)
Cash and cash equivalents at 1 August 2023/2022/ 2021/2020		11,544,884	1,955,965	2,062,458	5,016,286
Cash and cash equivalents 31 July	(i)	13,941,872	11,544,884	1,955,965	2,062,458

Notes:
(i) Cash and cash equivalents

	2024 RM	2023 RM	2022 RM	2021 RM
Cash in hand	619	149	8,697	10,044
Cash at bank	13,941,253	11,544,735	1,947,268	1,792,414
Fixed deposit with licensed bank (less than 3 months)	-	-	-	260,000
	13,941,872	11,544,884	1,955,965	2,062,458

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COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
Notes: (continued)
(ii) Acquisition of property, plant and equipment

	2024 RM	2023 RM	2022 RM	2021 RM
Acquisition of property, plant and equipment	1,172,837	68,683,807	22,089,685	4,904,024
Less: Property, plant and equipment financed under term loans	-	-	-	(3,000,000)
Less: Property, plant and equipment financed under non-trade payables	(613,035)	(2,092,004)	(5,381,250)	-
Add: Payment to non-trade payable in relation to the acquisition of property, plant and equipment	2,092,004	5,381,250	-	-
Cash payments made to purchase property, plant and equipment	<u>2,651,806</u>	<u>71,973,053</u>	<u>16,708,435</u>	<u>1,904,024</u>

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COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
Notes: (continued)
(iii) Acquisition of right-of-use assets

	2024 RM	2023 RM	2022 RM	2021 RM
Acquisition of right-of-use assets	528,277	70,527	4,657,692	211,425
Less: Right-of-use assets financed under lease liabilities	(499,500)	(67,739)	(4,647,412)	(210,000)
Cash payments made to purchase right-of-use assets	<u>28,777</u>	<u>2,788</u>	<u>10,280</u>	<u>1,425</u>

(iv) Reconciliation of liabilities arising from financing activities:

	1 August 2023 RM	Drawdown/ non-cash items RM	Cash flows RM	31 July RM
2024				
Amount due to related parties	432	(2,480,235)	2,479,803	-
Borrowings:				
- Bankers' acceptance	4,347,000	-	4,321,000	8,668,000
- Term financing	1,431,452	-	(70,056)	1,361,396
- Term loan	72,213,442	-	(5,603,535)	66,609,907
- Lease liabilities	4,734,984	499,500	(354,197)	4,880,287
	<u>82,727,310</u>	<u>(1,980,735)</u>	<u>773,015</u>	<u>81,519,590</u>

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Notes: (continued)

(iv) Reconciliation of liabilities arising from financing activities: (continued)

	1 August 2022 RM	Drawdown/ non-cash items RM	Cash flows RM	31 July RM
2023				
Amount due to Directors	4,228,404	-	(4,228,404)	-
Amount due to a shareholder	6,199,999	-	(6,199,999)	-
Amount due to a related party	232,849	-	(232,417)	432
Borrowings:				
- Bankers' acceptance	2,662,000	-	1,685,000	4,347,000
- Term financing	1,503,852	-	(72,400)	1,431,452
- Term loan	7,081,546	69,387,500	(4,255,604)	72,213,442
- Lease liabilities	5,026,167	67,739	(358,922)	4,734,984
	<u>26,934,817</u>	<u>69,455,239</u>	<u>(13,662,746)</u>	<u>82,727,310</u>
	1 August 2021 RM	Drawdown/ non-cash items RM	Cash flows RM	31 July RM
2022				
Amount due to Directors	1,900,000	-	2,328,404	4,228,404
Amount due to a shareholder	6,000,000	-	199,999	6,199,999
Amount due to a related party	-	-	232,849	232,849
Borrowings:				
- Bankers' acceptance	1,407,500	-	1,254,500	2,662,000
- Term financing	1,583,930	-	(80,078)	1,503,852
- Term loan	4,409,965	2,779,000	(107,419)	7,081,546
- Lease liabilities	553,306	4,647,412	(174,551)	5,026,167
	<u>15,854,701</u>	<u>7,426,412</u>	<u>3,653,704</u>	<u>26,934,817</u>

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Notes: (continued)

(iv) Reconciliation of liabilities arising from financing activities: (continued)

	1 August 2020 RM	Drawdown/ non-cash items RM	Cash flows RM	31 July RM
2021				
Amount due to a Director	2,006,701	-	(106,701)	1,900,000
Amount due to a shareholder	-	-	6,000,000	6,000,000
Borrowings:				
- Bankers' acceptance	1,078,000	-	329,500	1,407,500
- Term financing	929,821	-	654,109	1,583,930
- Term loan	1,413,051	3,000,000	(3,086)	4,409,965
- Lease liabilities	605,446	210,000	(262,140)	553,306
	<u>6,033,019</u>	<u>3,210,000</u>	<u>6,611,682</u>	<u>15,854,701</u>

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. General information**

The Company is a public limited liability company that is incorporated and domiciled in Malaysia.

The Group is principally involved in the provision of electrical engineering services for electricity supply distribution systems, mechanical engineering services for building services, and generation and sales of renewable energy.

The principal activities and details of the subsidiaries and associate are as set out as follows:-

Name of the Company:	Equity interest				Principal activities
	2024	2023	2022	2021	
Savelite Engineering Sdn. Bhd. ("SESB")	100%	100%	100%	100%	Provision of M&E engineering services
Held through SESB					
Energy ES Sdn. Bhd.*	90%	90%	90%	90%	Generation and sales of renewable energy
Selarong Pertama Energy Sdn. Bhd.	40%	-	-	-	Generation and sales of renewable energy

* The above subsidiary was incorporated on 8 April 2021.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal place of business of the Company is located at 2A, Jalan Industri Tangkas 2, Taman Industri Tangkas, 14000 Bukit Mertajam, Pulau Pinang.

Incorporation of subsidiary

On 8 April 2021, Energy ES Sdn. Bhd. was incorporated in Malaysia with paid-up capital of RM3 comprising 3 shares, at RM1 per share, of which SESB had subscribed for 1 share, representing 33% of Energy ES Sdn. Bhd.'s total shareholdings.

On 12 July 2021, Energy ES Sdn. Bhd. increased its paid-up capital to 1,000 shares, of which SESB had subscribed for an additional 899 shares, which increased its shareholdings in Energy ES Sdn. Bhd. to 90%. As such, Energy ES Sdn. Bhd. became a subsidiary of SESB.

On 3 March 2023, Energy ES Sdn. Bhd. increased its paid-up capital from 1,000 shares to 1,750,000 shares and SESB had subscribed an additional 1,574,100 shares. However, the shareholdings of SESB in Energy ES Sdn. Bhd. remained at 90%.

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. General information (continued)****Investment in joint venture**

On 31 July 2024, the Group invested 40% equity interest in Selarong Pertama Energy Sdn. Bhd. for a consideration of RM40.

2. Listing scheme

ESSB was incorporated in Malaysia on 23 November 2023, as a public limited liability company and is principally engaged in investment holding. The Company is incorporated to embark on the listing quotation of its entire enlarged share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The paid-up capital of ESSB was RM3 comprising of 3 ordinary shares. In conjunction with, and as an integral part of the Proposed Listing, ESSB carried out the following:-

Acquisition of Savelite Engineering Sdn. Bhd. ("SESB")

On 25 July 2024, the Company had entered into a conditional share sale agreement to acquire the entire issued share capital of SESB of RM21,310,230 comprising 3,562,500 ordinary shares ("SESB Shares") from Keh Chuan Seng, Chu Kerd Yee and Khor Chuan Meng ("SESB's Vendors", collectively) for a purchase consideration of RM50,344,000.

The said purchase consideration will be fully satisfied by the issuance of 559,999,997 new ordinary shares in the Company ("Share(s)") at an issue price of RM0.0899 per Share to the SESB's Vendor, as follows:

	No. of SESB Shares	Shareholding in SESB %	Purchase consideration RM	No. of Shares to be issued
SESB's Vendors				
Keh Chuan Seng	1,425,000	40	20,137,600	223,999,999
Chu Kerd Yee	1,068,750	30	15,103,200	167,999,999
Khor Chuan Meng	1,068,750	30	15,103,200	167,999,999
	<u>3,562,500</u>	<u>100</u>	<u>50,344,000</u>	<u>559,999,997</u>

The purchase consideration of RM50,344,000 was arrived at on a willing-buyer willing-seller basis and after taking into account the net assets of SESB as at 31 January 2024 of RM50,366,382.

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2. Listing scheme (continued)

The acquisition of SESB is conditional upon, amongst others, the approval of Bursa Securities in relation to the admission of ESSB to the Official List and the listing of and quotation for its entire enlarged share capital comprising 700,000,000 Shares on the ACE Market of Bursa Securities.

3. Basis of preparation

(a) Standards issued and effective

On 1 August 2023, the Group have adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2023:

Description

- Amendments to MFRS 101, *Presentation of Financial Statements*: Classifications of Liabilities as Current or Non-current
- Amendments to MFRS 101 *Presentation of Financial Statements*: Disclosures of Accounting Policies
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates
- Amendments to MFSR 112, *Income Tax*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors expect that the adoption of the new and amended MFRS above will have no impact on the financial statements of the Group.

(b) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 31 July 2024 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

(c) Basis of measurement

The Combined Financial Statements have been prepared on the historical cost basis unless otherwise as indicated in the summary of significant accounting policies.

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3. Basis of preparation (continued)

(d) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful life and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

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3. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(iv) *Write-down for Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) *Provision for Expected Credit Losses ("ECLs") of Trade Receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

(vi) *Deferred Tax Assets and Liabilities*

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

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3. Basis of preparation (continued)

(d) Significant accounting estimates and judgements

(vii) *Carrying Amount of Investment in Subsidiaries*

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4(f)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying amount's may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying amount of investments in subsidiaries.

(viii) *Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating units to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying amount of goodwill.

4. Material accounting policies

The Group adopted Amendments to MFRS101, Presentation of Financial Statements – Disclosure of Accounting Policies for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2021 to 2023: Significant accounting policies) in certain instances in line with the amendments.

The material accounting policies adopted by the Group are consistent with those in the previous financial years unless otherwise stated.

Certain immaterial accounting policies have been voluntarily disclosed to ensure completeness in the financial statements of the Group.

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4. Material accounting policies

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiary is entity, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing the control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transactions costs.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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4. Material accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) *Business combinations (continued)*

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

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

Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

(iii) *Joint arrangements*

Joint arrangements are the arrangements of which the group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sales or distribution. The cost of investment includes the transaction costs.

(iv) *Non-controlling interests*

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit and loss and the other comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

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4. Material accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) *Non-controlling interests (continued)*

In the case where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(v) *Transactions with non-controlling interests*

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(vi) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the cases if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and their carrying amount would be regarded as cost on initial measurement of the investment.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. Material accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) *Transactions eliminated on consolidation*

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

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue and other income

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

(i) *Service contracts*

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Company recognised revenue over time using the input method, which is the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(ii) *Supply and install*

Revenue from supply and install are recognised at a point in time when control of the asset is transferred to the customer, being when the products are delivered to the customer. The normal credit term is 30 days.

Trade receivables are recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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4. Material accounting policies (continued)

(b) Revenue and other income (continued)

(iii) *Generation of renewable energy*

The Group sells electricity generated through its self-constructed solar plant to electric utility company, Tenaga Nasional Berhad under 25-year renewable energy power purchase agreement. Revenue is recognised upon delivery of electricity by kilowatt-hour to the utility company's grid and acceptance by the utility company.

(iv) *Interest income*

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

(v) *Rental income*

Rental income is accounted for on a straight-line basis over the lease terms.

(c) Employee benefits expense

(i) *Short-term benefits*

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) *Defined contribution plans*

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

(d) Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. Material accounting policies (continued)

(e) Tax expense

(i) *Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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4. Material accounting policies (continued)

(e) Tax expense (continued)

(ii) *Deferred tax (continued)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(f) Impairment

(i) *Financial assets*

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the 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, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

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4. Material accounting policies (continued)

(f) Impairment (continued)

(i) *Financial assets (continued)*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

(ii) *Non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGUs")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income and equity. In this case the impairment is also recognised in other comprehensive income and equity up to the amount of any previous revaluation.

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An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

A previously recognised impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset shall be increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

A reversal of an impairment loss for an asset other than goodwill shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to the initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful life and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress is not depreciated as these assets are not available for use. Depreciation will commence on these assets when they are ready for their intended use.

Freehold land is not depreciated as it has an indefinite useful life.

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Depreciation of property, plant and equipment is provided for on a straight-line basis over the estimated useful life of the assets, at the following annual rates:

Solar farm	4%
Freehold buildings	50 years
Container	10%
Tool and equipment	10%
Office equipment	10% - 20%
Furniture and fittings	10%
Renovation	10%
Motor vehicles	20%
Computer and software	20%

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

The carrying amount of the property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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

The gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(h) Goodwill on consolidation

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(i) Inventories

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

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4. Material accounting policies (continued)

(i) Inventories (continued)

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(j) Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Company has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(k) Leases

(i) *Initial recognition and measurement*

As a lessee

The Group recognised right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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4. Material accounting policies (continued)

(k) Leases (continued)

(i) *Initial recognition and measurement (continued)*

As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Variable lease payments that do not depend on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, the Group makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(ii) *Subsequent measurement*

As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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4. Material accounting policies (continued)

(k) Leases (continued)

(ii) *Subsequent measurement (continued)*

As a lessee (continued)

In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 4(f)(ii) to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Group's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments.

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4. Material accounting policies (continued)

(I) Financial assets

(i) *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes party to the contractual provision of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Subsequent measurement*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

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

The Group reclassified debt investments when and only when its business model for managing those asset changes.

(a) *Amortised cost*

Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

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4. Material accounting policies (continued)

(l) Financial assets (continued)

(iii) *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

Any cumulative gain or loss arise from fair value changes in equity investment that had been recognised in other comprehensive income is transferred within equity when the equity investment is derecognised whereas any cumulative gain or loss arise from fair value changes in debt investment that had been recognised in other comprehensive income is transferred to profit or loss when the debt investment is derecognised.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, deposits with financial institutions with original maturities of less than 3 months, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(n) Financial liabilities

(i) *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes party to the contractual provision of the instrument.

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4. Material accounting policies (continued)

(n) Financial liabilities (continued)

(i) *Initial recognition and measurement (continued)*

At initial recognition, the Group measures a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

(ii) *Subsequent measurement*

The category of financial liabilities at initial recognition is as follows:

Amortised cost

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

Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) *Derecognition*

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liability assumed, is recognised in profit or loss.

(o) Equity instruments

An equity instrument is any 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 from equity in the period in which they are declared.

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Non-current assets are classified as held for sale when:

- (i) They are available for immediate sale;
- (ii) Management is committed to a plan to sell;
- (iii) It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- (iv) An active programme to locate a buyer has been initiated;
- (v) The asset is being marketed at a reasonable price in relation to its fair value; and
- (vi) A sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

- (i) Their carrying amount immediately prior to being classified as held for sale in accordance with the Company's accounting policy; and
- (ii) Fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated from the date when the assets classified as held for sales.

5. Revenue

	2024 RM	2023 RM	2022 RM	2021 RM
Revenue from contracts with customers:				
Supply and install	38,796,950	19,031,412	15,347,821	16,655,452
Progress claim	143,690,295	117,696,000	35,473,980	38,231,825
Sales of renewable energy	8,604,211	-	-	-
	<u>191,091,456</u>	<u>136,727,412</u>	<u>50,821,801</u>	<u>54,887,277</u>
Revenue from contracts with customers:				
At a point in time	38,796,950	19,031,412	15,347,821	16,655,452
Over time	152,294,506	117,696,000	35,473,980	38,231,825
	<u>191,091,456</u>	<u>136,727,412</u>	<u>50,821,801</u>	<u>54,887,277</u>

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6. Other income

	2024	2023	2022	2021
	RM	RM	RM	RM
Interest received	151,295	127,726	40,740	54,203
Rental income	39,000	43,500	63,000	72,550
Wages subsidy received	-	-	-	31,200
Other operating income	64,452	158,847	20,944	26,462
Insurance claim	-	-	20,190	-
Gain on disposal of fixed assets	28,500	19,998	-	-
Gain on disposal of assets held for sales	-	626,637	-	-
Gain on disposal of right-of-use assets	5,631	-	-	-
	<u>288,878</u>	<u>976,708</u>	<u>144,874</u>	<u>184,415</u>

Government grants granted to the Company comprise of PENJANA grant was given for the financial assistance programs paid to employers for all local employees earning RM4,000 or less. The grant has been fully utilised during the financial year.

There were no unfulfilled conditions and other contingencies attaching to government assistance that had been recognised.

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7. Employee benefits expense

	2024 RM	2023 RM	2022 RM	2021 RM
Staff costs				
- salaries, wages, allowances and overtime	13,410,347	5,184,971	3,616,439	3,481,547
- contributions to defined contribution plan	646,365	460,591	341,187	261,358
- social security contributions	96,453	57,910	44,870	39,091
- other employee benefits expense	100,238	55,024	43,902	33,560
	<u>14,253,403</u>	<u>5,758,496</u>	<u>4,046,398</u>	<u>3,815,556</u>
Directors' remuneration				
- salaries and other emoluments	1,265,000	1,180,000	910,000	1,005,000
- contributions to defined contribution plan	137,400	137,200	100,800	90,600
- social security contributions	2,317	2,278	1,847	1,847
	<u>1,404,717</u>	<u>1,319,478</u>	<u>1,012,647</u>	<u>1,097,447</u>
Total employee benefits expense	<u><u>15,658,120</u></u>	<u><u>7,077,974</u></u>	<u><u>5,059,045</u></u>	<u><u>4,913,003</u></u>

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8. Finance costs

	2024 RM	2023 RM	2022 RM	2021 RM
Interest expenses on:				
- Banker acceptance	316,302	80,049	79,841	37,594
- Lease liabilities	186,047	117,947	32,050	31,011
- Term financing	62,977	60,631	50,664	38,398
- Term loan	3,162,630	172,070	168,815	62,218
- Other	57,724	-	-	-
	<u>3,785,680</u>	<u>430,697</u>	<u>331,370</u>	<u>169,221</u>

9. Profit before tax

	2024 RM	2023 RM	2022 RM	2021 RM
Profit before tax is arrived at after charging/ (crediting):				
Auditors' remuneration	44,000	41,000	33,000	26,000
Depreciation of property, plant and equipment	4,208,530	338,574	337,297	193,366
Depreciation of right-of-use assets	362,662	324,906	290,310	299,303
Impairment loss on receivables	-	410,932	18,000	492,323
Impairment loss on goodwill	-	-	-	3,406
Interest received	(151,295)	(127,726)	(40,740)	(54,203)
Interest expenses	3,785,680	430,697	331,370	169,221
Property, plant and equipment written off	71,095	-	4,485	-
Loss on disposal of property, plant and equipment	-	-	-	85,313

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9. Profit before tax (continued)

	2024 RM	2023 RM	2022 RM	2021 RM
Profit before tax is arrived at after charging/ (crediting): (continued)				
Gain on disposal of property, plant and equipment	(28,500)	(19,998)	-	-
Gain on disposal of assets held for sales	-	(626,637)	-	-
Gain on disposal of right-of-use assets	(5,631)	-	-	-
Reversal of impairment loss on receivables	(69,492)	(944,255)	(917,331)	(28,000)
Rental income	(39,000)	(43,500)	(63,000)	(72,550)
Rental expense	227,051	75,128	76,136	25,997
Provision of liquidated ascertained damages	38,445	1,034,434	-	-

10. Tax expense

	2024 RM	2023 RM	2022 RM	2021 RM
Current tax:				
- current year	4,975,000	4,064,853	947,843	580,183
-(over)/under provision in prior year	(214,228)	2,414	550,557	-
	4,760,772	4,067,267	1,498,400	580,183
Real property gains tax	-	-	51,350	-
	4,760,772	4,067,267	1,549,750	580,183

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10. Tax expense (continued)
Reconciliation of tax expense

	2024 RM	2023 RM	2022 RM	2021 RM
Profit before tax	18,320,026	15,859,196	3,872,456	963,502
Tax calculated using statutory tax rate at 24%	4,396,806	3,806,207	929,390	231,241
Reduction in statutory tax rate on first RM500,000	-	-	-	(30,000)
Non-deductible expenses	677,848	634,478	248,565	394,927
Non-taxable income	(24,869)	(377,014)	(220,160)	(14,208)
Deferred tax assets not recognised during the year	(74,785)	1,182	(9,952)	(1,777)
	4,975,000	4,064,853	947,843	580,183
(Over)/Under provision of current tax expense in prior year	(214,228)	2,414	550,557	-
	4,760,772	4,067,267	1,498,400	580,183
Real property gains tax	-	-	51,350	-
	4,760,772	4,067,267	1,549,750	580,183

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11. Earnings per share

Basic/Diluted earnings per share of the Group is calculated by dividing net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2024 RM	2023 RM	2022 RM	2021 RM
Net profit for the financial year attributable to owners of the Company (RM)	<u>13,541,331</u>	<u>11,834,482</u>	<u>2,330,281</u>	<u>383,316</u>
Weighted average number of ordinary shares in issue (units)	<u>3,562,500</u>	<u>3,562,500</u>	<u>1,100,000</u>	<u>1,100,000</u>
Basic/Diluted earnings per share (sen)	<u>3.80</u>	<u>3.32</u>	<u>2.12</u>	<u>0.35</u>

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12. Property, plant and equipment

	Solar farm RM	Freehold land and buildings RM	Container RM	Tool and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Computer and software RM	Total RM
2024										
Cost										
At 1 August 2023	95,429,390	7,109,968	28,300	37,827	286,867	267,570	664,284	1,466,253	306,580	105,597,039
Additions	646,420	-	-	-	43,128	56,902	294,240	-	132,147	1,172,837
Disposal	-	-	-	-	-	-	-	(350,521)	-	(350,521)
Written off	-	-	-	-	(14,675)	-	(105,000)	-	-	(119,675)
At 31 July	96,075,810	7,109,968	28,300	37,827	315,320	324,472	853,524	1,115,732	438,727	106,299,680
Accumulated depreciation										
At 1 August 2023	-	319,380	21,970	22,409	145,302	102,559	271,845	1,324,374	121,735	2,329,574
Charge for the year	3,843,032	142,200	1,850	3,785	32,303	27,569	69,712	55,815	32,264	4,208,530
Disposal	-	-	-	-	-	-	-	(350,521)	-	(350,521)
Written off	-	-	-	-	(11,872)	-	(36,708)	-	-	(48,580)
At 31 July	3,843,032	461,580	23,820	26,194	165,733	130,128	304,849	1,029,668	153,999	6,139,003
Carrying amount										
At 31 July	92,232,778	6,648,388	4,480	11,633	149,587	194,344	548,675	86,064	284,728	100,160,677

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12. Property, plant and equipment (continued)

	Capital work- in-progress	Solar farm	Freehold land and buildings	Container	Tool and equipment	Office equipment	Furniture and fittings	Renovation	Motor vehicles	Computer and software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2023											
Cost											
At 1 August 2022	26,959,692	-	7,079,410	28,300	37,827	365,582	260,007	607,974	1,558,440	117,546	37,014,778
Additions	68,469,698	-	30,558	-	-	23,526	8,368	56,310	7,479	87,868	68,683,807
Disposal	-	-	-	-	-	-	-	-	(99,666)	-	(99,666)
Written off	-	-	-	-	-	(1,880)	-	-	-	-	(1,880)
Reclassification	(95,429,390)	95,429,390	-	-	-	(100,361)	(805)	-	-	101,166	-
At 31 July	-	95,429,390	7,109,968	28,300	37,827	286,867	267,570	664,284	1,466,253	306,580	105,597,039
Accumulated depreciation											
At 1 August 2022	-	-	177,333	19,630	18,624	198,106	79,427	214,782	1,369,588	15,054	2,092,544
Charge for the year	-	-	142,047	2,340	3,785	33,488	23,937	57,063	54,450	21,464	338,574
Disposal	-	-	-	-	-	-	-	-	(99,664)	-	(99,664)
Written off	-	-	-	-	-	(1,880)	-	-	-	-	(1,880)
Reclassification	-	-	-	-	-	(84,412)	(805)	-	-	85,217	-
At 31 July	-	-	319,380	21,970	22,409	145,302	102,559	271,845	1,324,374	121,735	2,329,574
Carrying amount											
At 31 July	-	95,429,390	6,790,588	6,330	15,418	141,565	165,011	392,439	141,879	184,845	103,267,465

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12. Property, plant and equipment (continued)

	Capital work-in- progress RM	Freehold land and buildings RM	Container RM	Tool and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Computer and software RM	Total RM
2022										
Cost										
At 1 August 2021	6,165,043	7,703,032	28,300	37,827	236,450	101,161	301,197	1,510,440	63,909	16,147,359
Additions	20,794,649	580,610	-	-	147,166	158,846	306,777	48,000	53,637	22,089,685
Written off	-	-	-	-	(18,034)	-	-	-	-	(18,034)
Reclassified as assets held for sales	-	(1,204,232)	-	-	-	-	-	-	-	(1,204,232)
At 31 July	26,959,692	7,079,410	28,300	37,827	365,582	260,007	607,974	1,558,440	117,546	37,014,778
Accumulated depreciation										
At 1 August 2021	-	147,368	16,800	14,841	181,042	59,133	164,008	1,310,424	6,049	1,899,665
Charge for the year	-	160,834	2,830	3,783	30,613	20,294	50,774	59,164	9,005	337,297
Written off	-	-	-	-	(13,549)	-	-	-	-	(13,549)
Reclassified as assets held for sales	-	(130,869)	-	-	-	-	-	-	-	(130,869)
At 31 July	-	177,333	19,630	18,624	198,106	79,427	214,782	1,369,588	15,054	2,092,544
Carrying amount										
At 31 July	26,959,692	6,902,077	8,670	19,203	167,476	180,580	393,192	188,852	102,492	34,922,234

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12. Property, plant and equipment (continued)

	Capital work-in- progress RM	Freehold land and buildings RM	Container RM	Tool and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Computer and software RM	Total RM
2021										
Cost										
At 1 August										
2020	2,029,160	2,454,232	21,800	37,827	227,644	98,335	301,197	981,966	-	6,152,161
Additions	132,343	4,469,640	6,500	-	7,886	3,746	-	220,000	63,909	4,904,024
Acquisition of subsidiary	6,032,700	-	-	-	-	-	-	-	-	6,032,700
Disposal	-	(1,250,000)	-	-	-	-	-	-	-	(1,250,000)
Reclassification	(2,029,160)	2,029,160	-	-	920	(920)	-	308,474	-	308,474
At 31 July	6,165,043	7,703,032	28,300	37,827	236,450	101,161	301,197	1,510,440	63,909	16,147,359
Accumulated depreciation										
At 1 August										
2020	-	177,889	13,970	11,058	151,006	49,018	133,889	956,185	-	1,493,015
Charge for the year	-	64,668	2,830	3,783	30,036	10,115	30,119	45,766	6,049	193,366
Disposal	-	(95,189)	-	-	-	-	-	-	-	(95,189)
Reclassification	-	-	-	-	-	-	-	308,473	-	308,473
At 31 July	-	147,368	16,800	14,841	181,042	59,133	164,008	1,310,424	6,049	1,899,665

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12. Property, plant and equipment (continued)

	Capital work-in- progress RM	Freehold land and buildings RM	Container RM	Tool and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Computer and software RM	Total RM
2021										
Accumulated impairment loss										
At 1 August										
2020	-	99,498	-	-	-	-	-	-	-	99,498
Disposal	-	(99,498)	-	-	-	-	-	-	-	(99,498)
At 31 July	-	-	-	-	-	-	-	-	-	-
Carrying amount										
At 31 July	6,165,043	7,555,664	11,500	22,986	55,408	42,028	137,189	200,016	57,860	14,247,694

The freehold land and buildings of the Group and of the Company with total carrying amount amounting to RM6,648,388 (2023: RM6,790,588, 2022: RM6,902,077, 2021: RM7,555,664) are pledged to licensed bank for banking facilities granted to the Company as disclosed in the Note 25 to the financial statements.

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****13. Right-of-use assets**

	Land RM	Leasehold building RM	Motor vehicles RM	Total RM
2024				
Carrying amount				
At 1 August 2023	4,081,029	774,369	444,815	5,300,213
Addition	-	-	528,277	528,277
Disposal	-	(774,369)	-	(774,369)
Depreciation charge for the year	(177,432)	-	(185,230)	(362,662)
At 31 July	<u>3,903,597</u>	<u>-</u>	<u>787,862</u>	<u>4,691,459</u>
2023				
Carrying amount				
At 1 August 2022	4,131,452	795,391	627,749	5,554,592
Addition	67,739	-	2,788	70,527
Depreciation charge for the year	(118,162)	(21,022)	(185,722)	(324,906)
At 31 July	<u>4,081,029</u>	<u>774,369</u>	<u>444,815</u>	<u>5,300,213</u>
2022				
Carrying amount				
At 1 August 2021	-	816,414	370,796	1,187,210
Additions	4,146,367	-	511,325	4,657,692
Depreciation charge for the year	(14,915)	(21,023)	(254,372)	(290,310)
At 31 July	<u>4,131,452</u>	<u>795,391</u>	<u>627,749</u>	<u>5,554,592</u>
2021				
Carrying amount				
At 1 August 2020		829,553	445,536	1,275,089
Additions		-	211,425	211,425
Reclassification		-	(1)	(1)
Depreciation charge for the year		(13,139)	(286,164)	(299,303)
As 31 July		<u>816,414</u>	<u>370,796</u>	<u>1,187,210</u>

The Group and the Company leases the building under bank facility, the motor vehicles leases under hire purchase arrangement for the period of 3 to 7 years and the land with contract term of 25 years.

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14. Investment in an associate

	2024 RM	2023 RM	2022 RM	2021 RM
Unquoted shares				
Cost				
At 1 August				
2023/2022/2021				
/2020	-	-	1	1
Disposal	-	-	(1)	-
31 July	-	-	-	1

Details of the Company's associate which is incorporated in Malaysia, is as follow:

Name of the Company:	2024/2023	Equity interest 2022	2021	Principal activity
Held through				
Savelite				
Engineering Sdn.				
Bhd.				
ES Kinetic Sdn. Bhd.	-	-	50%	Dormant

On 10 August 2021, Savelite Engineering Sdn. Bhd. had disposed the investment in an associate to the Company's shareholder with RM1 each share held in the associate and completed on 13 October 2021.

15. Investment in joint venture

	2024 RM	2023 RM	2022 RM	2021 RM
Unquoted shares				
At 1 August				
2023/2022/2021				
/2020	-	-	-	-
Addition	40	-	-	-
31 July	40	-	-	-

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****15. Investment in joint venture (continued)**

Details of the Company's associate which is incorporated in Malaysia, is as follow:

Name of the Company	2024	Equity interest 2023	2022	2021	Principal activity
Held through Savelite Engineering Sdn. Bhd.					
Selarong Pertama Energy Sdn. Bhd.	40%	-	-	-	Provision of engineering, procurement construction and commissioning for solar photovoltaic systems and investment in solar plant

On 31 July 2024, the Group invested 40% equity interest in Selarong Pertama Energy Sdn. Bhd. for a consideration of RM40.

Details of the joint venture company is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Investment in shares	40	-	-	-
Percentage of ownership interest	40%	-	-	-
Percentage of voting interest	40%	-	-	-

The summarised financial information of the above-mentioned interest in a joint venture, in aggregate, is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Summarised of financial information				
As at 31 July				
Non-current assets	405,000	-	-	-
Current assets	376,798	-	-	-
Current liabilities	(789,130)	-	-	-
Year ended 31 July				
Loss for the financial year	3,348	-	-	-

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****16. Goodwill**

	2024 RM	2023 RM	2022 RM	2021 RM
At 1 August				
2023/2022/ 2021/2020	3,406	3,406	3,406	-
Investment in a subsidiary	-	-	-	3,406
Less: Impairment				
At 1 August				
2023/2022/ 2021/2020	(3,406)	(3,406)	(3,406)	-
Addition	-	-	-	(3,406)
At 31 July	(3,406)	(3,406)	(3,406)	(3,406)
	-	-	-	-

Impairment test for goodwill

In the financial years ended 31 July 2024, 31 July 2023, 31 July 2022 and 31 July 2021, the Group has assessed the recoverability of its investment due to losses reported by subsidiary, which indicated the existence of an impairment.

The Group has concluded that there is impairment require to reduce the carrying amount of the investment as the carrying amount are currently higher than their estimated recoverable value. The recoverable value are determined by its fair value of the cost of subsidiary less costs to sell. The Directors had determined its fair value less costs to sell based on the net asset value of the subsidiary. The total impairment of RMNil (2023: RMNil, 2022: RMNil, 2021: RM3,406).

17. Inventories

	2024 RM	2023 RM	2022 RM	2021 RM
At cost:				
Raw materials	5,405,905	3,452,012	2,942,754	4,105,745
Recognised in profit and loss:				
Inventories recognised in cost of sales	106,020,215	75,312,250	21,723,708	32,702,629

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****18. Trade and non-trade receivables**

		2024 RM	2023 RM	2022 RM	2021 RM
Trade:	Note				
Amount due from a related party	(a)	65,845	-	787,463	-
Trade receivables	(b)	43,182,718	23,721,637	15,044,804	12,502,087
		<u>43,248,563</u>	<u>23,721,637</u>	<u>15,832,267</u>	<u>12,502,087</u>
Less:					
Impairment					
At 1 August 2023/2022/2021/2020		(3,202,827)	(3,736,150)	(4,653,481)	(4,189,158)
Addition		-	(410,932)	-	(492,323)
Reversal		69,492	944,255	917,331	28,000
At 31 July		<u>(3,133,335)</u>	<u>(3,202,827)</u>	<u>(3,736,150)</u>	<u>(4,653,481)</u>
Total trade		<u>40,115,228</u>	<u>20,518,810</u>	<u>12,096,117</u>	<u>7,848,606</u>
Non-trade:					
Amount due from an associate		-	-	-	29,999
Less:					
Impairment					
At 1 August 2023/2022/2021/2020		-	-	(29,999)	(29,999)
Written off		-	-	29,999	-
At 31 July		<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,999)</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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		2024 RM	2023 RM	2022 RM	2021 RM
Non-trade:	Note				
Non-trade receivables	(c)	407,380	291,768	36,689	18,030
Less:					
Impairment					
At 1 August					
2023/2022/					
2021/2020		(18,000)	(18,000)	-	-
Addition		-	-	(18,000)	-
At 31 July		(18,000)	(18,000)	(18,000)	-
		389,380	273,768	18,689	18,030
Amount due from related parties	(d)	-	212,441	427,940	88,342
Deposits		1,158,887	950,382	457,712	128,576
Prepayments		521,484	182,697	5,000	-
		2,069,751	1,619,288	909,341	234,948
Total trade and non-trade		42,184,979	22,138,098	13,005,458	8,083,554

(a) The trade transactions with related party with credit period granted by the Company is 30 days (2023: 30 days, 2022: 30 days, 2021: Nil).

(b) The credit period granted by the Company are 30 to 120 days (2023: 30 to 120 days, 2022: 30 to 60 days, 2021: 30 days). Other credit terms are assessed and approved on a case-by-case basis.

(c) Included in non-trade receivables amounting to RM259,182 is advance to a third party with management and administrative processing fee of 6.45% (2023: 6.45%, 2022: Nil, 2021: Nil) per annum and repayment with 26 equal installments.

(d) The non-trade transactions with related parties arose mainly from unsecured advances which are interest-free and receivable on demand.

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18. Trade and non-trade receivables (continued)

The amounts due from related parties are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Trade:				
U-Teknik Trading Sdn. Bhd.	65,845	-	-	-
Moderntent Development Sdn. Bhd.	-	-	787,463	-
	<u>65,845</u>	<u>-</u>	<u>787,463</u>	<u>-</u>
Non-trade:				
Frasers Construction (M) Sdn. Bhd.	-	-	66,620	66,620
Eco Standard Berhad	-	16,027	3,718	3,710
Moderntent Development Sdn. Bhd.	-	15,773	15,772	18,012
KCK Realty Sdn. Bhd.	-	161,400	341,830	-
ES Kinectic Sdn. Bhd. (formerly known as Digital Carnival Savelite Sdn. Bhd.)	-	1,463	-	-
ES Berhad	-	3,500	-	-
Savelite Vortex Sdn. Bhd.	-	7,276	-	-
Renenergy Elite Sdn. Bhd.	-	7,002	-	-
	<u>-</u>	<u>212,441</u>	<u>427,940</u>	<u>88,342</u>
Total trade and non-trade	<u>65,845</u>	<u>212,441</u>	<u>1,215,403</u>	<u>88,342</u>

Significant related party transactions have been disclosed in Note 27 of the financial statements.

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****19. Contract assets/(liabilities)**

	2024 RM	2023 RM	2022 RM	2021 RM
Cost incurred to date	350,067,933	218,416,663	120,373,014	123,226,836
Add: Attributable profits	49,686,120	37,686,358	18,034,009	18,599,871
Less: Progress billings	(376,972,092)	(245,165,213)	(143,221,998)	(130,951,498)
	<u>22,781,961</u>	<u>10,937,808</u>	<u>(4,814,975)</u>	<u>10,875,209</u>
Represented by:				
Contract assets	35,071,756	21,056,944	14,860,889	13,419,000
Contract liabilities	(12,289,795)	(10,119,136)	(19,675,864)	(2,543,791)
	<u>22,781,961</u>	<u>10,937,808</u>	<u>(4,814,975)</u>	<u>10,875,209</u>

20. Fixed deposit with licensed bank

	2024 RM	2023 RM	2022 RM	2021 RM
Less than 3 months	-	-	-	260,000
More than 3 months	5,510,317	5,037,484	3,675,777	-
	<u>5,510,317</u>	<u>5,037,484</u>	<u>3,675,777</u>	<u>260,000</u>

The fixed deposit with licensed bank with effective interest rate of 2.0% to 2.85% (2023: 1.55% to 2.85%, 2022: 1.30% to 1.55%, 2021: 1.55%) per annum and with the maturity of 1 year (2023: 1 year, 2022: 1 year, 2021: less than 3 months).

The fixed deposits with licensed banks of the Group and the Company amounted to RM1,250,000 (2023: RM1,310,000, 2022: RM1,260,000, 2021: RMNIL) are pledged to the bank facilities as disclosed in Note 25 to the financial statements.

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21. Assets held for sales

The properties and investments were classified as assets held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The details are as follows:

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Assets classified as held for sales					
Properties					
Carrying amount					
At 1 August 2023/2022					
/2021					
/2020		-	1,073,363	-	-
Reclassification on from property, plant and equipment		-	-	1,073,363	-
Disposals		-	(1,073,363)	-	-
At 31 July		-	-	1,073,363	-
Investments					
Carrying amount					
At 1 August 2023/2022					
/2021					
/2020		595	-	-	-
Addition		-	595	-	-
Disposal		(510)	-	-	-
Written off		(85)	-	-	-
At 31 July		-	595	-	-
		-	595	1,073,363	-

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21. Assets held for sales (continued)

On 26 February 2022, the management has concluded the decision on disposal of properties. Process of disposal of properties has not completed as at 31 July 2022. However, the transactions had been completed on 15 February 2023.

On 16 January 2023, the Company incorporated Savelite Vortex Sdn. Bhd. with an initial issued share capital of RM100 which the Company holds 85% of the subsidiary with a consideration of RM85.

On 6 March 2023, the Company incorporated Renergy Elite Sdn. Bhd. with an initial issued share capital of RM1,000 which the Company holds 51% of the subsidiary with a consideration of RM510. However, the transactions had been completed on 16 November 2023.

On 30 June 2023, the management of the Group decided to dispose off the two investments in subsidiaries. On 7 December 2023, the Company has disposed off Energy Elite Sdn. Bhd.

On 31 July 2024, the management of the Group decided to strike off Savelite Vortex Sdn. Bhd. and written off the investment amount of RM85.

22. Share capital

	2024	2023	2022	2021
	Number of ordinary shares			
Issued and fully paid:				
At 1 August 2023/2022/2021/2020	3,562,500	1,100,000	1,100,000	1,000,000
Issuance of share by SESB	-	2,462,500	-	100,000
Incorporation of the Company*	3	-	-	-
At 31 July	<u>3,562,503</u>	<u>3,562,500</u>	<u>1,100,000</u>	<u>1,100,000</u>
Companies:				
The Company				
ESSB	3	-	-	-
SESB	<u>3,562,500</u>	<u>3,562,500</u>	<u>1,100,000</u>	<u>1,100,000</u>
At 31 July	<u>3,562,503</u>	<u>3,562,500</u>	<u>1,100,000</u>	<u>1,100,000</u>

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22. Share capital (continued)

	2024 RM	2023 RM	2022 RM	2021 RM
Issued and fully paid:				
At 1 August 2023/2022/2021/2020	21,310,230	1,100,000	1,100,000	1,000,000
Issuance of share by SESB	-	20,210,230	-	100,000
Incorporation of the Company*	3	-	-	-
At 31 July	21,310,233	21,310,230	1,100,000	1,100,000

The holder of ordinary shares is carrying to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Company residual interests.

*On 23 November 2023, the Company issued a total of 3 ordinary shares for a cash consideration of RM3.

23. Retained earnings

Under the single-tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings can be distributed to shareholders as tax-exempt dividends.

24. Non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Energy ES Sdn. Bhd. RM
2024	
NCI percentage of ownership interest and voting interest (%)	10
Carrying amount of NCI (RM)	142,420
Profit allocated to NCI (RM)	17,923

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The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:
(continued)

	Energy ES Sdn. Bhd. RM
2023	
NCI percentage of ownership interest and voting interest (%)	10
Carrying amount of NCI (RM)	124,497
Loss allocated to NCI (RM)	(42,553)
2022	
NCI percentage of ownership interest and voting interest (%)	10
Carrying amount of NCI (RM)	(7,850)
Loss allocated to NCI (RM)	(7,575)
2021	
NCI percentage of ownership interest and voting interest (%)	10
Carrying amount of NCI (RM)	(275)
Profit allocated to NCI (RM)	3
Summarised financial information before intra-group elimination:	
	Energy ES Sdn. Bhd. RM
2024	
Non-current assets	96,136,375
Current assets	5,965,429
Non-current liabilities	(62,170,937)
Current liabilities	(38,506,665)
Net assets	1,424,202
Profit for the financial year	179,229
Total comprehensive profit for the financial year	179,229
Cash flow from operating activities	5,544,656
Cash flow used in investing activities	(646,420)
Cash flow used in financing activities	(4,028,275)

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24. Non-controlling interests (continued)

Summarised financial information before intra-group elimination: (continued)

	Energy ES Sdn. Bhd. RM
2023	
Non-current assets	99,510,419
Current assets	4,212,557
Non-current liabilities	(67,645,035)
Current liabilities	(34,832,968)
Net assets	<u>1,244,973</u>
Loss for the financial year	<u>(425,524)</u>
Total comprehensive loss for the financial year	<u>(425,524)</u>
Cash flow from operating activities	(622,984)
Cash flow used in investing activities	(71,758,944)
Cash flow from financing activities	<u>72,434,073</u>
2022	
Non-current assets	31,091,144
Current assets	3,735,808
Non-current liabilities	(6,767,297)
Current liabilities	(28,138,158)
Net assets	<u>(78,503)</u>
Loss for the financial year	(75,754)
Total comprehensive loss for the financial year	<u>(75,754)</u>
Cash flow from operating activities	(287,906)
Cash flow used in investing activities	(24,978,267)
Cash flow from financing activities	<u>25,346,878</u>
2021	
Non-current assets	6,165,043
Current assets	38,657
Current liabilities	(6,206,449)
Net assets	<u>(2,749)</u>

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24. Non-controlling interests (continued)

Summarised financial information before intra-group elimination: (continued)

	Energy ES Sdn. Bhd. RM
2021	
Loss for the financial period	(3,749)
Total comprehensive loss for the financial year	(3,749)
Cash flow from operating activities	49,810
Cash flow used in investing activities	(6,165,043)
Cash flow from financing activities	6,153,890

25. Borrowings

		2024 RM	2023 RM	2022 RM	2021 RM
Secured	Note				
Non-current					
Term financing	(a)	1,285,419	1,358,547	1,434,122	1,517,712
Term loan	(b)	60,981,291	66,602,911	6,534,016	4,002,040
Lease liabilities	(c)	4,519,513	4,390,677	4,703,363	320,768
		<u>66,786,223</u>	<u>72,352,135</u>	<u>12,671,501</u>	<u>5,840,520</u>
Current					
Term financing	(a)	75,977	72,905	69,730	66,218
Term loan	(b)	5,628,616	5,610,531	547,530	407,925
Lease liabilities	(c)	360,774	344,307	322,804	232,538
Bankers' acceptance	(d)	8,668,000	4,347,000	2,662,000	1,407,500
		<u>14,733,367</u>	<u>10,374,743</u>	<u>3,602,064</u>	<u>2,114,181</u>
Total		<u><u>81,519,590</u></u>	<u><u>82,726,878</u></u>	<u><u>16,273,565</u></u>	<u><u>7,954,701</u></u>

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	2024 RM	2023 RM	2022 RM	2021 RM
Current				
Term financing	75,977	72,905	69,730	66,218
Non-current				
Term financing	1,285,419	1,358,547	1,434,122	1,517,712
	<u>1,361,396</u>	<u>1,431,452</u>	<u>1,503,852</u>	<u>1,583,930</u>

The maturity structure of term financing can be analysed as follows:

The term financing of the Group bears interest at a rate of 4.50% (2023: 4.29%, 2022: 5.97%, 2021: 2.91% to 3.67%) per annum. The bank facility of the Group is secured by way of following:

- (i) A legal charge over the freehold land and building, leasehold building as disclosed in Note 12; and
- (ii) Joint and several guarantee by certain Directors of the Company.

(b) Term loan

	2024 RM	2023 RM	2022 RM	2021 RM
Current				
Term loan	5,628,616	5,610,531	547,530	407,925
Non-current				
Term loan	60,981,291	66,602,911	6,534,016	4,002,040
	<u>66,609,907</u>	<u>72,213,442</u>	<u>7,081,546</u>	<u>4,409,965</u>
Representing:				
Repayable within one year	5,628,616	5,610,531	547,530	407,925
Repayable within two to five years	58,084,667	63,258,278	2,112,199	1,622,046
Repayable more than five years	2,896,624	3,344,633	4,421,817	2,379,994
	<u>66,609,907</u>	<u>72,213,442</u>	<u>7,081,546</u>	<u>4,409,965</u>

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25. Borrowings (continued)

(b) Term loan (continued)

The term loan of the Group bears interest at a rate of 3.50% to 4.70% (2023: 3.50% to 7.93%, 2022: 3.87% to 7.22%, 2021: 3.10% to 4.85%) per annum. The bank facility of the Company is secured by way of following:

- (i) A legal charge over the freehold land and building, leasehold building as disclosed in Note 12;
- (ii) Joint and several guarantee by certain Directors of the Company; and
- (iii) Corporate guarantee by U-Teknik Trading Sdn. Bhd. (removed on Year 2023).

The term loan of the subsidiary bears interest at a rate of 3.87% to 4.83% (2023: 3.87% to 4.83%, 2022: 2.74% to 3.00%, 2021: NIL) per annum. The bank facility of the subsidiary is secured by way of a legal charge:

- (i) An all monies third party second legal charge is created over two pieces of vacant agricultural land of which LSS Solar PV plant is erected thereon held under:
 - (a) GM 503, Lot 228,
 - (b) GM 165, Lot 1588,
- (ii) An all monies third party second legal charge is created over one piece of vacant agricultural land of which LSS Solar PV, plant is erected thereon held under GM 37, Lot 446, Pekan Junjong, Daerah Kulim, Negeri Kedah.
- (iii) An all monies third party second legal charge is created over a piece of agricultural land in Kulim, Kedah, of which LSS Solar PV plant is erected thereon held under GRN 94252 Lot 1074, Pekan Junjong, Daerah Kulim, Negeri Kedah.
- (iv) An all monies debenture and power of attorney are created over all the Company's present and future assets and properties.
- (v) An assignment and charge over revenue collection account by the Company and all the credit balances therein (including the interest earned and/or to be earned thereon) for which Memorandum of Legal Charge/Assignment over Designed Accounts and/or Deposits is executed.

First ranking assignment and charge over the Designated Accounts and all the credit balances. Debit Servicing Reserves Account ("DSRA") Minimum amount: 6 months Principal & interest, estimated at RM3,400,000.

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The term loan of the subsidiary bears interest at a rate of 3.87% to 4.83% (2023: 3.87% to 4.83%, 2022: 2.74% to 3.00%, 2021: NIL) per annum. The bank facility of the subsidiary is secured by way of a legal charge: (continued)

- (vi) An assignment by the Company of all the rights, interests and benefits in the Project Agreement for which a Deed of Assignment of Contract Proceeds and Power of Attorney are executed.
- (vii) A corporate guarantee for RM95,084,000 is executed by Savelite Engineering Sdn. Bhd..
- (viii) A corporate guarantee for RM95,084,000 is executed by Yansnest Sdn. Bhd..
- (ix) A guarantee for RM95,084,000 is executed by Khor Chuan Meng, Chu Kerd Yee and Keh Chuan Seng.
- (x) A corporate guarantee for RM2,779,000 is executed by Savelite Engineering Sdn. Bhd..
- (xi) A guarantee for RM2,779,000 is executed by Chu Kerd Yee, Khor Chuan Meng and Keh Chuan Seng.
- (xii) A keyman insurance policy with sum assured of not less than RM5,000,000 is taken up under the name of Keh Chuan Seng with Prudential Assurance Malaysia Berhad and assigned to the Bank.

(c) Lease liabilities

	2024 RM	2023 RM	2022 RM	2021 RM
Representing:				
Current liabilities	360,774	344,307	322,804	232,538
Non-current liabilities	4,519,513	4,390,677	4,703,363	320,768
	<u>4,880,287</u>	<u>4,734,984</u>	<u>5,026,167</u>	<u>553,306</u>

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	2024 RM	2023 RM	2022 RM	2021 RM
Recognised in profit or loss:				
Expenses relating to leases of low value assets	13,051	15,128	17,236	11,697
Expenses relating to short-term leases	214,000	60,000	58,900	14,300
Interest expenses on lease liabilities	186,047	117,947	32,050	31,011

The total cash outflow for leases for the Group for the financial year ended 31 July 2024 are RM540,244 (2023: RM476,869, 2022: RM218,694, 2021: RM293,151).

The effective interest rate of lease liabilities for the Group is 2.07% to 3.50% respectively (2023: 2.07% to 3.50%, 2022: 2.07% to 3.50%, 2021: 2.31% to 3.42%) per annum.

Lease commitment

	2024 RM	2023 RM	2022 RM	2021 RM
Within a year	240,252	22,052	71,988	76,136
More than a year	39,491	20,227	28,339	100,327
	279,743	42,279	100,327	176,463

(d) Bankers' acceptance

The bankers' acceptance of the Group bears interest at a rate of 5.16% to 5.55% (2023: 4.91% to 5.80%, 2022: 2.39% to 3.12%, 2021: 2.16 to 2.21%) per annum.

The bank facility of the Company is secured by way of a legal charge over the freehold land and building, leasehold building, joint and several guarantee by certain Directors of the Company.

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. Trade and non-trade payables**

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Trade:					
Trade payables	(a)	44,214,580	26,266,240	12,743,651	13,579,236
Amount due to a related party		3,972,250	1,492,015	482,825	-
		<u>48,186,830</u>	<u>27,758,255</u>	<u>13,226,476</u>	<u>13,579,236</u>
Non-trade:					
Non-trade payables		1,126,570	2,236,382	5,493,797	412,763
Deposit received		2,883,168	3,000	6,500	9,500
Accruals		139,292	1,520,326	37,584	24,377
Amount due to Directors	(b)	17,908	-	4,228,404	1,900,000
Amount due to a shareholder	(c)	-	-	6,199,999	6,000,000
Amount due to a related party	(d)	154,552	432	232,849	-
Provision	(e)	1,072,879	1,034,434	-	-
		<u>5,394,369</u>	<u>4,794,574</u>	<u>16,199,133</u>	<u>8,346,640</u>
Total trade and non-trade		<u>53,581,199</u>	<u>32,552,829</u>	<u>29,425,609</u>	<u>21,925,876</u>

(a) The credit periods granted to the Group for trade range from 30 days to 150 days (2023: 30 days to 150 days, 2022: 30 days to 60 days, 2021: 30 days to 60 days).

(b) Amount due to Directors arose mainly from unsecured advances which are non-trade in nature, interest-free and repayable on demand.

(c) Amount due to a shareholder arose mainly from unsecured advances which are non-trade in nature, interest-free and repayable on demand.

(d) Amount due to a related party arose mainly from unsecured advances which are non-trade in nature, interest-free and repayable on demand.

(e) Provision is made for liquidated ascertained damages in respect of the Company's litigation case as mentioned in Note 34 to the financial statements. The amount of the provision is determined based on the Court's Decision on 8 January 2024.

Significant related party transactions have been disclosed in Note 27 of the financial statements.

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27. Significant related party transactions
(a) Identities of related parties

Parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

- (i) Direct and indirect subsidiary of the group;
- (ii) Entities in which certain Directors, who are also the substantial shareholders of the parent, have substantial shareholding interests.

(b) Significant related parties' transactions

Significant transactions between the Group and its related parties during the financial year were as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
With related parties:				
Frazel Inn Sdn. Bhd.				
- Sales	-	7,830	9,078	95,538
- Repayment	(1)	(7,830)	(9,078)	(95,538)
Frazel Heritage Hotel Sdn. Bhd.				
- Sales	70,492	347,462	108,244	433,968
- Repayment	(70,492)	(347,462)	(108,244)	(433,968)
U-Teknik Trading Sdn. Bhd.				
- Sales	188,719	15,086	-	-
- Purchase	(3,356,117)	(1,370,224)	(386,054)	(1,064,710)
- Repayment	(95,760)	(1,191,227)	(485,365)	(2,604,655)

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27. Significant related party transactions (continued)
(b) Significant related parties' transactions (continued)

Significant transactions between the Group and its related parties during the financial year were as follows: (continued)

	2024 RM	2023 RM	2022 RM	2021 RM
With related parties: (continued)				
U-Teknik Trading (KL) Sdn. Bhd.				
- Purchase	(7,433,079)	(1,399,776)	(1,393,484)	(312,645)
- Repayment	(4,089,550)	(1,593,722)	(1,076,619)	(490,020)
Cena Power Sdn. Bhd.				
- Purchase	(2,282,071)	(3,093,494)	(1,162,539)	(473,100)
- Rental income	10,000	30,000	30,000	30,000
- Repayment	(2,920,723)	(2,230,017)	(1,351,193)	(655,170)
Eco-Standard Berhad				
- Expenses paid on behalf	892	16,027	-	3,710
- Repayment	(16,919)	(3,718)	-	-
KCK Realty Sdn. Bhd.				
- Expenses paid on behalf	-	223,400	341,800	30
- Repayment	(161,400)	(403,830)	-	-

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27. Significant related party transactions (continued)
(b) Significant related parties' transactions (continued)

Significant transactions between the Group and its related parties during the financial year were as follows: (continued)

	2024 RM	2023 RM	2022 RM	2021 RM
With related parties: (continued)				
Savelite Vortex Sdn. Bhd.				
- Expenses paid on behalf	-	7,276	-	-
- Repayment made	(7,276)	-	-	-
Renergy Elite Sdn. Bhd.				
- Expenses paid on behalf	-	7,002	-	-
- Repayment made	(7,002)	-	-	-
Frazel Hotel Sdn. Bhd.				
- Expenses paid on behalf	-	-	-	(2,000)
ES Kinetic Sdn. Bhd. (Formerly known as Digital Carnival Savelite Sdn. Bhd.)				
- Expenses paid on behalf	-	1,463	-	-
- Repayment made	(1,463)	-	-	-

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Significant transactions between the Group and its related parties during the financial year were as follows: (continued)

	2024 RM	2023 RM	2022 RM	2021 RM
With related parties: (continued)				
Frasers Construction (M) Sdn. Bhd.				
- Expenses paid on behalf	-	-	-	2,370
- Repayment	-	(66,620)	-	-
Yansnest Sdn. Bhd.				
- Lease rental	(264,000)	(156,000)	(2,000)	-
- Payment on behalf	(20,809)	-	-	-
- Repayment	(67,063)	(67,197)	-	-
With key management and close family members:				
Khor Chuan Meng				
- Director's remuneration	726,451	665,339	506,324	557,124
- Disposal of assets held for sales	-	850,000	-	-
Rental of office	(77,000)	-	-	-
- Increase of share capital	-	6,063,069	-	-
- Advance from	-	(5,229,641)	(2,743,750)	(3,000)
- Repayment	-	(1,271,209)	(2,539,113)	(109,701)

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27. Significant related party transactions (continued)
(b) Significant related parties' transactions (continued)

Significant transactions between the Group and its related parties during the financial year were as follows: (continued)

	2024 RM	2023 RM	2022 RM	2021 RM
With key management and close family members: (continued)				
Chu Kerd Yee				
- Director's remuneration	660,359	654,139	506,323	540,323
- Disposal of assets held for sales	-	850,000	-	-
- Rental of office	(77,000)	-	-	-
- Rental of condominium	(13,500)	(16,500)	(19,500)	(7,500)
- Increase of share capital	-	6,063,069	-	-
- Advance from	-	(5,229,046)	(3,679,350)	-
- Repayment	-	(1,260,614)	(1,584,713)	-
Spouse of Chu Kerd Yee				
- Disposal of right-of-use assets	780,000	-	-	-
Keh Chuan Seng				
- Disposal of investment in an associate	-	-	1	-
- Increase of share capital	-	8,084,092	-	-
- Advance from	-	(7,172,062)	(4,905,800)	(9,000,000)
- Repayment	-	(5,520,386)	(4,472,951)	(3,000,000)
Spouse of Khor Chuan Meng				
- Repayment	-	(44,000)	(52,000)	(24,000)

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27. Significant related party transactions (continued)
(b) Significant related parties' transactions (continued)

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

The significant balances with related parties are disclosed in Notes 18 and 26 to the financial statements

28. Contingent liabilities

	2024 RM	2023 RM	2022 RM	2021 RM
Financial guarantees	6,780,034	2,073,700	1,655,500	-

29. Capital commitments

	2024 RM	2023 RM	2022 RM	2021 RM
Capital expenditure not provided for in the financial statements are as follows:				
Property, plant and equipment				
Authorised and contracted for	-	-	60,540,308	-

13. ACCOUNTANTS' REPORT (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments****Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as financial assets and liabilities measured at amortised cost ("AC"):

	Carrying amount RM	AC RM
2024		
Financial assets		
Trade and non-trade receivables (excluding prepayments)	41,663,495	41,663,495
Fixed deposits with licensed bank	5,510,317	5,510,317
Cash and bank balances	13,941,872	13,941,872
	<u>61,115,684</u>	<u>61,115,684</u>
Financial liabilities		
Trade and non-trade payables (excluding deposit received)	49,612,956	49,612,956
Borrowings (excluding lease liabilities)	76,639,303	76,639,303
	<u>126,252,259</u>	<u>126,252,259</u>
2023		
Financial assets		
Trade and non-trade receivables (excluding prepayments)	21,955,401	21,955,401
Fixed deposits with licensed bank	5,037,484	5,037,484
Cash and bank balances	11,544,884	11,544,884
	<u>38,537,769</u>	<u>38,537,769</u>
Financial liabilities		
Trade and non-trade payables (excluding deposit received)	31,515,395	31,515,395
Borrowings (excluding lease liabilities)	77,991,894	77,991,894
	<u>109,507,289</u>	<u>109,507,289</u>
2022		
Financial assets		
Trade and non-trade receivables (excluding prepayments)	13,000,458	13,000,458
Fixed deposits with licensed bank	3,675,777	3,675,777
Cash and bank balances	1,955,965	1,955,965
	<u>18,632,200</u>	<u>18,632,200</u>

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Categories of financial instruments (continued)**

The table below provides an analysis of financial instruments categorised as financial assets and liabilities measured at amortised cost ("AC"): (continued)

	Carrying amount RM	AC RM
2022		
Financial liabilities		
Trade and non-trade payables (excluding deposit received)	29,419,109	29,419,109
Borrowings (excluding lease liabilities)	11,247,398	11,247,398
	<u>40,666,507</u>	<u>40,666,507</u>
2021		
Financial assets		
Trade and non-trade receivables (excluding prepayments)	8,083,554	8,083,554
Fixed deposit with licensed bank	260,000	260,000
Cash and bank balances	1,802,458	1,802,458
	<u>10,146,012</u>	<u>10,146,012</u>
Financial liabilities		
Trade and non-trade payables (excluding deposit received)	21,916,376	21,916,376
Borrowings (excluding lease liabilities)	7,401,395	7,401,395
	<u>29,317,771</u>	<u>29,317,771</u>

Net gains and losses arising from financial instruments

	2024 RM	2023 RM	2022 RM	2021 RM
Net gains/(losses) arising:				
Financial assets at measured amortised cost				
Interest income	151,295	127,726	40,740	54,203
Impairment loss on receivables	-	(410,932)	(18,000)	(492,323)
Reversal of impairment loss on receivables	69,492	944,255	917,331	28,000
	<u>220,787</u>	<u>661,049</u>	<u>940,071</u>	<u>(410,120)</u>

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Net gains and losses arising from financial instruments (continued)**

	2024 RM	2023 RM	2022 RM	2021 RM
Net gains/(losses) arising:				
Financial liabilities measured at amortised cost				
Interest expenses:				
- other short-term interest	(57,724)	-	-	-
- term loans	(3,162,630)	(172,070)	(168,815)	(62,218)
- banker acceptance	(316,302)	(80,049)	(79,841)	(37,594)
- term financing	(62,977)	(60,631)	(50,664)	(38,398)
	<u>(3,599,633)</u>	<u>(312,750)</u>	<u>(299,320)</u>	<u>(138,210)</u>

Financial risk management objectives and policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, market risk, cash flow risk and liquidity risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its credit risk, interest rate risk, market risk, cash flow risk and liquidity risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establish an allowance for impairment that represents its estimate of incurred losses in respect of the trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that might have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Exposure to credit risk

As the Group do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Financial risk management objectives and policies (continued)****Credit risk (continued)**Ageing analysis

The ageing analysis of the Group's trade receivables as at reporting date is as follows:

	Gross amount RM	Loss allowance RM	Carrying amount RM
2024			
Not past due	16,761,219	-	16,761,219
Past due:			
- 1 - 30 days	6,218,330	-	6,218,330
- 31 - 60 days	6,412,372	-	6,412,372
- 61 - 90 days	1,501,592	-	1,501,592
- 91 - 120 days	1,540,701	-	1,540,701
- more than 120 days	7,615,169	-	7,615,169
Sub-total	40,049,383	-	40,049,383
Credit impaired			
Individually impaired	3,133,335	(3,133,335)	-
Total	43,182,718	(3,133,335)	40,049,383
2023			
Not past due	10,594,745	-	10,594,745
Past due:			
- 1 - 30 days	5,748,819	-	5,748,819
- 31 - 60 days	807,664	-	807,664
- 61 - 90 days	391,893	-	391,893
- 91 - 120 days	1,969,230	-	1,969,230
- more than 120 days	4,209,286	(3,202,827)	1,006,459
Total	23,721,637	(3,202,827)	20,518,810
2022			
Not past due	3,149,254	-	3,149,254
Past due:			
- 1 - 30 days	1,950,083	-	1,950,083
- 31 - 60 days	2,166,601	-	2,166,601
- 61 - 90 days	1,270,686	-	1,270,686
- 91 - 120 days	840,574	-	840,574
- more than 120 days	5,667,606	(3,736,150)	1,931,456
Total	15,044,804	(3,736,150)	11,308,654

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Financial risk management objectives and policies (continued)****Credit risk (continued)**Ageing analysis (continued)

The ageing analysis of the Group's trade receivables as at reporting date is as follows:
(continued)

	Gross amount RM	Loss allowance RM	Carrying amount RM
2021			
Not past due	1,783,972	-	1,783,972
Past due			
- 1 – 30 days	2,072,922	-	2,072,922
- 31 – 60 days	1,860,062	-	1,860,062
- 61 – 90 days	799,786	-	799,786
- 91 – 120 days	546,571	-	546,571
- more than 120 days	5,438,774	(4,653,481)	785,293
Total	12,502,087	(4,653,481)	7,848,606

Inter-company loans and advances

The Group provides unsecured loans and advances to related companies. The Group monitors the ability of the related companies to repay the loans and advances on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Group considers loans and advances to related companies have low credit risk. The Group assumes that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Group is able to determine the timing of payments of the related companies' loans and advances when they are payable, the Group considers the loans and advances to be in default when the related companies are not able to pay when demanded. The Group considers a related company's loan or advance to be credit impaired when:

- The related company is unlikely to repay its loan or advance to the Company in full;
- The related company's loan or advance is overdue for more than 365 days; or
- The related company is continuously loss making and is having a deficit shareholders' fund.

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Financial risk management objectives and policies (continued)****Credit risk (continued)***Inter-company loans and advances*

The Group determines the probability of default for these loans and advances individually using internal information available.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-earning financial assets and interest-bearing financial liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date, in which they reprice or mature, whichever earlier.

Effective interest rates and repricing analysis

	Effective interest rate per annum %	On demand or within 1 year RM	More than a year RM	Total RM
2024				
Financial liabilities				
Borrowings:				
- Term financing	4.50	75,977	1,285,419	1,361,396
- Term loan	3.50 to 4.70	5,628,616	60,981,291	66,609,907
- Bankers' acceptances	5.16 to 5.50	8,668,000	-	8,668,000
- Lease liabilities	2.07 to 3.50	360,774	4,519,513	4,880,287
		<u>14,733,367</u>	<u>66,786,223</u>	<u>81,519,590</u>

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Financial risk management objectives and policies (continued)****Interest rate risk (continued)**Effective interest rates and repricing analysis (continued)

	Effective interest rate per annum %	On demand or within 1 year RM	More than a year RM	Total RM
2023				
Financial liabilities				
Borrowings:				
- Term financing	4.29	72,905	1,358,547	1,431,452
- Term loan	3.50 to 7.93	5,610,531	66,602,911	72,213,442
- Bankers' acceptances	4.91 to 5.80	4,347,000	-	4,347,000
- Lease liabilities	2.07 to 3.50	344,307	4,390,677	4,734,984
		<u>10,374,743</u>	<u>72,352,135</u>	<u>82,726,878</u>
2022				
Financial liabilities				
Borrowings:				
- Term financing	5.97	69,730	1,434,122	1,503,852
- Term loan	3.87 to 7.22	547,530	6,534,016	7,081,546
- Bankers' acceptances	2.39 to 3.12	2,662,000	-	2,662,000
- Lease liabilities	2.07 to 3.50	322,804	4,703,363	5,026,167
		<u>3,602,064</u>	<u>12,671,501</u>	<u>16,273,565</u>
2021				
Financial liabilities				
Borrowings:				
- Term financing	2.91 to 3.67	66,218	1,517,712	1,583,930
- Term loan	3.10 to 4.85	407,925	4,002,040	4,409,965
- Bankers' acceptances	2.16 to 2.21	1,407,500	-	1,407,500
- Lease liabilities	2.31 to 3.42	232,538	320,768	553,306
		<u>2,114,181</u>	<u>5,840,520</u>	<u>7,954,701</u>

No sensitivity analysis is prepared as the Group do not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)**ES SUNLOGY BERHAD**

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Financial risk management objectives and policies (continued)****Market risk**

The Group have in place policies to manage the Group's exposures to fluctuation in the prices of the raw materials used in the operations.

Cash flow risk

The Group reviews its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, by matching the maturity profiles of financial assets and liabilities, and by monitoring and maintaining a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at 31 July 2024, 31 July 2023, 31 July 2022 and 31 July 2021 based on undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
2024				
Trade and non-trade payables (excluding deposit received)	49,612,956	49,612,956	49,612,956	-
Borrowings:				
- Term financing	1,361,396	1,797,285	133,032	1,664,253
- Term loan	66,609,907	85,535,634	8,660,387	76,875,247
- Bankers' acceptance	8,668,000	8,668,000	8,668,000	-
- Lease liabilities	4,880,287	4,880,287	360,774	4,519,513
	<u>131,132,546</u>	<u>150,494,162</u>	<u>67,435,149</u>	<u>83,059,013</u>

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Financial risk management objectives and policies (continued)****Liquidity risk (continued)**Maturity analysis (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 July 2024, 31 July 2023, 31 July 2022 and 31 July 2021 based on undiscounted contractual payments: (continued)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
2023				
Trade and non-trade payables (excluding deposit received)	31,515,395	31,515,395	31,515,395	-
Borrowings:				
- Term financing	1,431,452	1,925,225	133,032	1,792,193
- Term loan	72,213,442	88,347,930	8,907,778	79,440,152
- Bankers' acceptance	8,668,000	8,668,000	8,668,000	-
- Lease liabilities	4,734,984	4,734,984	344,307	4,390,677
	<u>118,563,273</u>	<u>135,191,534</u>	<u>49,568,512</u>	<u>85,623,022</u>
2022				
Trade and non-trade payables (excluding deposit received)	29,419,109	29,419,109	29,419,109	-
Borrowings:				
- Term financing	1,503,582	2,063,238	133,032	1,930,206
- Term loan	7,081,546	9,287,888	861,444	8,426,444
- Bankers' acceptance	2,662,000	2,695,397	2,695,397	-
- Lease liabilities	5,026,167	5,026,167	322,804	4,703,363
	<u>45,692,404</u>	<u>48,491,799</u>	<u>33,431,786</u>	<u>15,060,013</u>

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. Financial instruments (continued)****Financial risk management objectives and policies (continued)****Liquidity risk (continued)****Maturity analysis (continued)**

The table below summarises the maturity profile of the Group's financial liabilities as at 31 July 2024, 31 July 2023, 31 July 2022 and 31 July 2021 based on undiscounted contractual payments: (continued)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
2021				
Trade and non-trade payables (excluding deposit received)	21,916,376	21,916,376	21,916,376	-
Borrowings:				
- Term financing	1,583,930	2,223,410	133,032	2,090,378
- Term loan	4,409,965	5,429,827	560,651	4,869,176
- Bankers' acceptance	1,407,500	1,415,496	1,415,496	-
- Lease liabilities	553,306	553,306	232,538	320,768
	<u>29,871,077</u>	<u>31,538,415</u>	<u>24,258,093</u>	<u>7,280,322</u>

Fair values

The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments except for amounts due from/(to) related parties, subsidiaries, due to Directors and a shareholder, as it is not practical to estimate the fair value due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. The Directors are at the opinion that the carrying amounts recorded at the statement of financial position date do not differ significantly from the values that would eventually be recovered.

13. ACCOUNTANTS' REPORT (*Cont'd*)

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AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. Operating segments

The Group has arrived at two (2) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

Provision of M&E engineering works	: provision of electrical engineering services for electricity supply distribution systems;
Sales of renewable energy	: generation and sales of renewable energy.

The accounting policies of operating segments are the same as those described in this report. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the Combined Financial Statements. These policies have been applied consistently throughout the financial years ended 31 July 2024, 31 July 2023, 31 July 2022 and 31 July 2021.

Segment assets exclude tax assets and goodwill. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliation from segment assets and liabilities to the position of the Group.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period for each reportable segment.

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. Operating segments (continued)**

2024	Investment holding RM	Provision of M&E engineering works* RM	Sales of renewable energy RM	Total RM
Revenue from external customers	-	182,487,245	8,604,211	191,091,456
Finance costs	-	(621,878)	(3,163,802)	(3,785,680)
Interest income	-	76,962	74,333	151,295
Net finance expense	-	(544,916)	(3,089,469)	(3,634,385)
Segment profit before tax	(96,090)	18,218,887	197,229	18,320,026
Tax expense	-	(4,742,772)	(18,000)	(4,760,772)
Other material non-cash items:				
Depreciation of property, plant and equipment	-	365,498	3,843,032	4,208,530
Depreciation of right-of-use assets	-	185,230	177,432	362,662
Net reversal of impairment on financial assets	-	(69,492)	-	(69,492)
Segment assets	3	138,311,314	102,101,804	240,413,121
Elimination	-	(33,446,116)	-	(33,446,116)
	3	104,865,198	102,101,804	206,967,005
Segment liabilities	(96,090)	(80,979,200)	(100,677,602)	(181,752,892)
Elimination	-	-	31,871,116	31,871,116
	(96,090)	(80,979,200)	(68,806,486)	(149,881,776)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
31. Operating segments (continued)

	Provision of M&E engineering works* RM	Sales of renewable energy RM	Total RM
2023			
Revenue from external customers	136,727,412	-	136,727,412
Finance costs	(332,314)	(98,383)	(430,697)
Interest income	76,019	51,707	127,726
Net finance expense	(256,295)	(46,676)	(302,971)
Segment profit/(loss) before tax	16,272,310	(413,114)	15,859,196
Tax expense	(4,054,857)	(12,410)	(4,067,267)
Other material non-cash items:			
Depreciation of property, plant and equipment	338,574	-	338,574
Depreciation of right-of-use assets	206,744	118,162	324,906
Net reversal of impairment on financial assets	(533,323)	-	(533,323)
Segment assets	96,908,763	103,722,976	200,631,739
Elimination	(28,834,044)	-	(28,834,044)
	68,074,719	103,722,976	171,797,695
Segment liabilities	(53,052,764)	(102,478,003)	(155,530,767)
Elimination	-	27,259,044	27,259,044
	(53,052,764)	(75,218,959)	(128,271,723)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
31. Operating segments (continued)

	Provision of M&E engineering works* RM	Sales of renewable energy RM	Total RM
2022			
Revenue from external customers	50,821,801	-	50,821,801
Finance costs	(309,263)	(22,107)	(331,370)
Interest income	28,886	11,854	40,740
Net finance expense	(280,377)	(10,253)	(290,630)
Segment profit/(loss) before tax	3,945,357	(72,901)	3,872,456
Tax expense	(1,546,897)	(2,853)	(1,549,750)
Other material non-cash items:			
Depreciation of property, plant and equipment	337,297	-	337,297
Depreciation of right-of-use assets	275,395	14,915	290,310
Net reversal of impairment on financial assets	(899,331)	-	(899,331)
Segment assets	65,167,870	34,826,952	99,994,822
Elimination	(22,003,790)	-	(22,003,790)
	43,164,080	34,826,952	77,991,032
Segment liabilities	(53,739,554)	(34,905,455)	(88,645,009)
Elimination	-	22,002,890	22,002,890
	(53,739,554)	(12,902,565)	(66,642,119)

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AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. Operating segments (continued)**

2021	Provision of M&E engineering works* RM	Sales of renewable energy RM	Total RM
Revenue from external customers	54,887,277	-	54,887,277
Finance costs	(169,221)	-	(169,221)
Interest income	54,168	35	54,203
Net finance expense	(115,053)	35	(115,018)
Segment profit/(loss) before tax	966,873	(3,371)	963,502
Tax expense	(580,183)	-	(580,183)
Other material non-cash items:			
Depreciation of property, plant and equipment	193,366	-	193,366
Depreciation of right-of-use assets	299,303	-	299,303
Net impairment on financial assets	464,323	-	464,323
Segment assets	43,055,752	6,203,700	49,259,452
Elimination	(6,153,790)	-	(6,153,790)
	36,901,962	6,203,700	43,105,662
Segment liabilities	(34,025,896)	(6,206,449)	(40,232,345)
Elimination	-	6,152,890	6,152,890
	(34,025,896)	(53,559)	(34,079,455)

* The revenue consists of provision of M&E engineering works and trading of related products as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Provision of M&E engineering works	168,896,392	131,097,073	48,078,927	52,727,381
Trading	13,590,853	5,630,339	2,742,874	2,159,896
	182,487,245	136,727,412	50,821,801	54,887,277

13. ACCOUNTANTS' REPORT (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. Operating lease arrangements****The Group and the Company as lessor**

The Company has entered into operating lease agreements to lease out certain of its investment properties. The future minimum lease payments receivable under operating leases contracted for as of the reporting date but not recognised as receivables, are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Not later than one year	70,500	32,000	27,500	63,500
More than one year	5,500	-	-	15,000
	<u>76,000</u>	<u>32,000</u>	<u>27,500</u>	<u>78,500</u>

The Group and the Company as lessee

The Company has entered into operating lease agreements for the use of land, premises and road access. The future aggregate minimum lease payments under operating leases contracted for as of the reporting date but not recognised as liabilities are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Not later than one year	240,252	22,052	71,988	76,136
More than one year	39,491	20,227	28,339	100,327
	<u>279,743</u>	<u>42,279</u>	<u>100,327</u>	<u>176,463</u>

33. Capital management

The Group manages its capital to ensure that the Group will maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors its capital using the debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

13. ACCOUNTANTS' REPORT (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. Capital management (continued)**

The debt-to-equity ratio of the Group as at the end of the reporting year was as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Borrowings	81,519,590	82,726,878	16,273,565	7,954,701
Less: Fixed deposits	(5,510,317)	(5,037,484)	(3,675,777)	(260,000)
Less: Cash and bank balances	(13,941,872)	(11,544,884)	(1,955,965)	(1,802,458)
Net debt	62,067,401	66,144,510	10,641,823	5,892,243
Total equity	57,085,229	43,525,972	11,348,913	9,026,207
Total capital	119,152,630	109,670,482	21,990,736	14,918,450
Gearing ratio (times)	0.52	0.60	0.48	0.39

The Group's strategies were unchanged from the previous financial year. There is no external capital requirement imposed on the Group.

34. Material litigation**Penang High Court Civil Suit No.: PA-22NCvC-56-02/2019****Askey Media Technology Sdn Bhd ("Askey") (Plaintiff) and Savelite Engineering Sdn. Bhd. ("Savelite") (Defendant)**

Askey is the registered proprietors of 2 lands known as Hakmilik No. 6681, Lot No. 12146 ("**Plot 73B**") and Hakmilik No. 6685, Lot No. 12145 ("**Plot 73C**") both of Mukim 12, Daerah Barat Daya, Pulau Pinang (both collectively referred to as "**Askey's Lands**"). Plot 73B is a vacant land. Askey vide a letter of award dated 7 March 2016 and a contract dated 29 April 2016, appointed Savelite as the main contractor to renovate a 2-storey office and a 1-storey warehouse of a factory (which includes M&E engineering services) for a contract sum of RM8.60 million ("**the Project**"). The completion date was 4 September 2016 and Askey alleged that Savelite delayed and only completed its work on 15 September 2017.

13. ACCOUNTANTS' REPORT (*Cont'd*)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. Material litigation (continued)

Penang High Court Civil Suit No.: PA-22NCvC-56-02/2019 (continued)

Askey Media Technology Sdn Bhd ("Askey") (Plaintiff) and Savelite Engineering Sdn. Bhd. ("Savelite") (Defendant) (continued)

Askey claimed liquidated ascertained damages ("**LAD**") of the Project, loss of rental income and damages payable to tenant, because Askey was only able to hand over the Lands to Askey's tenant after 16 September 2017. Askey sued Savelite for:

- (i) LAD in the sum of RM1,240,800.00 (RM3,300.00 x 376 days);
- (ii) alternatively, Savelite shall pay the sum of RM768,900.00;
- (iii) interest of 5.0% per annum calculated on daily rest on the sum of (i) or (ii) from 4 September 2016 until full settlement;
- (iv) loss of profit for the sum of RM1,136,180.00 (loss of rental from 13 March 2017 to 16 September 2017);
- (v) damages for the sum of RM523,096.50 (being the LAD of RM100,000.00 per month payable to Askey's tenant);
- (vi) interest of 5.0% per annum calculated on daily rest on the sum of (iv) and (v) from the date of filing until full settlement; and
- (vii) general damages and cost.

Savelite filed its defence with counter claim for the sum of RM721,807.00 as the Adjudication Decision on 25 September 2018 allowed Savelite's claim RM721,807.00 ("**Adjudication Decision**"). Savelite withdrew its counter-claim on 7 November 2022 as the Adjudication Decision's sum was released to Savelite.

On 8 January 2024, the High Court allowed Askey's claim as follows:

- (i) Savelite shall pay Askey the sum of RM768,900.00;
- (ii) time was of the essence and no notice is necessary to impose the LAD;
- (iii) Savelite shall pay interest of 5.0% per annum on RM768,900.00 from 4 September 2016 until full settlement;
- (iv) all the other Askey's claims are dismissed; and
- (v) Savelite pays Askey a cost of RM10,000.00.

("the Judgement")

Savelite filed the Notice of Appeal on 8 July 2024 and the Court of Appeal had fixed the hearing on 23 January 2025. Savelite had also filed an application to stay the execution of the Judgement dated 8 January 2024, which was allowed by Penang High Court on 14 March 2024.

13. ACCOUNTANTS' REPORT (Cont'd)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. Material litigation (continued)****Penang High Court Civil Suit No.: PA-22NCvC-56-02/2019 (continued)****Askey Media Technology Sdn Bhd ("Askey") (Plaintiff) and Savelite Engineering Sdn. Bhd. ("Savelite") (Defendant) (continued)**

The solicitors handling the appeal is of the view that Savelite has a good case based on the following:

- (i) Askey failed to consider Savelite's applications for extension of time dated 15 September 2016 and 17 July 2017 to complete the works;
- (ii) the letter of award did not have an extension of time clause. Therefore, the LAD clause is inoperative and time is at large;
- (iii) Askey failed to raise their LAD claim prior to the scheduled completion date. Therefore, Askey cannot raise this claim now;
- (iv) Askey also failed to mitigate their losses during the delay to the completion of the works; and
- (v) Savelite has no knowledge of any rental agreements entered into by Askey for the rental of the property and neither was Savelite a party to the rental agreements.

In the event Savelite fails to defend its appeal, Savelite is required to pay the Askey the following:

- (i) RM768,900.00;
- (ii) interest of 5.0% per annum on RM768,900.00 from 4 September 2016 until full settlement; and
- (iii) cost of RM10,000.00.

Savelite has made a provision for the LAD of RM1,072,879 as disclosed in Note 26 to the financial statements.

13. ACCOUNTANTS' REPORT (*Cont'd*)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. Material litigation (continued)

Penang Sessions Court Civil Suit No.: PA-A52NCVC-33-03/2022

Tenaga Nasional Berhad ("Plaintiff" or "TNB") and Askey ("Defendant") and Savelite ("3rd Party") and Chuan Un Chye (M) Sdn Berhad ("4th Party")

TNB alleged damages of TNB's cable due to the excavation and piling works conducted by Askey and/or 3rd party for the Project and the damage disrupted the electricity supply to the neighbouring lands. TNB sued Askey for damages of RM129,727.38 for causing damage to TNB's cables located in front of Plot 73C, and an interest sum of 5.0% per annum of RM129,727.38 from the date of judgement and costs. Askey alleged that Savelite should be responsible for the damages as the main contractor and Askey filed third party proceedings against Savelite to indemnify Askey against TNB's claimed amount.

Askey's main defence against TNB are that:

- (i) Savelite is the main contractor, Savelite should be responsible;
- (ii) TNB did not inform Askey of the underground cables running through Plot 73B to Plot 73C;
- (iii) TNB claimed that the damages to the cables occurred in front of Plot 73C, however, there were no digging and piling works carried out in front of Plot 73C;
- (iv) Askey was forced/under duress by Savelite to sign a letter dated 20 July 2017 prepared by Savelite to enable a claim against third party insurance or claim under Contractor's All Risk Insurance to Am General Insurance Berhad on the damaged cables.

On 15 November 2022, Savelite filed 4th Party Proceedings against the 4th Party for damages caused to the TNB cables for the claimed amount. The 4th Party is a subcontractor appointed by Savelite for piling works of the Project.

The next trials are fixed on 24 to 26 March 2025.

Savelite's solicitors are of the view that the chances of TNB proving its claim are poor because:

- (i) TNB failed to provide the layout plan of TNB's cable;
- (ii) there are no documents evidencing the location of the alleged damages;
- (iii) there are no photographs evidencing the alleged damages;
- (iv) no Investigation Report evidencing the alleged damages at Plot 73C;
- (v) the piling works conducted by Savelite and/or the 4th Party was carried out at Plot 73B; and
- (vi) TNB did not request or provide opportunity for Askey and/or Savelite and/or the 4th Party to carry out rectification works on the alleged damage.

13. ACCOUNTANTS' REPORT (Cont'd)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. Material litigation (continued)****Penang Sessions Court Civil Suit No.: PA-A52NCVC-33-03/2022 (continued)****Tenaga Nasional Berhad ("Plaintiff" or "TNB") and Askey ("Defendant") and Savelite ("3rd Party") and Chuan Un Chye (M) Sdn Berhad ("4th Party") (continued)**

In respect of Askey's allegation on duress and/or coercion by Savelite to sign the letter dated 20 July 2017, Savelite's solicitors are of the view that Askey's allegation is likely to fail because:

- (i) Askey failed to plead in the claim documents;
- (ii) no police report against Savelite on the alleged coercion/duress;
- (iii) the said letter dated 20 July 2017 is printed on the letterhead of Askey; and
- (iv) Askey signed the letter without protest and only raised for the 1st time in the Defence in May 2021.

Savelite's solicitors are of the view that Savelite's chances of succeeding are fair because TNB has the legal and evidential burden to prove that Askey or Savelite caused the damages to the cables including the following:

- (i) the location of the damage is in front of Plot 73C;
- (ii) Savelite carried out work at Plot 73B (which was an empty lot);
- (iii) documentary proof of the cable damage; and
- (iv) investigation papers on the damage.

13. ACCOUNTANTS' REPORT (*Cont'd*)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. Material litigation (continued)

Savelite ("Claimant") and Itramas Technology Sdn Bhd ("Respondent" or "Itramas")

CIPAA Proceedings

Adjudication Reference No. AIAC/D/ADJ-3042-2020

Itramas was appointed by Scatec Solar Solutions Malaysia Sdn Bhd ("**Scatec Solar**") for part of the works for a solar project on Lot PT 10905 – 10912 and PT 10921 – PT 10939, Mukim Ayer Puteh, Daerah Pendang, Kedah Darul Aman' ("**Solar Project**"). By a letter of award dated 19 January 2018 ("**Letter of Award**"), Savelite was appointed as subcontractor by Itramas to carry out electrical works for the Solar Project ("**Contract Works**") for a contract sum of RM9,069,255.58 ("**the Contract**"). The completion date of the Contract Works was on 28 March 2018. On 2 January 2020, Savelite issued its payment claim against Itramas for the balance outstanding sum of RM2,577,081.62 under Section 5 of the Construction Industry Payment & Adjudication Act 2012 ("**CIPAA**"). However, Itramas failed to pay Savelite the amount due.

After which, Savelite had on 21 January 2020 issued a Notice of Adjudication. An Adjudicator was appointed to determine the dispute. In the same CIPAA proceedings, Itramas disputed Savelite's claim and alleged that Savelite delay in completing the Contract Works, and only completed on 26 December 2018. On 10 March 2020, Itramas cross claimed against Savelite for a liquidated and ascertained damages ("**LAD**") of RM1,846,182.03. On 13 April 2020, the Adjudicator dismissed Itramas' LAD claim and allowed Savelite's claim of RM2,577,081.62 against Itramas with interest and costs ("**CIPAA Decision**"). However, Itramas failed to pay.

High Court Proceedings Post CIPAA Decision

Arising from the CIPAA Decision, Savelite filed a fresh suit at the Shah Alam High Court on 5 June 2020 to enforce the CIPAA Decision against Itramas for payment.

Itramas was dissatisfied with the CIPAA Decision, and subsequently filed 2 suits on 21 May 2020 and 1 July 2020 respectively at the Shah Alam High Court against Savelite to set aside the CIPAA Decision and to stay the execution of the CIPAA Decision pending setting aside of CIPAA Decision and conclusion of the arbitration proceedings.

On 6 May 2021, the Shah Alam High Court allowed Itramas to set aside the CIPAA Decision. The Shah Alam High Court also allowed Itramas and stayed the CIPAA Decision pending Arbitration proceedings. The Shah Alam High Court dismissed Savelite's suit with costs of RM15,000.00 to be paid by Savelite and Savelite could not enforce the CIPAA Decision ("**the High Court decisions**").

The Shah Alam High Court's main ground of setting aside the CIPAA Decision was that the Adjudicator was bias and acted unfairly in its CIPAA Decision. Savelite's solicitors are of the view that the High Court was wrong in its decision and Savelite filed an appeal to the Court of Appeal.

13. ACCOUNTANTS' REPORT (*Cont'd*)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. Material litigation (continued)

Savelite ("Claimant") and Itramas Technology Sdn Bhd ("Respondent" or "Itramas") (continued)

Court of Appeal Proceedings from the High Court Decisions

This Court of Appeal proceedings were derived from the High Court Decisions. On 28 March 2022, the Court of Appeal found that there was no actual biasness by the Adjudicator but in the procedure, the Adjudicator was unfair towards Itramas and hence allowed Savelite's appeal in part. The Court of Appeal ordered Itramas to pay Savelite a sum of RM730,899.59, 30.0% of the costs awarded in the adjudication proceedings amounting to RM24,617.49 and interest at the rate of 6.65% per annum on the sum of RM730,899.59, calculated from 13 April 2020 (**"the COA Order"**). As a result of the COA Order, Itramas made a payment of RM867,907.41 (comprising of RM730,899.59, interests of RM112,390.33 and costs of RM24,617.49) to Savelite in August 2022. Savelite claims for the outstanding sum in the amended counter-claim below.

Arbitration Proceedings

Reference No. AIAC/D/ADM-956-2021

In relation to the stay of the CIPAA Decision pending Arbitration proceedings above, Itramas issued a Notice of Arbitration on 25 January 2021 seeking for LAD of RM1,846,182.03 and a further sum of RM41,070.00 for alleged defect rectification. Savelite served its response to the Notice of Arbitration on 24 February 2021. After taking into account the principal payment sum of RM730,899.59 made by Itramas in August 2022, Savelite amended its counterclaim in the Arbitration proceedings to RM2,154,038.18 (comprising the sum of RM1,846,182.03 for the work done and the second tranche of the retention sum of RM307,856.15).

The hearings are fixed from 26 February 2025 to 28 February 2025 and 18 March 2025 and 18 March 2025 to 21 March 2025.

Savelite's solicitors are of the view that Savelite has a fair chance of succeeding in the arbitration proceedings for recovery of RM307,856.15 (second tranche of the retention sum) of its counter claim against Itramas. With respect to the LAD claim by Itramas, Savelite's solicitors are of the view that both parties have weaknesses in their respective positions, i.e. Savelite failed to formally request for extension of time which may affect Savelite's right to challenge the LAD claim, whilst Itramas failed to comply with certain conditions under the contract in order to impose LAD against Savelite which may be a basis for Savelite to dispute the LAD.

Savelite has already provided an impairment of trade receivables for amount owing from Itramas in FYE 2019 and 2020 of RM2,533,042.26. However, Savelite has made a reversal of impairment of trade receivables in FYE 2023 of RM730,899.59 as payment was made by Itramas in August 2022, resulting in the total balance impairment provided for Itramas of RM1,802,142.67.

13. ACCOUNTANTS' REPORT (Cont'd)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE COMBINED FINANCIAL STATEMENTS****35. Significant events after financial year**

ESSB was incorporated on 23 November 2023 to embark on the listing and quotation of its entire enlarged share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

On 25 July 2024, ESSB entered into a conditional share sales agreement ("SSA") to acquire the entire issued share capital of Savelite Engineering Sdn. Bhd. ("SESB") of RM21,310,230 comprising 3,562,500 ordinary shares from its existing shareholders for a purchase consideration of RM50,344,000. The said purchase consideration will be fully satisfied by the issuance of 559,999,997 new ordinary shares of the Company at an issue price of RM0.0899 per share, which will be issued to the shareholders of ESSB, namely to Keh Chuan Seng, Chu Kerd Yee and Khor Chuan Meng.

The completion of the SSA is conditional upon certain conditions precedent being obtained/fulfilled/waived, which includes the approval of Bursa Malaysia Securities Berhad for the admission of the share capital of ESSB to official list of Bursa Malaysia Securities Berhad for its listing.

36. Date of authorisation for issue

The Combined Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 January 2025.

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



Our ref: PKF/NCP/LWJ

Date: 7 January 2025

The Board of Directors
ES Sunlogy Berhad
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia.

Dear Sirs,

ES SUNLOGY BERHAD ("ESSB" OR "THE COMPANY") AND ITS SUBSIDIARIES ("ESSB GROUP" OR "THE GROUP")

INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF ES SUNLOGY BERHAD

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of the Group prepared by the Board of Directors of the Company ("the Board"). The Pro Forma Combined Statements of Financial Position as at 31 July 2024 together with the accompanying notes thereon have been prepared for inclusion in the prospectus of ESSB in connection with the listing of and quotation for the entire enlarged issued share capital of ESSB on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Directors has compiled the Pro Forma Combined Statements of Financial Position are described in the notes of the Pro Forma Combined Statements of Financial Position and are prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors for illustrative purposes only, to illustrate the impact of the transactions as set out in notes of the Pro Forma Combined Statements of Financial Position on the Group's financial position as at 31 July 2024, as if the transaction had taken place as at 31 July 2024. As part of this process, information about the financial position of the Group has been extracted by the Directors from the Group's audited Combined Financial Statements for the financial year ended 31 July 2024, on which an accountant's report dated 7 January 2025 has been issued.

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

The Directors are responsible for compiling the Pro Forma Combined Statements of Financial Position as at 31 July 2024 on the basis as described in notes of the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Independence and Quality Control

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

PKF PLT is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

PENANG: 67, Jalan Seang Tek, George Town, 10450 George Town, Pulau Pinang | **PERAK:** No. 62, 62A, 62B and 62C, Persiaran Greentown 2, Pusat Perdagangan Greentown, 30350 Ipoh, Perak | **JOHOR:** No.49, Jalan Harimau Tarum, Taman Century, 80250 Johor Bahru, Johor | **SABAH:** Lot 23-1, 1st Floor, Lintas Plaza, Lorong Lintas Plaza, 88300 Kota Kinabalu, Sabah | **SABAH:** 1st floor, Lot 40 (corner), Bandar Nasalim, Mile 5, Jalan Lintas Utara, 90000 Sandakan, Sabah | **LABUAN:** Level 1, Lot 8, Block F, Saguking Commercial Building, Jalan Patau-Patau, 87000 Labuan, FT

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



Independence and Quality Control (continued)

Our firm applies International Standard on Quality Management ("ISQM") 1, *Quality Management 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.

Reporting Accountants' Responsibility

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

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement 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. The standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis set out in notes of the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma 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 Pro Forma Combined Statements of Financial Position included in the prospectus is solely to illustrate the impact of significant events or transactions on unadjusted statements of financial position of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 July 2024 would have been as presented.

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

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

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.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Opinion

In our opinion,

- (i) the pro forma combined statement of financial position of ESSB Group as at 31 July 2024, which are prepared for illustrative purposes only, have been properly compiled on the bases and assumptions set out in the accompanying notes to the said pro forma combined statement of financial position;
- (ii) the bases are consistent with the accounting policies normally adopted by ESSB Group in the preparation of its audited combined financial statement; and
- (iii) the adjustments made to the information used in the preparation of the pro forma combined statement of financial position of the Group are appropriate for the purposes of preparing the pro forma combined statement of financial position.

Other Matters

This report has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire enlarged issued share capital of ESSB on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

PKF PT

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

Kuala Lumpur

A handwritten signature in black ink, appearing to read "NG CHEW PEI".

NG CHEW PEI
03373/06/2026 J
CHARTERED ACCOUNTANT

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024**

The Pro Forma Combined Statements of Financial Position ("SOFP") of the Group as at 31 July 2024 have been prepared for illustrative purposes only to show the effects on the audited combined SOFP of ESSB as at 31 July 2024 based in the assumptions that the listing scheme as set out in Note (B) had been effected on 31 July 2024.

	Note	Audited as at 31.07.2024 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM
ASSETS					
Non-current assets					
Property, plant and equipment	1	100,160,677	100,160,677	100,160,677	100,880,677
Right-of-use assets		4,691,459	4,691,459	4,691,459	4,691,459
Investment in joint venture	2	40	40	40	14,100,040
		<u>104,852,176</u>	<u>104,852,176</u>	<u>104,852,176</u>	<u>119,672,176</u>
Current assets					
Inventories		5,405,905	5,405,905	5,405,905	5,405,905
Trade and non-trade receivables		42,184,979	42,184,979	42,184,979	42,184,979
Contract assets		35,071,756	35,071,756	35,071,756	35,071,756
Fixed deposit with licensed bank		5,510,317	5,510,317	5,510,317	5,510,317
Cash and bank balances	3	13,941,872	13,941,872	55,941,872	23,121,872
		<u>102,114,829</u>	<u>102,114,829</u>	<u>144,114,829</u>	<u>111,294,829</u>
TOTAL ASSETS		<u><u>206,967,005</u></u>	<u><u>206,967,005</u></u>	<u><u>248,967,005</u></u>	<u><u>230,967,005</u></u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	3	50,344,003	50,344,003	92,344,003	90,696,003
Invested equity	21,310,230	-	-	-	-
Merger deficit	-	(29,033,770)	(29,033,770)	(29,033,770)	(29,033,770)
Retained earnings	35,632,576	35,632,576	35,632,576	35,632,576	33,280,576
		<u>56,942,809</u>	<u>56,942,809</u>	<u>98,942,809</u>	<u>94,942,809</u>
Non-controlling interests	142,420	142,420	142,420	142,420	142,420
Total equity	4	<u><u>57,085,229</u></u>	<u><u>57,085,229</u></u>	<u><u>99,085,229</u></u>	<u><u>95,085,229</u></u>

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202206000012 (LLP0030636-MA) & AF 0911
Chartered Accountants

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONTINUED)**

The Pro Forma Combined Statements of Financial Position ("SOFP") of the Group as at 31 July 2024 have been prepared for illustrative purposes only to show the effects on the audited SOFP of ESSB as at 31 July 2024 based in the assumptions that the listing scheme as set out in Note (B) had been effected on 31 July 2024. (continued)

	Note	Audited as at 31.07.2024 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM
Non-current liability					
Borrowings	5	66,786,223	66,786,223	66,786,223	52,786,223
Current liabilities					
Trade and non-trade payables		53,581,199	53,581,199	53,581,199	53,581,199
Contract liabilities		12,289,795	12,289,795	12,289,795	12,289,795
Borrowings	5	14,733,367	14,733,367	14,733,367	14,733,367
Tax payables		2,491,192	2,491,192	2,491,192	2,491,192
		83,095,553	83,095,553	83,095,553	83,095,553
Total liabilities		149,881,776	149,881,776	149,881,776	135,881,776
TOTAL EQUITY AND LIABILITIES		206,967,005	206,967,005	248,967,005	230,967,005
Net assets (RM) ("NA")		57,085,229	57,085,229	99,085,229	95,085,229
Total borrowing excluding lease liability for rental of land (RM)		77,473,091	77,473,091	77,473,091	63,473,091
Gearing ratio (Times)		1.36	1.36	0.78	0.67
Total number of ordinary shares (Number)		3	560,000,000	700,000,000	700,000,000
NA per share (RM)		19,028,409.67	0.10	0.14	0.14

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024****(A) Basis of preparation**

The Pro Forma Combined Statements of Financial Position of ESSB and its subsidiaries as at 31 July 2024, together with the notes and assumptions thereon (which we have stamp for the purpose of identification), have been compiled and prepared by Directors of the Company is solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus of the Company in connection with the initial public offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital of ESSB on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Listing").

The Pro Forma Combined Statements of Financial Position have been prepared based on the audited combined financial statements of ESSB for the financial year ended 31 July 2024, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and IFRS Accounting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note B.

The auditors' report on the audited financial statements of the ESSB Group for the financial year ended 31 July 2024, on which the pro forma combined statement of financial position are based, was unmodified.

(B) Bases and assumptions**Adjustment combined statement of financial position as at 31 July 2024**

The audited combined statement of financial position of ESSB as at 31 July 2024 has been adjusted for the following transactions that occurred subsequent to 31 July 2024.

Acquisition

In preparation for its Listing, the Company undertook the Acquisition, as follows:

On 25 July 2024, the Company entered into a conditional share sale agreement with Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng ("Savelite Vendors") to acquire the entire equity interest in Savelite Engineering Sdn. Bhd. ("Savelite") comprising 3,562,500 ordinary shares for a purchase consideration of RM50,344,000 which was satisfied via the issuance of 559,999,997 new Shares at an issue price of RM0.0899 each.

Details of the Savelite Vendors and the number of shares acquired are as follows:

Savelite Vendors	Shareholdings in Savelite		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Khor Chuan Meng	1,068,750	30.0	15,103,200	167,999,999
Chu Kerd Yee	1,068,750	30.0	15,103,200	167,999,999
Datuk Keh Chuan Seng	1,425,000	40.0	20,137,600	223,999,999
	3,562,500	100.0	50,344,000	559,999,997

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONTINUED)****(B) Bases and assumptions (continued)****Acquisition (continued)**

The purchase consideration for the Acquisition of RM50,344,000 was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Savelite as at 31 January 2024 of RM50,366,382.

On 10 December 2024, the shares were allotted to Khor Chuan Meng, Chu Kerd Yee and Datuk Keh Chuan Seng. Upon completion of the Acquisition on 17 December 2024, Savelite became the Company's wholly-owned subsidiary.

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

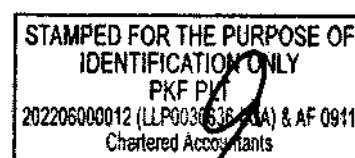
Summary of the IPO

The IPO comprises the Public Issue and Offer for Sale to be in the following manner:

	No. of Shares	RM
Existing issued share capital	3	3
To be issued pursuant to the Acquisition	559,999,997	50,344,000
Issued share capital after the Acquisition	560,000,000	50,344,003
Number of new Shares issued under the Public Issue	140,000,000	42,000,000
Enlarged number of Shares upon the Listing	700,000,000	92,344,003
Number of existing Shares to be offered under the Offer for Sale	70,000,000	21,000,000
Indicative IPO Price (RM)		0.30
Market capitalisation upon the Listing (based on the indicative IPO Price and the enlarged number of issued Shares upon the Listing)		210,000,000

The IPO Price was determined and agreed upon by the Adviser and Sponsor, after taking into consideration the following factors:

- the Group's pro forma NA per share as at 31 July 2024 of RM0.14, calculated based on the Group's pro forma NA after the Acquisition, IPO and utilisation of proceeds as at 31 July 2024 of approximately RM95,085,229 and enlarged share capital of 700,000,000 Shares; and
- the PE Multiple of the Group's IPO Price of approximately 15.5 times based on the Group's EPS of approximately 1.93 sen for FYE 2024, calculated based on the PAT attributable to the owners of the Company for FYE 2024 of RM13.54 million and the Group's enlarged share capital of 700,000,000 Shares upon listing.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

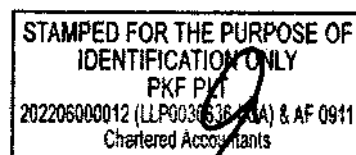
AND ITS SUBSIDIARIES**NOTES TO THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONTINUED)****(B) Bases and assumptions (continued)****Utilisation of proceeds**

The Company expects to use the gross proceeds from the Public Issue amounting to RM42,000,000 in the following manner:

Details	Notes	Estimated timeframe for utilisation of proceeds from the date of the Listing	RM'000	%
Development and construction of Selarong LSSPV Plant	(a)	Within 12 months	14,100	33.6
Repayment of borrowings	(b)	Within 6 months	14,000	33.3
General working capital	(c)	Within 24 months	9,180	21.9
Purchase of enterprise resource planning ("ERP") system	(d)	Within 24 months	720	1.7
Estimated listing expenses	(e)	Within 1 month	4,000	9.5
Total			42,000	100.0

Notes:

- (a) To part finance the development and construction of the Selarong LSSPV Plant.
- (b) To repay the bank borrowings, which was utilised to finance the Group's working capital requirements.
- (c) To supplement the Group's general working capital requirements, being recruitment of additional personnel to support the growth of existing business operations and payment to suppliers for purchase of materials (such as cables, wires, distribution boards, switchboards, switchgears, transformers, generator sets and other electrical components). The general working capital is not adjusted in the Pro Forma III to the Pro Forma Combined Statement of Financial Position as they are not factually supportable and hence, they remain in cash and bank balances.
- (d) To finance the purchase of an ERP system, namely Speedbrick, a cloud-based construction cost management software, which is able to integrate with the Group's existing AutoCount accounting system and purchasing system. By integrating with Speedbrick, the Group aims to enhance operational efficiency, make better-informed decisions, leverage advanced analytics, and improve financial management for better business growth.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**ES SUNLOGY BERHAD**

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**NOTES TO THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONTINUED)****(B) Bases and assumptions (continued)****Utilisation of proceeds (continued)****Notes: (continued)**

- (e) Listing expenses relate to professional fees payable to, amongst others, the Adviser and Sponsor, Solicitors, Reporting Accountants, Independent Market Researcher, Independent Internal Control Consultant and Issuing House. The estimated listing expenses arising from the issuance of new ESSB Shares pursuant to the IPO amounting to RM1,648,000 are to be offset against the share capital and the remaining estimated listing expenses of RM2,352,000 will be expensed off to profit or loss and this represents an one-off expenditure in conjunction with the IPO.

Any variations from the amount budgeted above (i.e. (a), (b), (d) and (e)), save for item (c), shall be adjusted towards or against, as the case may be, the proceeds allocated for working capital requirements.

The gross proceeds of RM21,000,000 from the Offer for Sale will accrue entirely to the Selling Shareholders. The Selling Shareholders will be bearing the entire incidental expenses and fees relating to the Offer for Sale.

(C) Pro forma adjustments to the pro forma combined statements of financial position**(i) Pro Forma I**

Pro Forma I is stated after the Acquisition as disclosed in Note B.

(ii) Pro Forma II

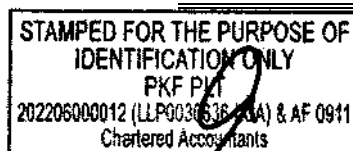
Pro Forma II is stated after Pro Forma I and after the completion of the Public Issues as disclosed in Note B.

(iii) Pro Forma III

Pro Forma III is stated after Pro Forma II and after the utilisation of proceeds as disclosed in Note B.

(D) Explanatory Notes to the Pro Forma Combined Statement of Financial Position**1. Property, plant and equipment**

	RM
As at 31 July 2024, Pro Forma I and II	100,160,677
<u>Pro Forma III</u>	
- Purchase of ERP	720,000
After effects of Pro Forma III	<u>100,880,677</u>



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
ES SUNLOGY BERHAD

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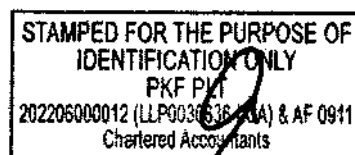
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AND ITS SUBSIDIARIES**NOTES TO THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONTINUED)****(D) Explanatory Notes to the Pro Forma Combined Statement of Financial Position (continued)****2. Investment in joint venture**

	RM
As at 31 July 2024, Pro Forma I and II	40
<u>Pro Forma III</u>	
- Development and construction of Selarong LSSPV Plant	14,100,000
After effects of Pro Forma III	14,100,040

3. Cash and bank balances

	RM
As at 31 July 2024 and Pro Forma I	13,941,872
<u>Pro Forma II</u>	
- Public Issue	42,000,000
After effects of Pro Forma II	55,941,872
<u>Pro Forma III</u>	
<i>Utilisation of proceeds:</i>	
- Development and construction of Selarong LSSPV Plant	(14,100,000)
- Purchase of ERP	(720,000)
- Repayment of borrowings	(14,000,000)
- Listing expenses	(4,000,000)
After effects of Pro Forma III	23,121,872



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONTINUED)
(D) Explanatory Notes to the Pro Forma Combined Statement of Financial Position (continued)
4. Equity

The movement in the statement of changes in equity are as follows:

	← Attributable to owner of the Company →					Non-	
	Share capital RM	Invested equity RM	Merger deficit RM	Retained earnings RM	Total RM	controlling interests RM	Total equity RM
At 31 July 2024	3	21,310,230	-	35,632,576	56,942,809	142,420	57,085,229
<u>Pro Forma I</u>							
- Shares issued on Acquisition	50,344,000	(21,310,230)	(29,033,770)	-	-	-	-
After effects of Pro Forma I	50,344,003	-	(29,033,770)	35,632,576	56,942,809	142,420	57,085,229
<u>Pro Forma II</u>							
- Public Issue	42,000,000	-	-	-	42,000,000	-	42,000,000
After effects of Pro Forma II	92,344,003	-	(29,033,770)	35,632,576	98,942,809	142,420	99,085,229
<u>Pro Forma III</u>							
- Utilisation of proceeds	(1,648,000)	-	-	(2,352,000)	(4,000,000)	-	(4,000,000)
After effects of Pro Forma III	90,696,003	-	(29,033,770)	33,280,576	94,942,809	142,420	95,085,229

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

ES SUNLOGY BERHAD

Registration No.: 202301046467 (1540381-T)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONTINUED)

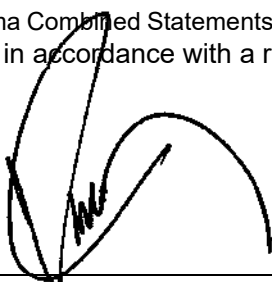
(D) Explanatory Notes to the Pro Forma Combined Statement of Financial Position (continued)

5. Borrowings

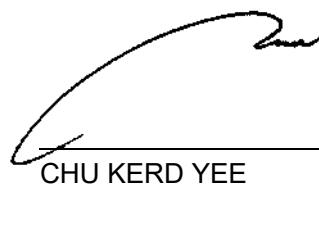
	RM
As at 31 July 2024	
Non-current liabilities	66,786,223
Current liabilities	14,733,367
	<u>81,519,590</u>
<u>Pro Forma III</u>	
- Repayment of borrowings	(14,000,000)
	<u>67,519,590</u>
After effects of Pro Forma III	<u><u>67,519,590</u></u>
	RM
Pro Forma III	
Non-current liabilities	52,786,223
Current liabilities	14,733,367
	<u>67,519,590</u>

APPROVED BY THE BOARD OF DIRECTORS

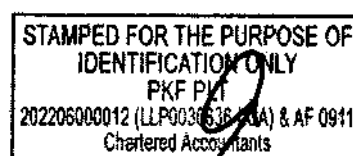
The Pro Forma Combined Statements of Financial Position have been approved and adopted by the Board of Directors in accordance with a resolution dated **07 JAN 2025**



KHOR CHUAN MENG



CHU KERD YEE



15. STATUTORY AND OTHER INFORMATION**15.1 SHARE CAPITAL**

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2,
- (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save as disclosed in Sections 4.3.1, 6.1 and 6.2 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES AND ASSOCIATED COMPANY

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries and associated company are set out below.

15.2.1 Savelite

Savelite's share capital as at LPD is RM21,310,230.00 comprising 3,562,500 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
2 June 2010	2	RM2.00/ Subscribers' shares	2.00
2 March 2011	99,998	RM99,998.00/ Cash	100,000.00
13 January 2012	100,000	RM100,000.00/ Cash	200,000.00
18 January 2013	50,000	RM50,000.00/ Cash	250,000.00
8 October 2014	500,000	RM500,000.00/ Cash	750,000.00
16 March 2017	250,000	RM250,000.00/ Cash	1,000,000.00
30 March 2021	100,000	RM100,000.00/ Cash	1,100,000.00

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
15 May 2023	1,250,000	RM10,259,000.00/ Otherwise than cash	11,359,000.00
17 July 2023	1,212,500	RM9,951,230.00/ Otherwise than cash	21,310,230.00

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Savelite. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.2 Energy ES

Energy ES's share capital as at LPD is RM1,750,000.00 comprising 1,750,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
8 April 2021	3	RM3.00/ Subscribers' shares	3.00
12 July 2021	997	RM997.00/ Cash	1,000.00
3 March 2023	1,749,000	RM1,749,000.00/ Cash	1,750,000.00

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Energy ES. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.2 Selarong Pertama

Selarong Pertama's share capital as at LPD is RM100.00 comprising 100 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
31 January 2024	100	RM100.00/ Subscribers' shares	100.00

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Selarong Pertama. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

15.3.1 Remuneration, voting and borrowing of Directors

The provision in our Constitution dealing with remuneration, voting and borrowing of Directors are as follows:

(a) Clause 21.3 - Alternate Director

Any Director may from time to time appoint any person (other than a Director) who is approved by a majority of the other Directors to be an alternate Director of our Company, and may at any time remove the alternate Director so appointed by him from office. Any fee paid by our Company to the alternate Director shall be deducted from his appointor's remuneration. An alternate Director shall be entitled to receive notices of and attend all meetings of our Directors, and to vote as a Director at any such meeting at which the Director appointing him is not present, and generally in the absence of his appointer to perform all the functions of his appointer as a Director. An alternate Director may be removed from office by resolution of the Board, and shall ipso facto cease to be an alternate Director if his appointer ceases for any reason to be a Director or becomes bankrupt or unsound mind or on the happening of any event which render him legally disqualified from acting as a Director. All appointments and removals of alternate Directors made by any Director in pursuance of the provisions of this Constitution shall be in writing under the hand of the Director making the same and left at the registered office for the time being of our Company ("**Office**").

The nomination of an alternate Director may be made in writing and sent by hand, post, facsimile or in any other form or manner, electronic or otherwise, as approved by our Directors, provided that such nomination shall be confirmed within 3 months from the date of such notice by a written nomination complying with the above mentioned requirements, and any act done by the alternate Director nominated in such notice between the date thereof and the date of the receipt within the prescribed period by our Company of the written nomination shall be as valid and effectual as if such alternate Director had been duly appointed in the fit instance, whether such written nomination shall be received by our Company within the prescribed period or not.

(b) Clause 21.4 - Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by our Company in meeting of Members, and such remuneration shall be divided among our Directors in such proportions and manner as our Directors may determine PROVIDED ALWAYS that:

- (i) Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the Members in general meeting;
- (ii) Salaries payable to Executive Directors may not include a commission on or percentage of turnover;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iii) Fees payable to Directors and any benefits payable to Directors shall be subject to annual member approval by an ordinary resolution at a meeting of Members; and
- (iv) Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

(c) Clause 21.5 – Reimbursement

In addition to the remuneration provided under Clause 21.4, each Director shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending and returning from meetings of our Directors or any committee of our Directors or meeting of Members or which they may otherwise incur in connection with the business of our Company.

(d) Clause 22.3 – Remuneration of Managing Director

The remuneration of a Managing Director shall be fixed by our Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

(e) Clause 23.2 - Directors' borrowing powers

- (i) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of our Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of our Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that our Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of our Company in meeting of Members.
- (ii) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of Members of our Company, appointment of Directors and otherwise.
- (iii) If our Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from our Company in its ordinary course of business, our Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of our Company by way of indemnity to secure our Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iv) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of our Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

(f) Clause 23.4 – Directors’ pensions

The Directors on behalf of our Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who has held any other salaried office or place of profit with our Company or to his widow or dependants or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

(g) Clause 23.11 - Declaration of interest by a Director

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Clause otherwise provided and subject always to the Act and/ or Listing Requirements, a Director shall not vote in respect of any contract or arrangement in which he is directly or indirectly interested. The Directors will not be considered as interested in the following circumstances:

- (i) Any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of our Company; or
- (ii) Any arrangement for the giving by our Company of any security to a third party in respect of a debt or obligation of our Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (iii) Any contract by him to subscribe for or underwrite share; or debentures of our Company; or
- (iv) Any contract or arrangement with any other company in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the shares of our Company.

(h) Clause 23.12 – Relaxation of restriction on voting

A Director, notwithstanding his interest may be counted in the quorum present at any meeting (provided that none of Directors present disagree) whereat he or any other Director is appointed to hold any executive office or other office or place of profit under our Company or whereat our Directors resolve to exercise any of the rights of our Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment are considered, and he may vote on any such matter other than in respect of his own appointment or the arrangement of the terms thereof.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

The provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract arrangement or transaction carried out in contravention of this Constitution may be ratified by ordinary resolution of our Company.

(i) Clause 24.7 - Proceedings of meeting

A meeting of our Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by our Directors generally. Subject to this Constitution, questions arising at any meeting of our Directors shall be decided by a majority of votes of our Directors present and each Director having 1 vote and determination by a majority of Directors shall for all purposes deemed as a decision from the Board.

(j) Clause 24.8 - Chairman's casting vote

In case of an equality of votes, the chairman shall have a second or casting vote except where at the meeting only 2 Directors form a quorum or at which only 2 Directors are competent to vote on the questions at issue, the chairman shall not have a second or casting vote.

(k) Clause 27.1 - Circular resolution

A circular resolution signed and/ or assented to by any means of Electronic Communication by a majority of our Directors entitled to receive notice or meeting of Directors, being not less than sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Resolution in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by him in our Company's minutes book. Any such resolution may consist of several documents in like form, each signed by 1 or more Directors or their alternates.

The expressions "in writing" and "signed" include approval by legible confirmed transmission by facsimile or other forms of Electronic Communications.

15.3.2 Changes to share capital

The provision in our Constitution dealing with share capital are as follows:

(a) Clause 7.1 - Types of shares

The share capital of our Company is its issued share capital which shall be in RM. The shares in the original or any increased capital or any alteration of capital may be divided into several classes and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions whether in regard to dividend, capital, voting or otherwise.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

(b) Clause 7.2 - Issue of shares

No Director shall participate in an issue of shares or options to employees of our Company unless the Members in meeting of Members have approved of the specific allotment to be made to such Director and provided always that he holds office in our Company in an executive capacity.

(c) Clause 7.10 - Issue of securities

Subject to all laws, bye-laws, regulation, rules, orders and/ or official directions for the time being in force affecting or concerning our Company and its subsidiaries, including but not limited to the Act, the SICDA, the Listing Requirements and the Depository Rules and every other law for the time being in force and any other directives or requirements imposed on our Company by the relevant regulatory bodies and/ or authorities ("**Applicable Laws**") and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, our Company must ensure that it shall not issue any shares or convertible Securities if the total number of those Shares or convertible Securities, when aggregated with the total number of any such Shares or convertible Securities issued during the preceding 12 months, exceeds 10% of the total number of the issued Shares of our Company or such other limit as prescribed by the Exchange from time to time, except where the Shares or convertible Securities are issued with the prior approval of the Members in meeting of Members of the precise terms and conditions of the issue. In working out the number of Shares or convertible securities that may be issued by our Company, if the security is a convertible security, each such security is counted as the maximum number of Shares into which it can be converted or exercised.

15.3.3 Transfer of securities

The provision in our Constitution dealing with transfer of securities of our Company are as follows:

(a) Clause 11.1 - Transfer in writing and to be left at the Office

For the purpose of registration of a transfer of Shares that are not security or securities standing to the credit of a securities account and includes securities in a securities account that is in suspense ("**Deposited Security**" or "**Deposited Securities**"), every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office together with such fee not exceeding RM3.00 or as our Directors may determine, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as our Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon our Company shall subject to the powers vested in our Directors by this Constitution register the transferee as the Member within thirty (30) days from receipt of such duly executed and stamped instrument of transfer.

(b) Clause 11.2 - Transfer of Securities

The transfer of any Deposited Security or class of Deposited Security shall be by way of book entry by Bursa Depository in accordance with the Depository Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, our Company shall be precluded from registering and effecting any transfer of Deposited Security.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

(c) Clause 11.3 - Execution

The instrument of transfer of a Share in our Company shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the SICDA and the Depository Rules, an instrument of transfer in respect of which the transferee is Bursa Depository shall be effective although not signed by or on behalf of Bursa Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the SICDA. Subject to the Applicable Laws, the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

(d) Clause 11.4 - Prohibited transfer

Subject to this Constitution, the Depository Rules and except as may be required by the Applicable Laws, there should be no restriction on the transfer of fully paid-up Securities in our Company. However, no Securities shall, in any circumstances, be transferred to any infant, bankrupt or person of unsound mind.

(e) Clause 11.5 - Directors may refuse registration of transfer

Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Depository Rules, our Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not our Company claims lien on the same.

(f) Clause 11.7 - Limitation of liability

Neither our Company nor our Directors nor any of its officers shall incur any liability for authorising or causing the registering or acting upon a transfer of securities apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to our Company or our Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, our Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as our Company is concerned, be deemed to have transferred his whole title thereto.

15.3.4 Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights

The provision in our Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend and liquidation are as follows:

(a) Clause 15.1 - Company may alter its capital in certain ways

Subject to the Applicable Laws, our Company may from time to time by ordinary resolution:

- (i) Consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (ii) Subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, 1 or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (iii) Cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (iv) Convert all or any of its issued shares into stock and reconvert that stock into paid up shares; and
- (v) Subject to the provisions of this Constitution and the Act, convert and/ or re-classify any class of shares into any other class of shares.

(b) Clause 15.2 - Power to reduce capital

The Company may by special resolution and confirmation by the Court, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

(c) Clause 15.3 - Purchase of own shares

Subject to the provisions of the Act and/ or the Applicable Laws, our Company may, with the sanction of an ordinary resolution of the Members in meeting of Members, purchase its own Shares and make payment in respect of the purchase and/ or give financial assistance to any person for the purpose of purchasing its own Shares on such date(s), terms and manner as may be determined from time to time by our Directors. Any Shares in our Company so purchased by our Company shall be dealt with in accordance with the Act and/ or the Applicable Laws. The provision of Clauses 15.1 and 15.2 hereof shall not affect the power of our Company to cancel any Shares or reduce its share capital pursuant to any exercise of our Company's power under this Clause.

(d) Clause 16.1 - Increase of share capital

The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as our Company by the resolution authorising such increase may direct.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

(e) Clause 16.2 - Preference shares

Subject to the Applicable Laws and this Constitution, any preference shares may with the sanction of an Ordinary Resolution of shareholders in meeting of Members, be issued on terms that they are redeemable and/ or convertible or at the option of our Company are liable to be redeemed and/ or converted into ordinary shares on such terms and in such manner as may be provided for by this Constitution from time to time.

(f) Clause 16.3 - Reservation of right to issue further

If our Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.

(g) Clause 16.4 - Rights of preference shareholders

- (i) A holder of preference shares must have a right to vote in each of the following circumstances:
 - (aa) When the dividend or part of the dividend on the share is in arrears for more than 6 months;
 - (bb) On a proposal to reduce our Company's share capital;
 - (cc) On a proposal for the disposal of the whole of our Company's property, business and undertaking;
 - (dd) On a proposal that affects the rights and privileges attached to the preference shares;
 - (ee) On a proposal to wind up our Company; and
 - (ff) During the winding up of our Company.
- (ii) A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited accounts and attending meetings.
- (iii) A holder of preference shares shall be entitled to a return of capital in preference to holder of ordinary shares in the event that our Company is wound up.
- (iv) The Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued subject to the observation of the provision in Clause 16.3 above.

(h) Clause 16.5 - Repayment of preference capital

The repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of 75% of the preference capital concerned within 2 months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

(i) Clause 16.6 - Offer of new shares to existing members

Subject to any direction to the contrary that may be given by our Company in meeting of Members, all new shares or other convertible securities shall, before issue, be offered to such persons who as at the date of the offer, are entitled to receive notices from our Company of meetings of Members, in proportion, as nearly as circumstances admit, to the amount of the existing Shares or securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or securities offered, our Directors may, subject to this Constitution, dispose of the Shares or Securities in such manner as they think most beneficial to our Company. The Directors may likewise so dispose of any new Shares or securities which (by reason of the ratio which the new Shares or Securities bear to Shares or securities held by persons entitled to an offer of new Shares or securities), cannot, in the opinion of our Directors, be conveniently, offered under this Constitution.

(j) Clause 17 – Variation on rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not our Company is being wound up, be varied or abrogated with the consent in writing of the holders of 75% of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be 2 persons at least holding or representing by proxy at least 1/3 of the issued shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

(k) Clause 19.6 – Voting by show of hands

On a resolution to be decided on show of hand, a Member who is personally present or by proxy or attorney or by a duly authorised representative and entitled to vote, or a holder of preference shares or proxy or attorney or by a duly authorised representative shall be entitled to 1 vote.

(l) Clause 19.8 – Voting by poll

(i) Subject to any express requirements under the Listing Requirements, any resolution set out in the notice of any meeting of Members, or in any notice of resolution which may properly be moved and is intended to be moved at any meeting of Members, shall be voted by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, but a poll demanded on the election of chairman or on a question of adjournment shall be taken immediately.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (ii) On a poll, votes may be given either personally or by proxy. A proxy shall be any person appointed by a Member and who shall not necessarily be a Member and such proxy shall be entitled to vote on a poll provided he is the only proxy appointed by the Member. Where a Member entitled to vote on a resolution has appointed more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise, the appointment shall not be valid.

15.4 GENERAL INFORMATION

- (a) Save for the Directors' remuneration and capitalisation/ repayment of advances as disclosed in Sections 5.2.4 and 10.1 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.
- (e) Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

15.5 CONSENTS

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Constitution;
- (b) Audited financial statements of our Company since incorporation up to 31 July 2024;
- (c) Audited financial statements of Savelite and Energy ES for FYE 2021 to 2024 (where applicable);
- (d) Accountants' Report as set out in Section 13;
- (e) Reporting Accountants' Report relating to our pro forma combined financial information as set out in Section 14;
- (f) IMR Report as set out in Section 8;
- (g) Material contracts as set out in Section 6.5;
- (h) Cause papers of material litigations as set out in Section 12.7.1; and
- (i) Letters of consent as set out in Section 15.5.

15.7 RESPONSIBILITY STATEMENTS

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

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 27 January 2025

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 5 February 2025

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS**16.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.2.2 Placement

Types of Application

Applications by selected investors

Application Method

The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Eligible Persons and selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Application.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (ii) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/ trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form; or
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.30 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 793"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

 Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite
 Avenue 3, Bangsar South
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

So as to arrive not later than 5.00 p.m. on 5 February 2025 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Malaysia Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) are accompanied by an improperly drawn up or improper form of remittance;
or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER/ UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at <https://tiih.online> within 1 market day after the balloting date.

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

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/ or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the clawback and reallocation as set out in Section 4.3.3, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

16.9 UNSUCCESSFUL/ PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/ partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/ registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or by issuance of banker's draft sent by ordinary/ registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) or Participating Securities Firms not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution or Participating Securities Firms will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution or Participating Securities Firms will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution, or Participating Securities Firms and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiuh.online>, **one Market Day** after the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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