

# SOLARVEST®

Turning Sunlight Into Investment

## A WORLD GENERATED BY RENEWABLE ENERGY

Annual Report **2021**





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# ABOUT US

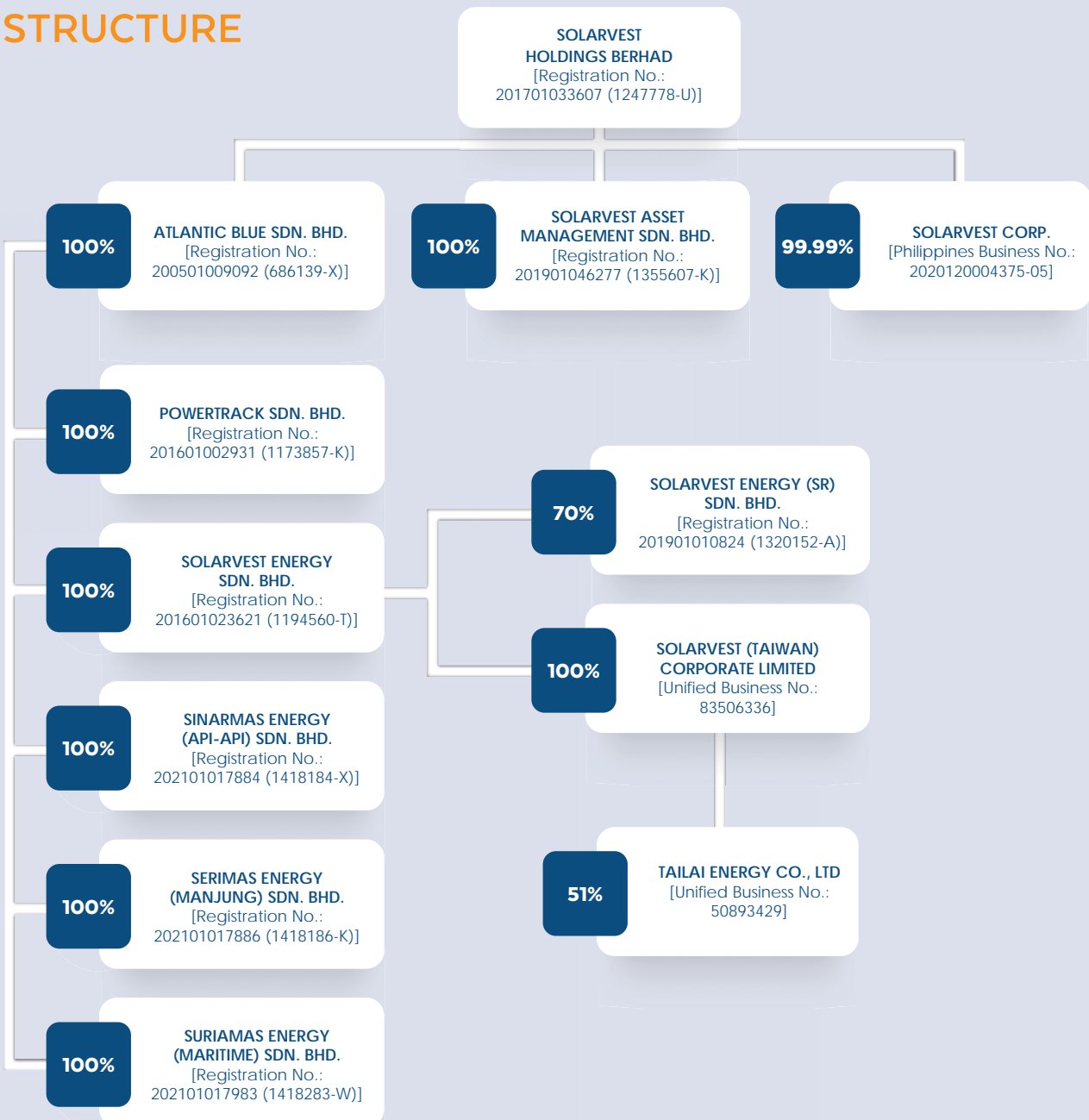
Founded in 2012, Solarvest started the journey with the vision to create a world by upholding the principle where clean energy is easily accessible to many. In Malaysia, we are the only pure solar photovoltaic ("PV") player and are the first batch of grid-tied solar power installation providers that has obtained the certification from SEDA (Sustainable Energy Development Authority), ISPO (Institute for Sustainable Power Quality) and GCPV (Grid-Connected Solar Photovoltaic) in Malaysia.

Since then, the Company has been advocating for solar energy adoption and has grown to a leading clean energy company. With an established track record of 400MWp, Solarvest is specialised in turnkey

engineering, procurement, construction and commissioning ("EPCC") solutions for projects involving Residential, Commercial and Industrial ("C&I") properties as well as large-scale solar PV ("LSSPV") plants. The Company also provide operations and maintenance ("O&M") services for solar PV systems. In addition, we have taken a further step to construct, own, maintain and operate solar projects where we currently own a 1MWp solar PV plant located at Pokok Sena, Kedah.

In November 2019, Solarvest was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Looking ahead, we continue to provide homes and businesses a solid financial return using solar energy in an effort to achieve our vision.

# GROUP STRUCTURE



## AWARDS AND RECOGNITION



2020 Graduates' Choice Award - Top 5 Most Attractive Graduate Employers in Greentech Category



2019 The Golden Globe Tigers – Solar Energy Leadership Award



2018 SME 100 Fast Moving Companies Award



2018 Top 100 Most Influential Sustainable Entrepreneur Award



2016 Star Outstanding Business Awards



2016 Golden Eagle Award – (Nan Yang) Excellent Eagle



2016 CMO ASIA - Asia Renewable Energy Excellence Award



2015 Sin Chew Business Excellence Award



2015 ASEAN Outstanding Business Award



2015 Golden Eagle Award - (Nan Yang) Emerging Eagle



### OUR VISION

A World Generated by Renewable Energy

### OUR MISSION

To provide our clients the highest quality and value-added turnkey solar energy solutions, and thereby bring superior financial return on their investment

## CORPORATE VALUES

### Adhere to the Principles

We practice world-class professionalism, excellence and innovation in all aspects of our conduct.

### Empower Individuals

We provide a family-like environment at the workplace and to constantly support and recognise the contribution of our employees.

### Customer-Focused

We deliver value investments and exceptional customer-centered services.

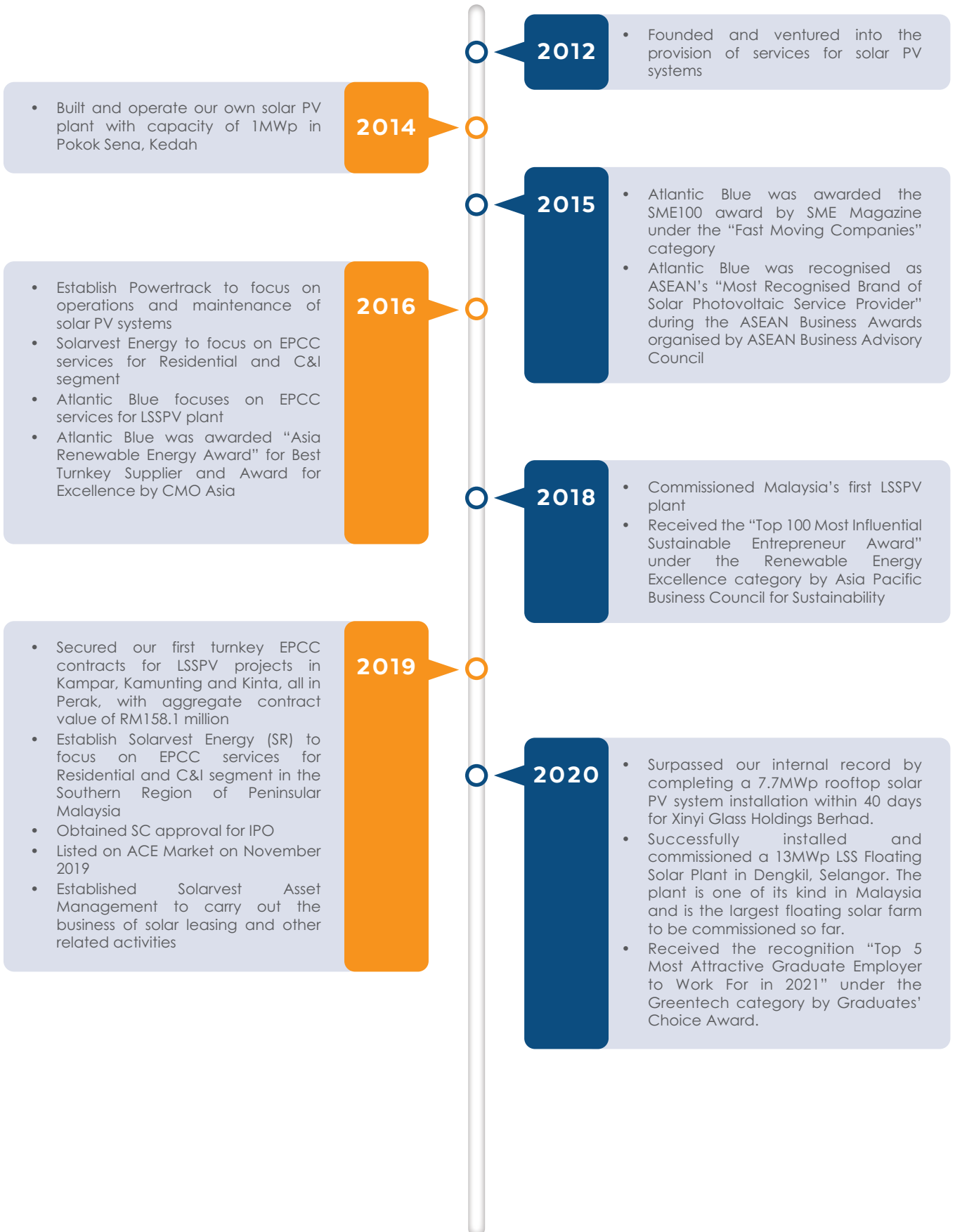
### Sustainable Community

We contribute positively in developing green and sustainable energy that will benefit the community and environment.

### Shareholder-Value Oriented

We establish a profitable renewable energy company with sound financial management.

# CORPORATE MILESTONES



### PROJECT DEVELOPMENT

- Detailed site survey for a customised design
- Project feasibility study to work out best solutions
- Preliminary engineering design for systems
- Quotation & proposal at competitive pricing
- Financing solutions to fund solar projects



### ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING

- Tailored engineering for custom design
- Licensing application
- Procurement of quality top-tier products
- Project management with efficient delivery
- Project construction with extensive on-site experience
- Testing & commissioning after detailed inspection



### OPERATIONS AND MAINTENANCE

- Monitor system performance consistently and respond immediately to system fault
- Detailed reporting and analysis on root cause or fault
- Administrative management on warranty and claims
- Quotation & proposal at competitive pricing
- Advanced tools and equipment for defect diagnosis and investigation
- Adequate inventory with spare parts and backup replacement
- Corrective maintenance system troubleshooting and devices calibration
- Preventive maintenance, annual system health inspection, panel cleaning and inverter servicing





# BUSINESS SEGMENT



## TURNKEY EPCC



SOLARVEST HOLDINGS BERHAD [Registration No. 201701033607 (124778-U)]

We provide EPCC services to three (3) main segments, namely solar PV systems for LSSPV, Residential and C&I properties.



## OPERATIONS & MAINTENANCE



We provide comprehensive services that includes solar performance monitoring, preventative maintenance, and corrective maintenance.



## ASSET MANAGEMENT



We own, operate, and maintain a 1MWp solar plant located in Pokok Sena, Kedah based on the Feed in Tariff ("FIT") mechanism. Under the scheme, the power generated from the solar plant will be sold to Tenaga Nasional Berhad ("TNB") for 21 years from Dec 2014.

Undertaking preliminary works for three (3) Large Scale Solar ("LSS") plants with cumulative capacity of 50MWp, slated to come on-stream by 2022 and 2023.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Che Halin Bin Mohd Hashim**  
*Independent Non-Executive  
Chairman*

**Lim Chin Siu**  
*Managing Director*

**Tan Chyi Boon**  
*Executive Director*

**Chiau Haw Choon**  
*Non-Independent Non-Executive  
Director*

**Fong Shin Ni**  
*Independent Non-Executive  
Director*

**Gan Teck Hooi**  
*Independent Non-Executive  
Director*

**Azian Binti Mohd Yusof**  
*Independent Non-Executive  
Director*  
*(Appointed w.e.f. 29/7/2021)*

## AUDIT COMMITTEE

**Chairman**  
Gan Teck Hooi  
*(Appointed w.e.f. 29/6/2020)*

**Members**  
Fong Shin Ni  
Azian Binti Mohd Yusof  
*(Appointed w.e.f. 29/7/2021)*  
Dato' Che Halin Bin Mohd Hashim  
*(Ceased w.e.f. 29/7/2021)*

## REMUNERATION COMMITTEE

**Chairman**  
Gan Teck Hooi  
*(Redesignated w.e.f. 21/5/2021)*  
Dato' Che Halin Bin Mohd Hashim  
*(Ceased w.e.f. 21/5/2021)*

**Members**  
Fong Shin Ni  
Chiau Haw Choon

## NOMINATING COMMITTEE

**Chairperson**  
Fong Shin Ni

**Members**  
Chiau Haw Choon  
Gan Teck Hooi  
*(Appointed w.e.f. 29/6/2020)*  
Dato' Che Halin Bin Mohd Hashim  
*(Ceased w.e.f. 21/5/2021)*

## RISK MANAGEMENT COMMITTEE

**Chairman**  
Gan Teck Hooi  
*(Appointed w.e.f. 29/6/2020)*

**Members**  
Fong Shin Ni  
Chong Chun Shiong

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
ACE Market, Industrial Product &  
Services

## STOCK NAME/CODE

SLVEST/0215

## REGISTERED OFFICE

No. 7-1, Jalan 109F, Plaza Danau 2  
Taman Danau Desa  
58100 Kuala Lumpur  
Tel: 03-7982 2010  
Fax: 03-7980 1242

## PRINCIPAL PLACE OF BUSINESS

L1-01, Pacific 63@PJ Centre  
No. 5, Jalan 13/6, Seksyen 13  
46200 Petaling Jaya  
Selangor  
Tel: 03-7625 3211  
Fax: 03-7625 3212  
Email address: invest@solarvest.my  
Website: <http://solarvest.my>

## PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
AmBank Islamic Berhad  
CIMB Islamic Bank Berhad  
Alliance Bank Malaysia Berhad  
HSBC Bank Malaysia Berhad  
United Overseas Bank (Malaysia)  
Bhd

## AUDITORS

Ecovis Malaysia PLT (AF 001825)  
No. 9-3, Jalan 109F  
Plaza Danau 2  
Taman Danau Desa  
58100 Kuala Lumpur  
Tel: 03-7981 1799

## SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3 Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel: 03-2783 9299  
Fax: 03-2783 9222

## SPONSOR

M&A Securities Sdn Bhd  
No. 45-11  
The Boulevard Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2284 2911

## COMPANY SECRETARIES

Teo Soon Mei (MAICSA 7018590)  
(SSM PC No. 2019000235)  
  
Ng Shu Fern (MAICSA 7062881)  
(SSM PC No. 201908001840)  
*(Appointed w.e.f. 5/8/2020)*



## DIRECTORS' PROFILE



### Dato' Che Halin Bin Mohd Hashim

Independent Non-Executive Chairman

Malaysian, aged 66, male

Dato' Che Halin Bin Mohd Hashim was appointed to our Board and the Chairman of the Board on 14 September 2018. He graduated with a Bachelor of Science in Mechanical Engineering from University of Leeds, United Kingdom in 1979. He subsequently obtained a master's degree in Business Administration from Ohio University, United States of America in 1996.

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

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

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

Dato' Che Halin is also an Independent Non-Executive Director of Signature International Berhad and has directorships in various other private businesses. He has no family relationship with any director and/or major shareholder of Solarvest Holdings Berhad ("Solarvest" or "the Company").

He has attended five (5) out of five (5) Board meetings for the financial year ended 31 March 2021 ("FYE 2021").

## DIRECTORS' PROFILE

(cont'd)



### Mr. Lim Chin Siu

Managing Director

Malaysian, aged 41, male

Mr. Lim Chin Siu has been our Director since incorporation of the Company, i.e. 20 September 2017. He is the co-founder of our Group and has been jointly spearheading the business growth since we commenced business in 2012. He is primarily responsible for our Group's overall business strategy and corporate direction. He is in charge of execution and implementation of our Group's business plans. He also oversees the LSSPV projects of our Group, especially on the technical aspects of the projects.

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

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

Mr. Lim Chin Siu does not hold directorships in any other public company, and he does not have any family relationship with any director and/or major shareholder of the Company.

He has attended five (5) out of five (5) Board meetings for the FYE 2021.

## DIRECTORS' PROFILE

(cont'd)



### Mr. Tan Chyi Boon

Executive Director

Malaysian, aged 41, male

Mr. Tan Chyi Boon has been our Director since the date of incorporation of the Company, i.e. 20 September 2017. He is also the co-founder of our Group and has been jointly spearheading the business growth since commencement in 2012. He is responsible for the business development of our Group including administration matters.

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

Mr. Tan Chyi Boon does not hold directorships in any other public company, and he does not have any family relationship with any other director and/or major shareholder of the Company.

He has attended five (5) out of five (5) Board meetings for the FYE 2021.



## DIRECTORS' PROFILE

(cont'd)



### Mr. Chiau Haw Choon

Non-Independent Non-Executive Director

Malaysian, aged 37, male

Mr. Chiau Haw Choon is our Non-Independent Non-Executive Director and corporate representative of Chin Hin Group Berhad ("Chin Hin"). He was appointed to our Board on 14 September 2018 and is a member of our Remuneration Committee and Nominating Committee.

He graduated from Deakin University, Australia with a bachelor's degree in Finance and Marketing in 2009. Upon his graduation, he joined his family business, Chin Hin as the Group Managing Director. In 2017, he has also earned the Malaysian Entrepreneur of the year 2017 award from Ernst & Young.

He is the Non-Independent Non-Executive Director of Chin Hin Group Property Berhad since 2017 and was re-designated to Executive Director in 2018. He also serves as Director for a number of subsidiaries of Chin Hin and Chin Hin Group Property Berhad and has directorships in various other private businesses. On 8 March 2021, he was appointed as the Executive Director of Signature International Berhad.

He is the son of Datuk Seri Chiau Beng Teik, JP and Datin Seri Wong Mee Leng, both of which are the major shareholders of the Company.

He has attended five (5) out of five (5) Board meetings for the FYE 2021.

## DIRECTORS' PROFILE

(cont'd)



### Ms. Fong Shin Ni

Independent Non-Executive Director

Malaysian, aged 47, female

Ms. Fong Shin Ni was appointed to our Board on 14 September 2018 and is the Chairperson of our Nominating Committee. She is also a member of our Audit Committee, Remuneration Committee and Risk Management Committee.

She holds a master's degree in Business Administration from Cardiff University as well as a bachelor's degree in Law from University of Sheffield. She has a Barrister-At-Law from Lincoln's Inn and was called to the Malaysian Bar in 1999.

Ms. Fong Shin Ni joined Messrs. Chew Kar Meng, Zahardin & Partners, a firm established since 1981, as a partner in 2006 where she specialises in corporate and commercial banking, and real property related transaction. She began her career in Messrs. Zul Rafique & Partners handling corporate matters, specialising in the field of capital markets, mergers and acquisitions and the provision of corporate advisory services.

She does not hold directorships in any other public company, and she does not have any family relationship with any director and/or major shareholder of the Company.

She has attended five (5) out of five (5) Board meetings for the FYE 2021.

## DIRECTORS' PROFILE

(cont'd)



### Mr. Gan Teck Hooi

Independent Non-Executive Director

Malaysian, aged 47, male

Mr. Gan Teck Hooi was appointed to our Board on 24 February 2020. He has a Fellow membership in The Association of Chartered Certified Accountants ("FCCA") and is a member of the Malaysian Institute of Accountants ("MIA"). He is the Chairman of our Risk Management Committee, Audit Committee and Remuneration Committee. He is also a member of the Nominating Committee.

Mr. Gan Teck Hooi began his career as an audit associate and served in Yeo, Lim & Co and Hew & Tan for approximately four (4) years before joining the commercial industry. He joined Rohas-Euco Industries Bhd as Assistant Finance Manager in 2002 and was promoted to Finance Manager in 2004. He then joined TSH Resources Bhd as Finance Manager in 2006. In 2007, he joined Hexagon Holdings Bhd as Senior Finance Manager and was promoted to Financial Controller in 2009.

In 2010, he joined the Poney Group of Companies ("PONEY") as Group Chief Operating Officer, where he was responsible for overseeing the overall business operation of the group as well as the establishment of international retail presence. He left PONEY in year 2014 and founded ICFO Solutions Sdn. Bhd., a business consulting firm that provides consultation to small and medium-sized enterprises ("SME") to improve productivity and profitability. He is currently the President of the International Council for SME and Entrepreneurship-Malaysia (ICSMEEM Malaysia).

He does not hold directorships in any other public company, and he does not have any family relationship with any director and/or major shareholder of the Company.

He has attended five (5) out of five (5) Board meetings for the FYE 2021.



## DIRECTORS' PROFILE

(cont'd)



### Ms. Azian Binti Mohd Yusof

Independent Non-Executive Director

Malaysian, aged 63, female

Ms. Azian Binti Mohd Yusof was appointed to our Board and as a member of the Audit Committee on 29 July 2021. She holds a Bachelor Degree of Economics from the University of Malaya, Kuala Lumpur.

She served the Malaysian Investment Development Authority ("MIDA"), a government agency under the Ministry of International Trade and Industry ("MITI"), from June 1982 until July 2018. Since then, she has over 30 years of experience in promoting the growth of investments in Malaysia during her tenure with MIDA.

She was the Director of Communications and Media Division from 2007 to 2010 and was responsible for the branding and strategising MIDA's position globally through collaborations with Forbes, Nikkei and other notable media companies. From 2010 to 2013, she became the Director of Business Services Division and was involved in the development and promotion of the Services Sector Capacity Development Fund, a fund allocated by the government which aimed to grow the Internet of Things ("IoT") capabilities for businesses in the Services Sector. She was also involved in promoting the Green Technology Fund created by the government under the Malaysian Green Technology Corporation.

She then held the position of Director of Resource based industries covering food, wood based including furniture, paper packaging and oil palm industries between January 2013 to November 2014. Thereafter, she served as Executive Director until August 2017 covering the industries in Oil & Gas, Maritime, Green Technology, Healthcare, Hospital and Education Services. She had led and guided the team in developing and creating new policies to further grow investments into several sectors. She also served as chairperson for various committees including Committees on Import Duty Exemption on raw materials, Expatriates Posts and Task Force under the Industry 4.0.

From September 2017 and until her retirement in July 2018, she was promoted as the Deputy Chief Executive Officer in charge of Strategic Planning and Coordination where her job scope covered reviewing policies on various initiatives for further enhancement of identified sub-sectors to leap frog the growth of industries.

Ms. Azian is also the Independent Non-Executive Director of Bonia Corporation Berhad. She does not have any family relationship with any director and/or major shareholder of the Company.

She did not attend any Board meeting for the FYE 2021 as she was newly appointed to the Board on 29 July 2021.

#### Notes: -

1. None of the Directors has conflict of interest with the Company.
2. None of the Directors:
  - (a) has been convicted of any offence within the past five (5) years other than traffic offences, if any.
  - (b) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2021.

## KEY SENIOR MANAGEMENT PROFILE

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

He graduated from Universiti Teknologi Malaysia in 2003 with a bachelor's degree in Engineering majoring in Electrical and Mechatronics. In 2012, he obtained a master's degree in Business Administration from University of Ballarat, Australia.

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

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

He left Avago Technologies (M) Sdn Bhd in 2013 and joined Dell Global Business Centre Sdn Bhd as a Product Marketing Manager. His responsibilities include developing the company's third-party software solutions division, concentrating on selected markets in Asia Pacific such as the Southeast Asia region, China, Australia and New Zealand. He left in 2014 and joined Atlantic Blue Sdn Bhd as a Marketing Director where he developed and implemented various EPCC strategic marketing plans. He was subsequently promoted to his current position on 1 April 2017.

Mr. Chong Chun Shiong does not hold directorships in any other public company. As at 30 July 2021, he has direct interest of 2,595,000 ordinary shares and 1,573,750 Warrants A 2021/2026 in the Company. He has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not convicted any offences within the past five (5) years other than traffic offences, if any and he was not publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2021.



### Mr. Chong Chun Shiong

Group Chief Executive Officer

Malaysian, aged 41, male

# CHAIRMAN'S STATEMENT

## Dear Valued Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Financial Statements of Solarvest and its subsidiaries ("Solarvest Group" or "the Group") for the FYE 2021.

### THE YEAR IN REVIEW

The past year has been a litmus test for Solarvest in terms of our underlying quality as a corporation. We are pleased to report that the Group has weathered through the challenges of the pandemic admirably during this unprecedented period. We displayed qualities of resilience, adaptability, and well-preparedness amidst a rather chaotic time where various forms of Movement Control Orders ("MCO") and fast-changing Standard Operating Procedures ("SOPs") were imposed.

For FYE 2021, the Group recorded total revenue of RM224.3 million, a slight decrease from the RM253.4 million recorded in financial year ended 31 March 2020 ("FYE 2020") due to lower contributions from the LSSPV segment as projects reached their tail ends. However, our top-line remained stable thanks to the incredible growth in the Residential as well as C&I segments.

Despite the reduced revenue, I'm delighted to share that we have recorded an all-time high net profit of RM16.1 million in FYE 2021. To achieve a record-breaking net profit was no easy feat, particularly during this pandemic-laden year where we halted our operations for almost two (2) months during the MCO 1.0 which spanned from 18 March 2020 to 3 May 2020. Therefore, it was truly a pleasure to have witnessed the management team in action this past year. Not only did they navigate through the global crisis with the utmost professionalism but they went above and beyond in terms of the financial results delivered.

Further details on our financial and operational performance are outlined in the Management Discussion and Analysis Statement in the Annual Report.



# CHAIRMAN'S STATEMENT

(cont'd)

## GREEN ENERGY ADOPTION

The pandemic has been an impediment to many aspects of businesses and daily lives. Environmental recovery will continue to be of paramount importance in the coming decades amidst the severity of global warming and climate change we are experiencing.

In Malaysia, the Government has reiterated and upped its commitment towards green energy adoption with a target of having at least 31% renewable energy in its generation mix by 2025 and 40% by 2035. In order to achieve the 40% target, the renewable energy installed capacity is projected to reach 18,000MW, doubling the capacity from the 7,995MW it currently has.

As the nation is endowed with an abundance of sunlight, solar PV energy will continue to form a bulk of the new capacity. This bodes well for the industry and Solarvest going forward.

Green incentives offered by the Government will continue to play a key supporting role in encouraging renewable energy adoption. The extension of the Green Investment Tax Allowances ("GITA") and Green Income Tax Exemption ("GITE") to 2023 and the Green Technology Financing Scheme ("GTFS") 3.0 until 2022 are poised to attract more parties to switch over.

In March 2021, we emerged as one of the successful bidders in the fourth phase of the LSS programme ("LSS4"). Solarvest secured a cumulative of 50MW of solar-powered electricity in the LSS programme by Malaysian Electricity Industry to Attract RE Investment ("LSS@MEntARI"). This was a major breakthrough for us as we aim to expand our footprint as an asset owner to improve earnings quality.

With the combined efforts of leaders from the public and private sectors around the world, our hope for the mass adoption of green energy is within reach. Solarvest will continue to play its role to the best of its ability in building a cleaner and brighter world for the generations to come.

## OUTLOOK

Moving ahead, we are still expecting the economic situation to be challenging in FYE 2022 but at a much manageable level now that countries, businesses and individuals are more equipped with knowledge on curbing the Covid-19 pandemic. With the vaccination rollout being expedited in Malaysia, we are hopeful to achieve herd immunity in the near future. Thus, we are anticipating the economy to enter a recovery phase soon. The International Monetary Fund ("IMF") has projected the global economy to grow by 5.5% this year. Meanwhile, the Socio-Economic Research Centre ("SERC") has forecasted Malaysia's gross domestic product ("GDP") to grow by 4% in 2021.

Looking at the sector, we are optimistic about the prospects of the local solar PV industry, which will also augur well for Solarvest. Shortlisted bidders for the LSS@MEntARI programme will be finalising and awarding their respective EPCC contracts by the end of 2021. Furthermore, with an accentuated emphasis on Environmental, Social, and Governance ("ESG") practices in the corporate world in recent times, we are expecting a higher influx of new projects coming in from the C&I segment.

Solarvest is also expecting to accelerate its efforts in overseas ventures as SOPs around the globe loosens in tandem with the projected recovery. Taiwan is set to be the next key market for Solarvest as we aim to leverage on the country's robust growth plan to install 20GW of solar PV by 2025. Having acquired a 51%-stake in Tailai Energy Co Ltd, we are expecting to begin operations in the region in 2021.

# CHAIRMAN'S STATEMENT

(cont'd)

## CORPORATE GOVERNANCE

At Solarvest, we are committed to continuously underline the high standards of corporate governance and ethical behaviour in pursuit of sustainable value creation for all of our stakeholders.

As a public listed entity, we are resolute in ensuring that our business conduct constantly adheres to the Malaysian Code on Corporate Governance ("MCCG"). At the same time, we strive towards integrity, transparency, and accountability by enforcing the policies and procedures at Solarvest as embedded in the Group's Code of Ethics and Conduct.

In addition, our Group is committed to driving the execution of the Group's integrity, governance, and anti-corruption initiatives by aligning with the Malaysian government's directive of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 for adequate procedures.

To this end, we have elaborated the undertakings by the Group in the Corporate Governance Overview Statement on pages 50 to 67 of this Annual Report 2021.

## SUSTAINABILITY MATTERS

Being in the business that champions renewable energy, we strive to set the best example when it comes to matters pertaining to sustainability.

Building a sustainable business is our foremost priority and this encompasses ESG concerns. Thus, we are committed to following the best sustainability practices, striving to achieve our strategic goals with minimal environmental footprint.

At the same time, we place great importance on creating a conducive work environment that is in line with the health, safety and environmental standards.

During the year, the Group has expanded the business both domestically and internationally by taking the advantage of Governments' renewable energy development as well as technological innovation. All our initiatives are outlined in the Sustainability Statement set out from pages 31 to 49.

## APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our management and staff of Solarvest for their hard work and dedication, especially in a year as challenging as 2020. The results they have delivered have been truly remarkable and worthy of a second mention.

I would also like to record my appreciation to all other stakeholders including our valued shareholders, customers, business partners, bankers, lawyers, investment bankers and suppliers for the trust they have put in us and look forward to their continued support in the future.

Last but not least, I would like to thank my fellow Board members for their professionalism and for being such a joy to work with. Your insightful counsel and service to the Board have been invaluable and I look forward to serving with you.

**Dato' Che Halin Bin Mohd Hashim**  
*Chairman*

# MANAGEMENT DISCUSSION & ANALYSIS

## A PURE-PLAY SOLAR PV SPECIALIST

Solarvest is essentially a renewable energy company that specialises in the solar PV sector. Our goal is to ultimately change the way people consume energy, shifting from the traditional power sources to a greener and more environmentally friendly source.

Our journey started back in 2012 in Alor Setar, Kedah, one year after the launch of FiT mechanism in Malaysia.

We were among the first batch of grid-tied solar PV power installation providers that obtained the certification from SEDA (Sustainable Energy Development Authority), ISPO (Institute for Sustainable Power Quality) and GCPV (Grid-Connected Solar Photovoltaic).

Solarvest was also the first few pure-play solar PV companies to be listed on the local bourse on 26 November 2019.

## OUR SERVICES

The Group was initially involved in providing solar PV installation for residential projects as a subcontractor. Since then, we have grown from strength to strength into a leading turnkey solar PV EPCC provider.

Our services range from initial consultancy to site surveys, applications to authorities, construction all the way to commissioning, as well as O&M of our clients' solar PV systems.

We are well versed in constructing various types of solar PV systems such as rooftop, large scale ground-mounted, as well as floating solar PV systems.

Solarvest is ISO 9001:2015 certified where our Quality Management System is aligned to a robust and globally recognised approach that focuses on continuously improving processes and managing risks to meet the needs and expectations of stakeholders.

At Solarvest, we strive to be the one-stop solutions partner for solar PV investors. We have been playing an active role as a systems integrator, bridging the gap between investors and authorities, in the local solar PV ecosystem. Additional assistance provided to investors include quota application, as well as testing and commissioning of solar PV systems.

In recent years, we have seen increasing interest and participation in the solar energy industry as public awareness over environmental issues has grown significantly in Malaysia. More organisations are facing international obligations to be environmentally conscious; hence, the adoption of solar energy is an affordable way for them to achieve their climate goals. This uptake has translated to rising demand for our services.

Over the years, we have handed over installed solar PV capacities totalling 360MWp as at 31 March 2021 from across the LSSPV segment, Residential, C&I properties in Malaysia.

## SOLAR PV ASSET MANAGEMENT

Solarvest owns, develop, and operate solar PV assets in Malaysia. Presently, we have a 1MWp solar PV plant located at Pokok Sena, Kedah. It was completed in 2014 and we have signed a Renewable Energy Power Purchase Agreements ("REPPA") with TNB under the FiT mechanism.

The Group is in midst of undertaking preliminary works for three (3) ground mounted LSS plants with cumulative capacity of 50MWp slated to come onstream by 2023.

## WORKFORCE

Solarvest has one of the biggest solar engineering teams in Malaysia. We have a workforce of 168 employees across our offices in Petaling Jaya (headquarters), Pulau Pinang, Johor Bahru and our overseas offices in Taiwan and Philippines.



# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## GREEN SHOOTS IN SOLAR

FYE 2021 has been an eventful year where global economies were faced with significant distress and disruption brought upon by the Covid-19 pandemic. The pandemic also put a spotlight on sustainability agendas and further accelerated global climate action such as the Paris Climate Agreement and RE 100 movement. ESG policies, requirements and best practices became more prevalent and sustainable investing took center stage in the global investment theme. In response to the rising ESG focus, global corporate leaders are setting up green mandates and allocating sizeable capital into renewable energy infrastructure projects to reduce its carbon footprints.

The transition is evidenced in Malaysia with industry leaders joining the net-zero movement and shifting investments to green energy projects such as solar. National renewable energy programmes such like LSS@MEnTARI and Net-Energy-Metering 3.0 ("NEM 3.0") recorded a surge in applications and welcomed participations from non-renewable energy companies. The positive development has fuelled growth in the local solar PV industry and attracted more foreign investors to the domestic market. The continued expansion of investment shows the resilience of the renewable energy sector despite the economic disruption caused by the outbreak.

Solarvest being one of the leading solar PV specialists is at the forefront of the growth trajectory. The Group has aggressively expanded its market share across the booming C&I as well as LSSPV segments. The pandemic has inevitably impacted the Group's site operations however it did not stop the Group from achieving business growth and record-breaking financial performance.

The Group's business resilience and robust growth did not go unnoticed amongst the investment community. Solarvest was recognised as one of the RHB Top 20 Malaysia Small Cap Companies Jewels in 2020 as well as invited to speak in numerous renewable energy themed investment events. Solarvest's market capitalisation has also grown and hit a new record as it surpassed the RM 1 billion benchmark in FYE 2021, an increase of about 10-folds from its debut market capitalisation in November 2019. This signifies the strong shareholders confidence towards the Group's growth prospects.

## CORPORATE DEVELOPMENT

During the fiscal year, the Group executed several corporate proposals that are intended to enhance our financial footing. Solarvest announced a private placement exercise of up to 78,124,731 new ordinary shares, representing up to 20% of the existing issued and paid-up share capital of Solarvest. Out of which, 32,000,000 placement shares were listed on Bursa Securities on 30 November 2020 at RM1.21 per share. During the financial year, the first tranche of placement shares has raised approximately RM38.7 million and will be mainly allocated for investment in solar PV projects and working capital. The Group has since received approval for extension to complete the implementation of the remaining private placement shares.

The details of the utilisation of proceeds are disclosed below:

Utilisation of Proceeds from Private Placement				
Details	Proposed Utilisation (RM mil)		Actual Utilisation (RM mil) as of 31 Mar 2021	Estimated Timeframe For Utilisation
Investment in solar photovoltaic projects	30.5	78.8%	-	Within 30 months
Working capital	8.0	20.7%	6.9	Within 24 months
Estimated expenses for the Private Placement	0.2	0.5%	0.2	Within 1 month
<b>Total</b>	<b>38.7</b>	<b>100.0%</b>	<b>7.1</b>	

# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## CORPORATE DEVELOPMENT (CONT'D)

The Group also established an employees' share option scheme as part of its employee retention efforts. Through the exercise, Solarvest will issue up to 15% of the total number of issued shares of the Company for eligible directors and employees of the Group.

Another notable development was the submission of application to transfer to the Main Market of Bursa Securities on 1 September 2020. The Group is currently in progress of fulfilling the application requirements and we hope to complete the transfer soon. The migration to the Main Market will enhance the Group's reputation and outreach to the investment community.

## OPERATIONAL REVIEW



### BATTLING THE UNPRECEDENTED COVID-19

During the fiscal year, our key priorities were to ensure business sustainability and to create a safe working environment for our employees.

Following the first MCO in March 2020, additional safety and health SOPs were implemented across our operating locations such as social distancing policies, regular cleansing, distribution of sanitisers and masks, temperature screening, restricting visitors to any of our offices, as well as suspending unnecessary travels. Regular publication of safety and health newsletters were issued to keep the team abreast on the latest updates

and best practices amid the pandemic. Our non-site operations were transitioned to work from home arrangement with flexible work policies. As for the on-site operations, all site activities were temporary halted for two (2) months from 18 March 2020 till early May 2020 in accordance with the MCO in Malaysia. Weekly Antigen Rapid Test Kit (RTK) tests were conducted for employees that requires to be present in the office.

Amid all the changes and shift in our daily routines, Solarvest recognised the impact of this unprecedented situation towards the wellbeing of our Solarvees. We took proactive measures to keep our team engaged and motivated via a series of initiatives such as organising virtual townhall sessions, providing 'Carepack' which consist of face masks and sanitisers to employees, organised virtual lucky draw event, sent treats such as ice cream as well as provided festival goodies and vouchers to our Solarvees.

Overall, the impacts from the pandemic were manageable. Although revenue recognition was impacted due to the delays in delivery timeline, the Group did not face any project cancellations and continued to be supported by a sound balance sheet and healthy operating cash flow.

## UNLOCKING GREEN ENERGY

The demand for solar remains on an upward trajectory and the Group has made great strides in terms of project delivery and orderbook growth in FYE 2021. We have successfully installed about 360MWp of solar PV systems across Malaysia and enabled approximately 460.8GWh green electricity generation to the grid per annum, potentially neutralising 319,795 tonnes of carbon emissions.

Our aggressive expansion in the C&I market has come to fruition and enabled Solarvest to garner a sizeable market share and established the brand as the market leader in this segment. The C&I segment accounted for more than 97% of the total new orders secured of RM209.5 million in FYE 2021. Solarvest continued to be entrusted by industry leaders as the reliable solar PV partner for high-profile projects such as the largest rooftop solar power deal inked in Malaysia by Tesco Malaysia and NE Suria Sdn. Bhd, a joint venture company between PETRONAS Power and NEFIN Energy.

FYE 2021 Installed capacity  
360MWp



Green energy generation  
460.8GWh

# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)



## UNLOCKING GREEN ENERGY (CONT'D)

The year also saw Solarvest achieve a significant breakthrough and set new benchmark for the local LSSPV segment with the successful installation of the largest floating solar plant in Malaysia. The 13MWp large-scale floating solar plant was built on an ex-mining lake for WD Solar Sdn Bhd located in Dengkil, Selangor. About 38,790 pieces of solar panels were installed on a panel of floaters that extends approximately 53 hectares of lake surface, equivalent to 30 football fields. The floating solar plant will generate about 16,640MWh of solar power that could potentially power up over 5,800 houses and offset about 11,548 tonnes of carbon footprint annually.

Meanwhile, Solarvest's venture to the asset management business made a major leap forward following the successful enlistment as one of the shortlisted bidders in the LSS@MEtARI programme. Under the application, Solarvest will be providing a cumulative capacity of 50MW of solar-powered electricity to TNB via its three (3) proposed LSS farms. Among the three (3) shortlisted bids, the largest solar farm has a capacity of 25MW which will be based in Manjung, Perak. This is followed by a 13MW solar farm to be constructed in Kuala Selangor and another 12MW solar farm in Manjung, Perak. The pre-development works for the three (3) ground-mounted solar farms has commenced and the commissioning is expected to be completed by either end of 2022 or early 2023. Solarvest expects positive earnings contribution from the three (3) solar farms during the entire tenure of the 21-year power purchase agreement up till year 2043.



## MAINTAINING LEADERSHIP THROUGH QUALITY ADVANTAGES

Staying true to our commitment in delivering excellence, the Group has inked two (2) Memorandums of Understanding ("MOU") with top tier global inverter suppliers, Huawei Technologies (Malaysia) Sdn. Bhd. ("Huawei") and Sungrow Power Supply Co. Ltd. ("Sungrow") respectively, to further boost our quality of services. For a start, the Group has committed to deploy a cumulative capacity of approximately 200MW of solar inverters to its existing and future solar projects. The new capacity will enhance Solarvest's speed to market and its market proposition.

Enabling the accessibility to financial services is another key area of focus for the Group as we strive to provide a one-stop solar PV solutions to clients. Solarvest has partnered with reputable financial institutions such as United Overseas Bank, Hong Leong Bank, and many more to provide customised financial solutions for existing and potential clients who are interested to invest in solar PV projects.



# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## SOLARVEST GOING DIGITAL



At the onset of the pandemic, the Group has accelerated our digital adoption and driven the workforce to operate virtually and supported remote workforces at a faster speed and greater scale than ever before. We have deployed a multi-pronged digital transformation across our operations and commercial functions.

Internally, the Group has incorporated digital solutions to digitise our information database and operational processes onto a single platform. The streamlining exercise has allowed the Group to plug and play the data needed for internal analysis and forecasts, which ultimately provides better visibility for our project management function.

The digitalisation initiatives were also extended to our business development functions. In FYE 2021, we expanded our virtual salesforce via social media channels and website to generate leads, complete sales consultations, and transactions in a virtual setting. To increase sales touch points, we listed our solar PV solutions on an online solar energy platform to reach out to more potential customers. These resulted in a surge in online sales leads by 27%. The virtual sales model has proven to be an important pillar for the Group's market expansion strategy and further future proofing the business.



Operationally, Solarvest is moving towards digitalisation of its solar PV solutions through Artificial Intelligence of Things ("AloT"). The Group partnered with Envision Digital International Pte Ltd ("Envision Digital"), a global green tech and AloT technology leader, to bring best-in-class technologies for renewable energy management to Malaysia.

The Group leverages on Envision Digital's suites of AloT and O&M offerings solutions, powered by the EnOS operating system, to enhance its EPCC and O&M offerings. By taking advantage of big data integration, the Group is able to conduct digital simulation before setting up an actual solar farm which eliminates expensive setup errors. With machine learning, advanced analytics and remote operational monitoring capabilities powered by EnOS, the Group can make more informed and strategic decisions throughout its EPCC and O&M processes. This includes visualising power generation conditions, proactively detecting and diagnosing emerging system underperformance and receiving automated recommendations that could potentially increase solar power generation by up to 15%, thereby maximising a solar plant's return on investment. It will be a game-changer in terms of energy management, which bodes well for Solarvest's asset management and O&M business segments. The need for solar digitalisation is increasing especially now that solar projects have scaled larger in size.

The strategic move is in line with Solarvest's intention to remain at the forefront of the solar sector's digital transformation movement.

# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## OVERSEAS EXPANSION

Amid a tough operating environment in FYE 2021, we remained steadfast in our overseas expansion in the Philippines and Taiwan albeit at a slower pace. Local teams were setup in the respective overseas offices to drive the market penetration initiatives.

### PHILIPPINES

Over in the Philippines, we successfully clinched two (2) pilot EPCC rooftop projects from Vivant Energy Corporation in April 2020. Vivant Energy corporation is part of Vivant Corporation, an energy company listed on the Philippine Stock Exchange and the parent company to Philippines' second largest power distribution utility company. This marks our first expansion beyond Malaysia, and we are thrilled to have received the opportunities and confidence from an established industry player such as Vivant Corporation.

The first project is for the development of solar PV systems at ten (10) designated buildings, with cumulative capacity of 816.2kWp, located at the University San Agustin, Iloilo City, Philippines. Meanwhile, under the second solar PV project, Solarvest will undertake the development of the 377.52kWp solar PV systems for Bulihan Industrial Park located at Bulacan, Philippines. We intend to make further inroads into Philippines and are actively in talks with local partners to bid for more projects there. As of now, our tenderbook has enlarged to approximately 185MWp worth of projects across the utility and rooftop solar market in the Philippines. In addition to that, the Group is eyeing to participate in the Wholesale Electricity Spot Market (WESM), the venue for trading electricity as a commodity, in the Philippines.

### TAIWAN

Taiwan is set to be the second largest market for Solarvest after Malaysia. We have set up a wholly owned subsidiary, Solarvest (Taiwan) Corporate Limited ("Solarvest Taiwan") and acquired a 51% stake in a Taiwan-based solar EPCC, Tailai Energy Co Ltd, to pave way for our expansion plans. We will be expanding our geographical presence in Taiwan by teaming up with our local partner.

The growth potential in Taiwan is robust considering its encouraging renewable energy roadmap that allocated a massive quota of 20GW for solar PV projects along with an attractive FiT mechanism. Our aim is to develop a portfolio of 1GW of solar assets in Taiwan in the next five (5) years. The developments would either be co-owned or owned by other party. Typically, projects in Taiwan provide higher profitability which will augur well for us. The initial groundworks have been encouraging and our team is currently bidding for two (2) LSSPV projects, a floating solar farm, and a ground-mounted solar farm there.

We believe our diverse track record across Residential, C&I as well as LSSPV projects will be our competitive edge against the local solar PV players in Taiwan.

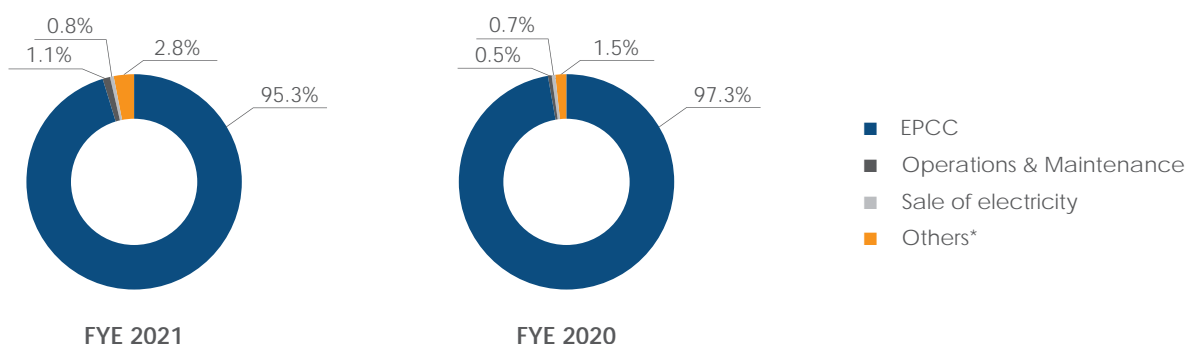
# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## REVIEW OF FINANCIAL PERFORMANCE

Financial Year Ended 31 March			
RM million	FYE 2021	FYE 2020	Changes
Revenue	224.3	253.4	-11%
Gross Profit	41.1	39.2	+5%
Profit Before Taxation	22.7	16.5	+38%
Gross Profit Margin	18.3%	15.5%	+2.8 ppts
Profit Before Tax Margin	10.1%	6.5%	+3.6 ppts

During the year under review, Solarvest's revenue was inevitably impacted by the Covid-19 pandemic and the various versions of the MCO imposed by the Malaysian Government. In FYE 2021, revenue stood at RM224.3 million, a slight decrease from RM253.4 million in the preceding year ("FYE 2020") mainly due to lower contribution from the LSSPV segment of EPCC as well as slower revenue recognition after two-month of operations halt from March to May 2020.



FYE 31 March (RM mil)	Audited	Audited
Revenue by business segments	FYE 2021	FYE 2020
EPCC	213.9	246.5
Operations & Maintenance	2.4	1.2
Sale of electricity	1.7	1.8
Others*	6.3	3.9
	<b>224.3</b>	<b>253.4</b>

\* Project management of electrical and fire protection works for our related party and third party.

The EPCC business segment continued to be the anchor revenue contributor to the Group at RM213.9 million or 95.3% of total revenue in FYE 2021. Majority of the revenue was derived from the Residential and C&I segment at a record-breaking RM204.3 million in FYE 2021, representing a growth of 118% year-on-year ("YoY") as compared to RM93.7 million in FYE 2020. Revenue contribution from LSSPV segment was lower at RM9.7 million or 4.3% of total revenue in FYE 2021 against 60.3% in FYE 2020 due to completion of previous projects.

Meanwhile, revenue from the O&M segment increased by 100% to RM2.4 million in FYE 2021 from RM1.2 million, on the back of in tandem with the cumulative number of completed EPCC projects.



# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

Revenue from the sale of electricity through our 1MWp-solar plant in Pokok Sena remained relatively consistent at approximately RM1.7 million to RM1.8 million in both FYE 2020 and FYE 2021 due to relatively consistent power generation in both financial years.

Meanwhile, the remainder revenue of RM6.3 million was generated from a design, supply, installation, commissioning and maintenance of electrical and telephone services work for a third party.

Despite the lower revenue, gross profit increased to RM41.1 million from RM39.2 million, resulting in a higher gross profit margin of 18.3%. The better gross profit margin was driven by the favourable LSSPV projects that focused on assisting client in submission of tender proposal which the Group did not incur heavy labour and materials costs.

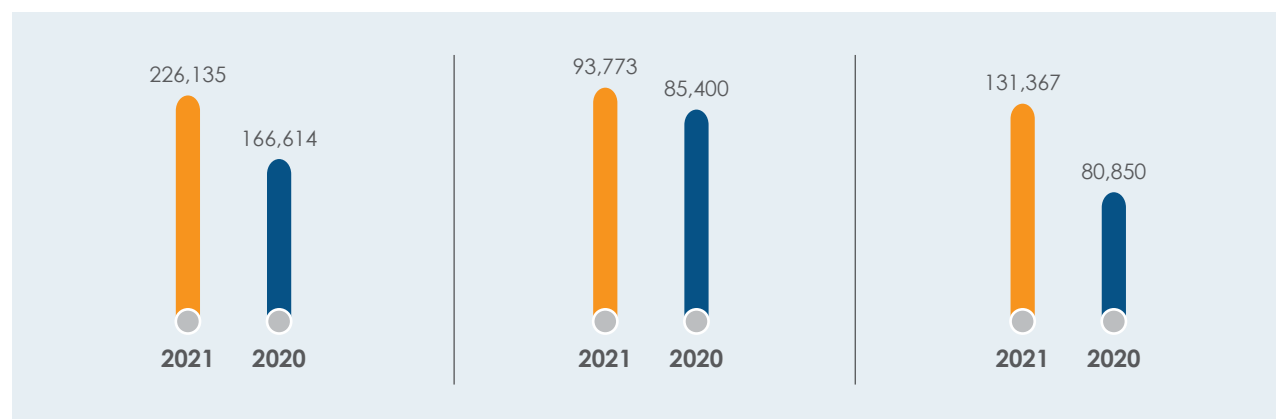
In FYE 2021, the Group continued to increase its workforce to support its expansion activities which contributed to higher administrative expenses of RM19.2 million, an increase of 13.6% YoY from RM16.9 million. The sales and distribution expenses decreased to RM1.0 million in FYE 2021 as compared to RM1.8 million in FYE 2020 mainly due to lesser commissions and marketing expenses incurred.

Subsequently, the Group's profit before taxation jumped 37.6% YoY to an all-time high of RM22.7 million in FYE 2021 as compared to RM16.5 million in FYE 2020. However, due to the expiry of tax exemption granted by MIDA on few subsidiary companies, the Group recorded higher tax expenses of RM6.3 million against RM0.5 million in the previous year. Profit attributable to the owners of the Company ("net profit") stood at RM16.1 million, a marginal increase of 2.5% YoY from RM15.7 million. Earnings per share was at 2.68 sen in FYE 2021.

## Total Assets (RM'000)

## Total Liabilities (RM'000)

## Total Shareholder's Equity (RM'000)



**NET CASH POSITION**  
RM78.2 MILLION

**NET ASSETS PER SHARE**  
RM0.21

**GROSS CASH**  
RM92.2 MILLION

**GEARING RATIO**  
0.15x

# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## Liquidity and Capital Resources

Solarvest's overall financial position remained robust backed by a net cash after borrowings of RM78.2 million as at 31 March 2021. The Group's net assets were at RM132.4 million with net assets per share of RM0.21.

Total assets increased to RM226.1 million from RM166.6 million as at 31 March 2020, resulting from an increase in non-current assets by RM5.9 million and current assets by RM53.6 million.

The increase in non-current assets was mainly due to the new leased office buildings at Petaling Jaya, Selangor and Bukit Mertajam, Penang and resulting to the increase of right-of-use assets which included in property, plant and equipment. Meanwhile, the growth in current assets is mainly attributable to the cash proceeds raised from the private placement exercise and conversion of warrants, resulting in an increase in gross cash in hand to RM92.2 million. Contract assets also grew to RM41.5 million due to higher unbilled revenue during the year.

As a result of bulk purchases of solar panels in February and March 2021, trade payables were higher at RM50.2 million. Total borrowings were pared down to RM14.0 million as at 31 March 2021 as compared to RM15.3 million a year ago. The gearing ratio of Solarvest remained relatively low at 0.15 times.

Solarvest generated a positive net operating cash flow of RM5.1 million during the financial year. Our healthy cash flow has enabled us to withstand the taxing challenges we faced in FYE 2021.

## REWARDING OUR SHAREHOLDERS

Solarvest remained committed in delivering value to our shareholders. The Board has decided to embark on a bonus issue of warrants and shares during the year to reward our shareholders for their support and confidence in Solarvest.

The Group completed a bonus issue of 105,655,906 warrants on the basis of 1 warrant for every 4 existing ordinary shares in Solarvest on 8 March 2021. The exercise price of the warrants was fixed at RM1.50. The warrants, which were issued at no cost to our shareholders, also provided them the option to further increase their equity participation in the Group by exercising the warrants over the 5-year tenure of the warrants. The exercise would potentially provide additional funds to the Group for working capital needs as and when the warrants are exercised without the need of incurring interest costs as in the case of bank borrowings.

Following that, the Group executed a bonus issue of new Solarvest shares on the basis of 1 bonus share for every 2 existing Solarvest shares held. The bonus issue of shares was completed on 24 March 2021 following the listing of and quotation of 211,317,673 bonus shares on the ACE Market of Bursa Securities.

# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## RISK FACTORS

While Solarvest continues to chart our growth journey, we are aware of the inherent risks that may have material impact on our operations, performance, financial condition, and liquidity. We have put in place mitigation initiatives to address and/or reduce these risks to ensure our business sustainability.

### **We are dependent on government policies, incentives, and supportive regulatory framework**

Due to our business nature, we are subjected to various laws, regulations and policies set by the government authorities relating to renewable energy. While the Malaysian Government has set policies and support mechanisms for the renewable energy, such policies and support may be modified or changed in the future.

We may be affected by any adverse changes in the government policies and support mechanisms relating to the solar PV industry. As mitigation efforts, the Group constantly engages with the respective local authorities and relevant business associations to keep abreast on the latest development as well as closely monitor any prospective regulations as well as changes in policies.

### **Our business depends on our client's ability to obtain approval from authorities and financing for their solar PV investments**

As an EPCC contractor for solar PV systems, our business is very much dependent on our client's ability to obtain approval from authorities such as Energy Commission ("EC"), SEDA and Distribution Licensees for their solar PV projects. Our clients will also need financing for their solar PV projects and their ability to obtain financing will affect the implementation of the project.

In order to reduce the risks, we actively work closely with our clients by providing consultation on the technical details to ensure smoother application for their projects. In addition to that, we partnered with several financial institutions to allow our clients a more seamless financing application process.

### **Competitive industry environment**

The market for solar electric power technologies is competitive and continually evolving. In the last year, we faced increased competition, resulting in price reductions in the market which may continue and could lead to loss of market share.

We face competition from local and international competitors which may be capable of offering similar services. They may compete with us in terms of pricing, solutions offered and service quality. Inevitably, we are exposed to profitability pressures, should our competitors engage with aggressive pricing in order for them to increase their market share.

To stay ahead of the competition, we remained steadfast on advancing our technical capabilities, improving our operating efficiencies, as well as ensuring high levels of customer service, work quality and project delivery. Furthermore, we believe our strong track record across multiple segments will enhance our competitive edge.

### **We are subject to potential defects liability claims and performance ratio guarantee**

A defects liability period is imposed on us for the contracts that we secured. The defects liability period commences from the date of testing and commissioning and generally covers a period of two (2) years, depending on the contract terms, which is in line with the industry average. While we may attempt to recover any defects liability claim, such as product warranty claims from the equipment manufacturers, we may from time to time, be required to compensate our clients prior to receiving the said claim.

We also provide performance ratio guarantee of one (1) to three (3) years on our solar PV system. While we strive to ensure that our solar PV system performs at its optimum level, there is no assurance that our solar PV system will consistently meet the performance ratio guarantee.



# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## BRIGHT PROSPECTS AHEAD

The business operating landscape is expected to remain challenging in the immediate term with the onset of Covid-19 and increase in raw material costs, especially solar panels. We anticipate the short-term headwinds to improve with the global rollout of Covid-19 vaccine immunisation programme and prices of solar panels to ease and normalise by 2022. Looking beyond that, Solarvest growth prospects remain promising supported by the sustained demand for green energy in Malaysia and other Southeast Asia countries. The primary focus for the Group is to continue expanding our market share in the local solar PV sector across the Residential, C&I and LSSPV segments. The driving force will be the national programmes such as the LSS and NEM scheme as well as private power purchase deals.

We expect growth from C&I segment to accelerate on a stronger pace on the back of increasing participation among multinational companies as sustainability is prioritised as an important pillar for business growth. The strong take up is evidenced in the rise of quota applications for the Net Offset Virtual Aggregation ("NOVA") programme under the NEM 3.0 scheme. The total allocated 300MW quota has been fully subscribed and this translates to more EPCC project opportunities for Solarvest.

As for the LSSPV segment, our team is currently busy preparing the preliminary works for our own assets and construction activities which are slated to start by 2022. Meanwhile, we are busy assisting pre-development works for other shortlisted projects, and we expect to onboard more LSSPV projects in the second half of 2021 as shortlisted bidders are in the advanced stages of awarding the EPCC contracts out. In total, Solarvest has a tender pipeline of RM600 million to RM700 million worth of projects under the LSS@MEnTARI programme.



The surge in demand from all segments has bolstered the Group's total unbilled orderbook to new heights at RM334.3 million as at July 2021, before the revenue recognition of the first quarter of FYE 2022. In the first seven (7) months of 2021 alone, we have successfully clinched approximately RM176.9 million worth of new EPCC projects which will be progressively recognised in FYE 2022 and financial year ending 2023 ("FYE 2023"). Most of the new additions are mainly from the Residential and C&I projects, which amount to RM202.4 million, LSSPV projects amount to RM131.7 million and the remainder of RM0.2 million was from the Others segment. Some of our notable projects were awarded by reputable clients such as Malakoff Corporation Berhad and M K Land Holdings Berhad. The order flow momentum is expected to continue considering the Group's active tender activities in the region right now. To date, Solarvest's tenderbook has grown to approximately 1,000MWp worth of projects across Malaysia, Taiwan and Philippines.

The Group also intends to increase its exposure in the large-scale floating solar PV market. Floating solar PV will be the future third pillar of the global solar PV market, and Asia is projected to account for about two-thirds (2/3) of the global demand. The rising demand is also expected in Southeast Asia and Taiwan. For the immediate term, we will tap into the vast opportunities in Malaysia where there are plenty of surface water underutilised, translating into opportunities to harvest solar energy efficiently.

In addition to the EPCC business, the Group is exploring opportunities to grow its asset management portfolio to include solar farms and rooftop solar PV plants via power purchase agreement. Solarvest's expansion to solar development is in line with the Group's transformation to be a full-fledged clean energy player that delivers sustainable earnings performance.

Beyond Malaysia, we are joining hands with our respective local partners in Taiwan and Philippines to bid for large-scale solar projects in Taiwan and Philippines. Our market penetration plans for the overseas market are intensely focused on building strong foundations in the local markets to ensure sustainable growth. To expand the Group's overseas market, we are conducting preliminary studies to venture into high growth Southeast Asia countries such as Vietnam, who is leading the growth in terms of solar PV capacity additions in the ASEAN region.

# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

The future of energy is green, and it is here to stay in the long run. Even during the pandemic crisis, renewable energy was the only energy source that recorded an increase in global demand in 2020. This represents the resilience of the clean energy sector. The outlook remains bright, and the solar PV business will continue to play a vital role in driving the nation's renewable energy goal. It is exciting times ahead for us as Solarvest is set to grow in several verticals, in terms of business segments and geographical footprints. Barring any unforeseen circumstances, we are confident that we will achieve yet another breakthrough year in FYE 2022.

**LIM CHIN SIU**

Managing Director

**EDMUND TAN**

Executive Director

**DAVIS CHONG**

Group Chief Executive Officer

# SUSTAINABILITY STATEMENT 2021



## SOLAR ENERGY, OUR SUSTAINABILITY

The Board is pleased to present the second (2nd) Sustainability Statement (“Statement”) for the FYE 2021.

We are cognisant that sustainability is a long journey and over the past two (2) years, we have been taking steps to progressively improve our sustainability performance.

In this Statement about our sustainability values in action, we present our footsteps in striving simultaneously to achieve business profitability and contribute to the local community while managing our environmental footprints effectively.

## SCOPE OF THIS STATEMENT

This Statement covers the sustainability efforts and performances of Solarvest Group operations in Malaysia, unless otherwise specified.

Sustainability information disclosed in this Statement are for activities carried out between 1 April 2020 to 31 March 2021, unless otherwise specified.

## BASIS OF THIS STATEMENT

This Statement was prepared based on all available internal information with reference to Bursa Securities’ ACE Market Listing Requirements (“AMLR”) relating to Sustainability Statements and its Sustainability Reporting Guide 2nd Edition.

## ASSESSMENT OF MATERIAL MATTERS

An annual material matters assessment was conducted to identify the material matters relevant to the Group and our stakeholders. Please refer to our Material Matters Matrix within this Statement for further details.

## FEEDBACK

We welcome our stakeholders’ feedback and concerns in our efforts to improve the sustainability measures and reporting standards. You may direct your feedbacks, enquiries or details to [ir@solarvest.my](mailto:ir@solarvest.my).

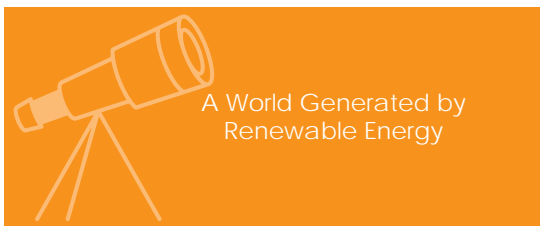
# SUSTAINABILITY STATEMENT 2021

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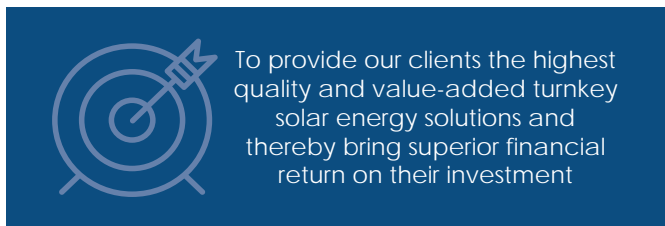
## OUR COMMITMENT TO SUSTAINABILITY

With the increasing focus on renewable energy across the globe, Solarvest recognises its opportunity and responsibility to contribute towards a more sustainable world. We are cognisant that sustainability targets cannot be achieved without genuine commitment by the Group and engagement in our sustainability strategies and practices. As such, we are committed to promote and execute sustainability measures from top management to bottom working level employees. Over the years, our passion and commitment to sustainability are embodied in the Group's vision and mission and deep-rooted in our corporate culture.

### OUR VISION



### OUR MISSION

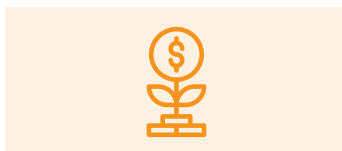


## Our Sustainability Strategy

The 2030 Agenda for Sustainable Development with 17 Sustainable Development Goals ("SDGs"), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and planet. Here in Solarvest, we have adopted eight (8) goals that are most relevant to our business operations for the formulation of our sustainability strategies.



With the SDGs above in mind, we have formulated various sustainability strategies categorised by three (3) sustainability pillars as follow: -



### ECONOMIC

To grow and expand the Group's business sustainably

To deliver quality products and services

To deliver sustainable returns to shareholders



### ENVIRONMENTAL

To promote the usage of solar PV for a greener future

To protect and preserve the environment



### SOCIAL

To ensure a healthy and well-balanced workplace for our employees

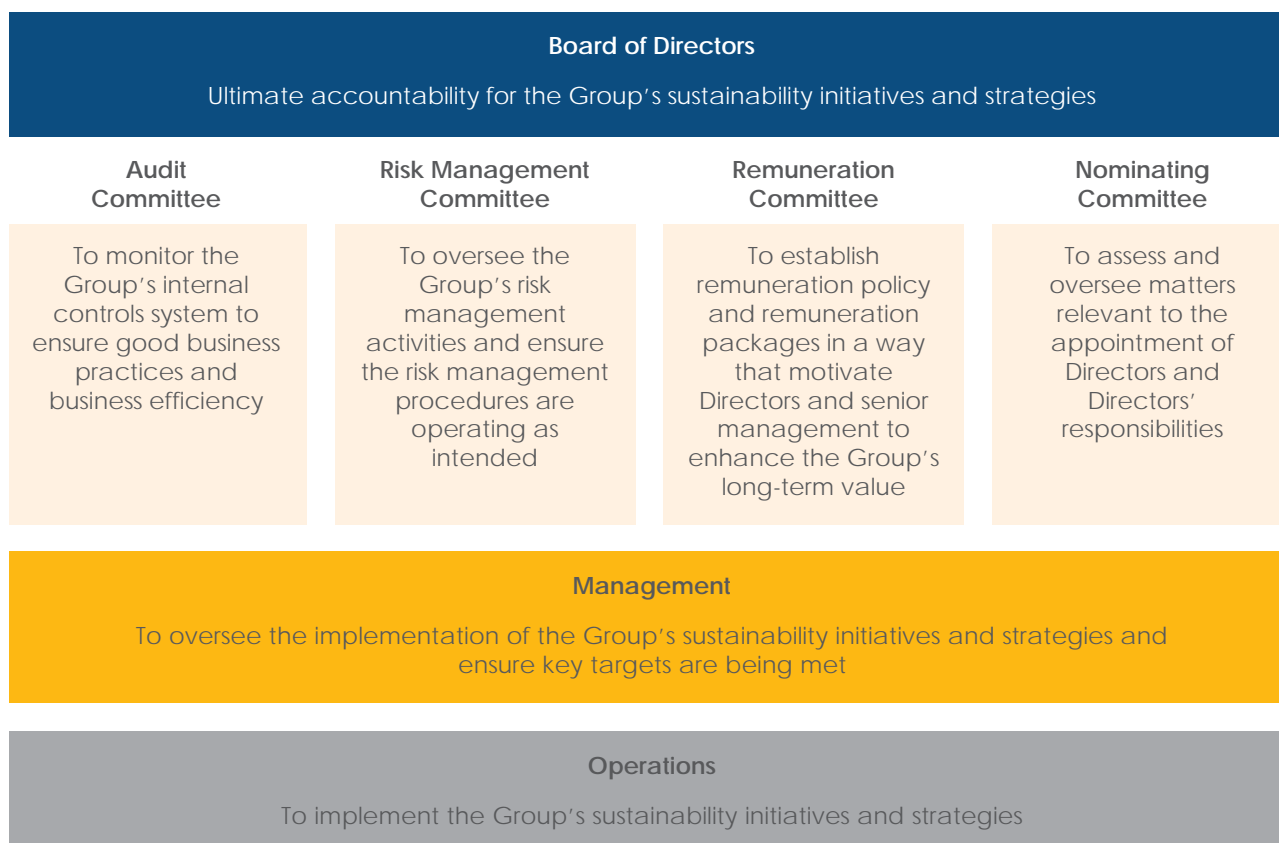
To contribute to the wellbeing of the community



# SUSTAINABILITY STATEMENT 2021

(cont'd)

## Our Sustainability Governance



The Board has the overall responsibility to lead and oversee the Group's sustainability initiatives and strategies while providing guidance to the Management of the Group ("Management") in relation to the sustainability matters. The Board is supported by four (4) Board Committees where the Audit Committee and Risk Management Committee are responsible to review the adequacy and effectiveness of the Group's internal controls and risk management while the Group's performance is tracked with the assistance of Nominating and Remuneration Committee.

Solarvest Group recognises that good corporate governance is underpinned by ethical and transparent business conducts across the Group's business operations. In this regard, the Group has established the Code of Conduct and Ethics ("Code") and Anti-Bribery and Corruption Policy ("ABC Policy") to promote ethical behaviour and business dealings. Whistleblowing Policy has also been established to provide an avenue for various stakeholders to report any misconduct that contradict to the Code, ABC Policy and/or any other non-compliance to all applicable laws and regulations. The Code, ABC Policy and Whistleblowing Policy are made available on our website at <https://solarvest.my/>.

We are pleased to highlight that no employees had been disciplined or dismissed, nor any public cases been brought against Solarvest Group and its employees due to non-compliance to the laws and regulations. In this regard, there was no relevant fines, penalties or settlements imposed or made during the FYE 2021.

# SUSTAINABILITY STATEMENT 2021

(cont'd)

## STAKEHOLDERS ENGAGEMENT

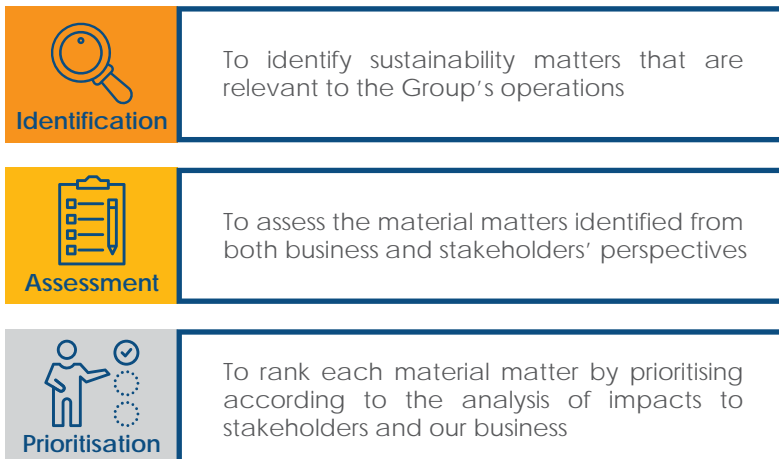
Sustainable business operations mean striking the right balance in the expectations and needs of a wide range of stakeholders as positive development geared towards sustainability in the interests of all stakeholders is highly impossible. By engaging with our central stakeholder groups, we are able to gain better understanding of their needs and expectations for establishing a fair balance amongst them.

STAKEHOLDERS	AREAS OF INTEREST/MATERIAL MATTERS	ENGAGEMENT APPROACHES
 <b>Board of Directors</b>	<ul style="list-style-type: none"> <li>✓ Business development and expansion</li> <li>✓ Financial performance and operational improvements</li> <li>✓ Risk management and internal controls</li> <li>✓ Interest of various stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>➤ Board meetings</li> <li>➤ General meetings</li> <li>➤ Company events</li> </ul>
 <b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>✓ Investment risk and returns</li> <li>✓ Financial performance and operational improvements</li> <li>✓ Share price performance</li> <li>✓ Corporate governance and business management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Quarterly financial results</li> <li>➤ Annual report</li> <li>➤ General meetings</li> <li>➤ Bursa announcements</li> <li>➤ Press releases</li> <li>➤ Company website and social media platforms</li> <li>➤ Investor briefing sessions</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>✓ Career growth and opportunities</li> <li>✓ Human resources development</li> <li>✓ Occupational health and safety</li> <li>✓ Competitive compensation and benefits</li> </ul>	<ul style="list-style-type: none"> <li>➤ Training and development programme</li> <li>➤ Performance evaluation and appraisal</li> <li>➤ Engagement with Management</li> <li>➤ Company social events</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>✓ Products and services quality assurance</li> <li>✓ Customer satisfaction</li> <li>✓ Technological and operational innovation</li> <li>✓ Competitive pricing and on-time delivery</li> </ul>	<ul style="list-style-type: none"> <li>➤ Advertisement</li> <li>➤ Face-to-face interaction</li> <li>➤ Customer feedback survey</li> <li>➤ Company website and social media platforms</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>✓ Sustainable business relationship</li> <li>✓ Supplier selection and credit terms</li> <li>✓ Fair and transparent procurement process</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annual supplier evaluation</li> <li>➤ Email communication</li> <li>➤ Face-to-face interaction</li> </ul>
 <b>Government</b>	<ul style="list-style-type: none"> <li>✓ Laws and regulations compliance</li> <li>✓ Licenses and permits</li> <li>✓ Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>➤ Compliance audit</li> <li>➤ Licenses and permits renewal</li> <li>➤ Meeting/visit</li> <li>➤ Bursa announcements and press release</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>✓ Job creation and local economic support</li> <li>✓ Community wellbeing</li> <li>✓ Environmental impact from business operations</li> </ul>	<ul style="list-style-type: none"> <li>➤ Company website and social media platforms</li> <li>➤ Corporate social responsibility programmes</li> </ul>
 <b>Analyst/Media</b>	<ul style="list-style-type: none"> <li>✓ Financial and operational performance</li> <li>✓ Share price performance</li> <li>✓ Business development and expansion</li> <li>✓ Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>➤ Quarterly financial results</li> <li>➤ Annual report</li> <li>➤ Meetings and interviews</li> <li>➤ Company announcements and press release</li> <li>➤ General meetings</li> </ul>

## MATERIAL MATTERS ASSESSMENT

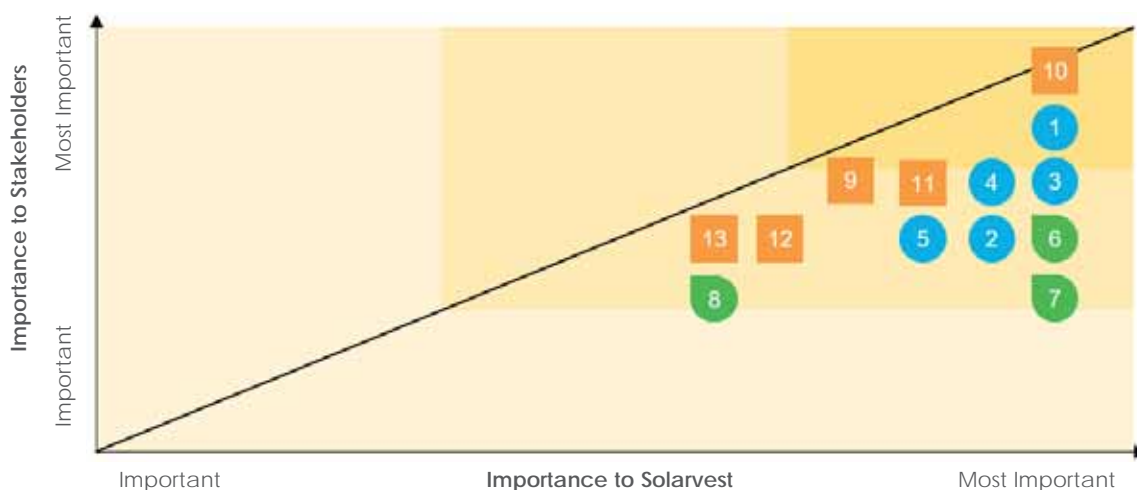
We have conducted our first material matters assessment in FYE 2020 using a rating approach to identify and prioritise the material sustainability matters which are significant to the Group's operations and the interest of various stakeholders.

In FYE 2021, we have undertaken a similar approach: Identification, Assessment and Prioritisation to re-assess the material matters identified in FYE 2020 and establish any new material matter(s).



For FYE 2021, we maintained substantially the same material matters identified in FYE 2020 as they remain relevant to our business operations and stakeholders. However, with the Covid-19 outbreak in Malaysia since March 2020, it has certainly affected our view to re-prioritise the materiality level of the respective material matters identified to better reflect the ongoing economic and social uncertainty faced. Materiality matters such as occupational health and safety management was identified as the alarming issue which concerns our stakeholders and the Group.

Based on our assessment, we have identified and ranked thirteen (13) key areas, which matter the most to the Group and various stakeholders, scaling from "Important" to "Most Important" in the following Material Matters Matrix: -



Economic	Environment	Social
<ul style="list-style-type: none"> <li>① Business Growth and Expansion</li> <li>② Technological Innovation and Development</li> <li>③ Ensuring Products and Services Quality</li> <li>④ Customer Satisfaction</li> <li>⑤ Supplier Management</li> </ul>	<ul style="list-style-type: none"> <li>⑥ Environmental Compliance</li> <li>⑦ Our Business Impact to The Environment</li> <li>⑧ Internal Sustainability Efforts</li> </ul>	<ul style="list-style-type: none"> <li>⑨ Diversity and Equal Opportunity</li> <li>⑩ Occupational Health and Safety Management</li> <li>⑪ Human Capital Development</li> <li>⑫ Employee Engagement</li> <li>⑬ Corporate Social Responsibility Programmes</li> </ul>

# SUSTAINABILITY STATEMENT 2021

(cont'd)

## ECONOMIC

### BUSINESS GROWTH AND EXPANSION

Malaysian Government is committed to support the growth of solar PV industry, where renewable energy is targeted to contribute 31% to the national capacity mix by year 2025. Solarvest is capitalising on this growth opportunity and will play our role responsibly in contributing to achieving this national target of Malaysia and the SDGs of ensuring access to affordable, reliable and sustainable energy for all.

Target: -  
To grow and expand our  
businesses continuously.



In line with the SDGs of promoting sustained, inclusive and sustainable economic growth, we have set our target to grow and expand our businesses continuously in order to achieve a sustainable economic growth.

During FYE 2021, our key business growth and expansion initiatives are as follows: -

#### (i) Additional Assets Ownership for Recurring Income

Solarvest, via its wholly-owned subsidiary, Atlantic Blue Sdn Bhd ("Atlantic Blue"), has achieved a new milestone to embark into asset ownership in the LSS4. This programme is offered by the Ministry of Energy and Natural Resources ("KeTSA") via the EC by LSS@MENtARI on 31 May 2020. Under LSS@MENtARI, 1,000MWp of solar quota is offered through bidding process where Atlantic Blue has successfully tendered and shortlisted for a cumulative capacity of 50MWp via three (3) solar plants, namely a 25MWp solar farm to be constructed in Manjung, Perak, a 12MWp solar farm in the same district and a 13MWp solar farm in Kuala Selangor. The LSS4 programme is expected to contribute recurring income for the Group for the entire tenure of 21-year power purchase agreement while obtaining cost advantage for being the asset owner and EPCC service provider at the same time.

#### (ii) New Rooftop Solar Initiatives

In an effort to promote renewable energy in Malaysia, the Government had on 29 December 2020 introduced the NEM 3.0 to provide greater opportunities for electricity consumers to install solar PV systems on rooftops of premises to save electricity cost while conserving the environment concurrently.

Under the NEM programme, energy generated from the solar PV system will be firstly consumed, any excess of energy will then be exported to TNB at prevailing displaced cost. The roll out of NEM 3.0 has introduced approximately 500MW new quotas for the periods from 2021 to 2023, targeting homeowners, government ministries and entities as well as commercial and industrial users. Solarvest is actively capitalising on this opportunity to promote NEM 3.0 to prospective clients from both Residential and C&I segments.



#### (iii) Expansion of Services Range

Solarvest Asset Management Sdn Bhd ("Solarvest Asset Management"), a wholly-owned subsidiary of Solarvest had on 12 August 2020 obtained a Moneylender License issued by the Ministry of Housing and Local Government under the Moneylenders Act 1951 and the Moneylenders (Control and Licensing) Regulations 2003. With the license, Solarvest Asset Management can commence the new business of money lending for solar leasing and other related activities.



## ECONOMIC (CONT'D)

### BUSINESS GROWTH AND EXPANSION (CONT'D)

#### (iv) Collaboration with Hong Leong Bank Berhad (“HLB”)

HLB has introduced a “HLB SME Solar Financing”, a green energy financing facility for SMEs to install small-scale solar PV system. This financing aims to support the SMEs to improve their operating cost efficiency by leveraging on renewable energy technology.



Solarvest had on 22 February 2021 entered into a MOU with HLB for the purpose of promoting solar PV system installation with the “HLB SME Solar Financing” programme. We believe this collaboration shall further stimulate the interest of prospective clients as financing is an important consideration for solar PV system installation.

#### (v) Overseas Business Expansion

Apart from domestic market, Solarvest is expanding the business abroad. Solarvest (Taiwan) Corporate Limited, a wholly-owned subsidiary of Solarvest, had on 6 November 2020 acquired 51% equity interest in Tailai Energy Co., Ltd (“Tailai”), a Taiwan-based solar energy investor and service provider. This acquisition allows Solarvest to venture into the solar industry in Taiwan.

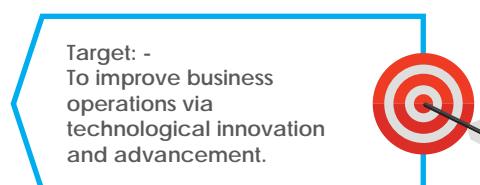
The Group is of the view that solar industry in Taiwan has great potential as Taiwan Government had in year 2016 approved a plan to gradually achieve the target of producing 20% renewable energy by year 2025 and generate a total of 20GW of solar power. Taiwan is currently generating about 4GW to 5GW of solar power only. Tailai has received consent letters from the Ministry of Finance, Department of State Property (Southern Office) of Taiwan to submit application for development of two (2) pieces of land into large scale solar farm with approximately 40MWp solar energy generation capacity (“Taiwan Project”). Taiwan Project is estimated to generate an annual energy output of approximately 52,700MWh upon completion of the project, which could potentially reduce the carbon dioxide emission by approximately 52,700 tonnes per year.

On the other hand, the Group has secured two (2) new contracts from Vivant Energy Corporation for EPCC works in Philippines. This marks the Group’s first venture into the Philippines market. On 17 December 2020, Solarvest had incorporated a subsidiary, Solarvest Corp. in Philippines to further expand our business within the solar industry of Philippines.

### TECHNOLOGICAL INNOVATION AND DEVELOPMENT

Technological innovation and development play a pivotal role in enhancing and transforming the renewal energy industries. Solarvest, being a key competitive EPCC player in the solar industry, always keep abreast of the latest technology relevant to solar industry.

In FYE 2021, we have inked a partnership with Envision Digital, a global green tech and AIoT technology leader to enhance the renewable energy productivity. Under this partnership, Solarvest will be the exclusive distributor and delivery partner for Envision Digital’s cloud-based advanced analytics applications for Malaysia’s solar industry.



# SUSTAINABILITY STATEMENT 2021

(cont'd)

## ECONOMIC (CONT'D)

### TECHNOLOGICAL INNOVATION AND DEVELOPMENT (CONT'D)

With such digital transformation, we are able to make more informed and strategic decisions throughout the EPCC and O&M processes by visualising power generation conditions, proactively detecting and diagnosing emerging system that is underperformance or component health issues from raw data and receiving automated recommendations for pre-emptive or corrective action. Furthermore, the integration of "edge-to-cloud" AIoT applications will improve Solarvest's operational efficiencies by rapidly analysing large volumes of data across various solar assets on a network. This automated process will eliminate potential human errors, reduce the amount of time and labour required, leading to improved efficiency and cost savings.

#### Research & Development ("R&D") Effort

In FYE 2020, Solarvest has collaborated with three (3) local universities, namely Universiti Tunku Abdul Rahman ("UTAR"), Universiti Teknologi MARA ("UiTM") and University of Malaya ("UM") for a R&D project to research on practical improvement on the design of solar system in Malaysia. The R&D was completed in FYE 2021 where Solarvest is able to determine the optimal air gap between PV modules and the roof by balancing both theoretical and practical aspects and come to a conclusion that the current solar PV system design and installation is at the optimum level, considering both theoretical and practical aspects.

### ENSURING PRODUCTS AND SERVICES QUALITY

Products and services quality is always our top priority and hence we have set our target to ensure and improve products and services quality continuously. We apply stringent requirements and standards across our Group's business operations at all times in order to deliver high quality of products and services to our customers consistently.

**Target: -**  
To ensure and improve products and services quality continuously.



Our Quality Management System is accredited with the ISO 9001:2015 certification since year 2017, under the scope of "Solar Energy Engineering Service Provider Including Design, Procurement, Construction and Maintenance Services".

As a form of confidence towards the quality of our EPCC services, warranty for defects liability is given to all our EPCC clients for Residential, C&I and LSSPV projects. We generally provide our clients with defects liability period of two (2) years from the date of testing and commissioning or date of certificate of practical completion, depending on the contract terms. We are bound to rectify defects due to defective works under our EPCC scope that appear prior to the expiry of the defect liability period. We are glad to highlight that we do not have any major defect liability claims against the Group in FYE 2021.

### CUSTOMER SATISFACTION

Solarvest placed great emphasis on customers' satisfaction as high customers' satisfaction translates to positive brand image and good reputation. We had in place a customer satisfaction rating system where ratings are collected by our customer service team via WhatsApp upon completion of our field services. The ratings will then be uploaded to our Enterprise Resource Planning ("ERP") System for computation of Net Promoter Score ("NPS").

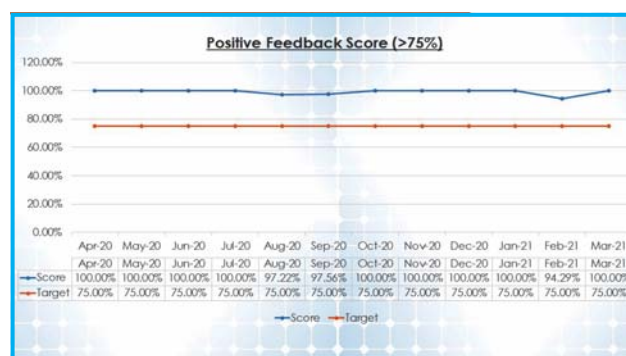
**Target: -**  
To meet 75% of Net Promoter Score.



We have raised the bar from meeting NPS of 65% in FYE 2020 to 75% in FYE 2021 and we are proud to share that we managed to achieve our NPS of 75% target throughout the FYE 2021.

## ECONOMIC (CONT'D)

### CUSTOMER SATISFACTION (CONT'D)





On top of the customer satisfaction rating system, we take feedbacks and comments from customers constructively as these motivate us to improve further. All feedbacks and comments are directed to and addressed by our customer service team on timely basis.

### SUPPLIER MANAGEMENT

Effective supply chain management is essential in ensuring consistent delivery of quality materials and services from our suppliers and subcontractors. Subcontractors and vendors are evaluated prior to being invited for job tenders through pre-qualification submission such as company profile and track record. We also conduct supplier evaluation annually and rule out any subcontractors and suppliers who do not meet our requirements. Our evaluation criteria cover quality/workmanship, cost, delivery and terms of payment.

In an effort to support the local economy, we sourced raw materials such as cables and low voltage electrical system locally for our various projects.

**Targets: -**

- (i) To source from suppliers that meet our supplier evaluation rating. 
- (ii) To support local purchases, where viable. 

# SUSTAINABILITY STATEMENT 2021

(cont'd)

## ENVIRONMENT

### ENVIRONMENTAL COMPLIANCE

In line with the SDGs of ensuring sustainable consumption and production patterns, we are committed to conduct business sustainably with minimal adverse impact to the environment and in compliance to all applicable environmental laws and regulations. We also attempt to adopt the best industry practices through the management of our sub-contractors.

Target: -  
To comply with local environmental regulations.




All scheduled wastes are properly disposed of by registered contractors to the approved treatment premises and disposal facilities. On the other hand, non-hazardous solid waste, including construction waste and domestic waste, are disposed of at regulated landfills.

We are glad to highlight that there was no penalty or fine imposed by relevant regulatory authorities in relation to environmental compliance in FYE 2021. We will continue to monitor all our project sites to ensure strict compliance to the relevant environmental laws and regulations.

### OUR BUSINESS IMPACT TO THE ENVIRONMENT

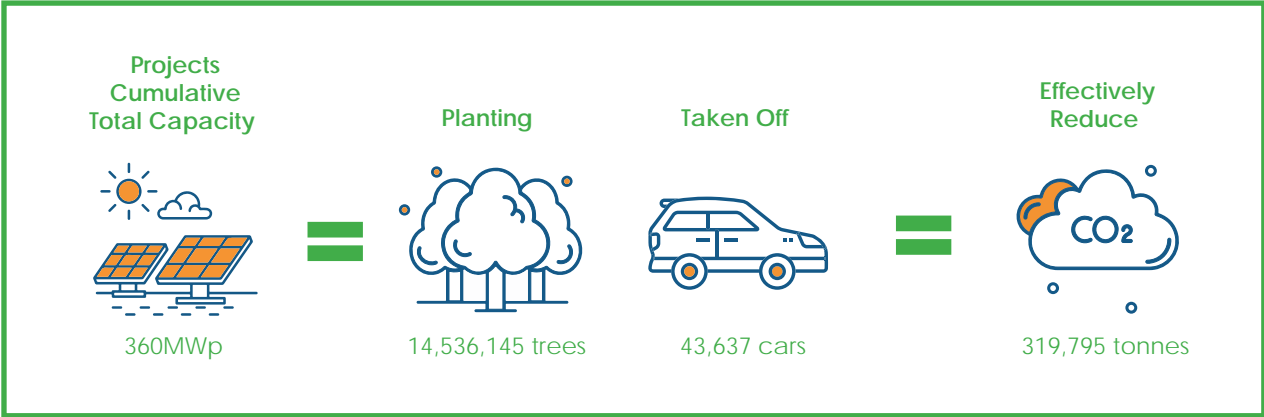
In advocating the SDGs of sustainable cities and communities, we have been promoting the usage of solar energy since year 2012 with our vision of "a world generated by renewable energy". We are dedicated to grow and expand our business in an attempt to bring greater positive impact to the communities and surrounding environment.

Target: -  
To build a greener future by increasing the number of solar PV system projects.



In FYE 2021, we have secured 100MWp solar PV systems installation projects, which recorded a total accumulated combined capacity of approximately 470MWp. As at 31 March 2021, the Group managed to achieve the target by completing a greater number of solar PV system installation projects with a cumulative total capacity of approximately 360MWp as compared to 280MWp as at 31 March 2020.

Based on our internal assessment, this could potentially translate to planting 14,536,145 trees on the mother earth or taken off an estimate of 43,637 cars from the road, which could effectively reduce the level of carbon dioxide ("CO<sub>2</sub>") by an estimate of 319,795 tonnes.





## ENVIRONMENT (CONT'D)

### INTERNAL SUSTAINABILITY EFFORTS

We promote sustainability not just externally but also internally. We advocate responsible consumption in line with the relevant SDGs by encouraging our employees to conserve energy usage in business operations via switching off unnecessary electricity power. In addition, employees are encouraged to leverage on technology to conduct virtual meetings for transportation fuels energy savings and reduce carbon emission from transportation.

**Target: -  
To advocate responsible  
consumption of energy and  
resources.**



3R initiatives, namely Reduce, Reuse and Recycle are also promoted within our workplace. We encourage paperless transactions in our daily operations by adopting electronic documents and payments to reduce the paper usage. We believe that every single contribution no matter big or small, counts in building a better world.

# SUSTAINABILITY STATEMENT 2021


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## SOCIAL

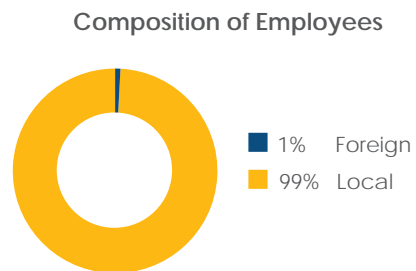
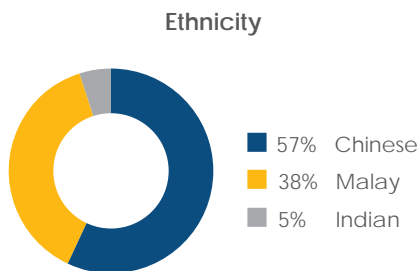
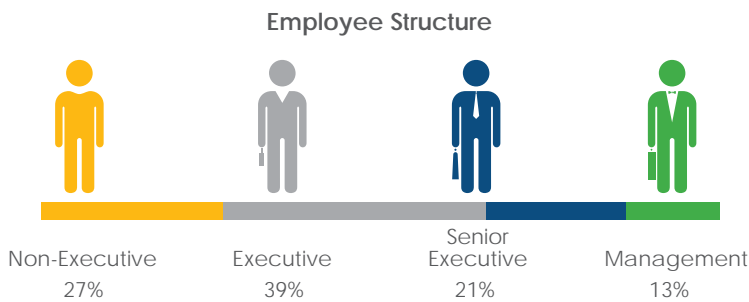
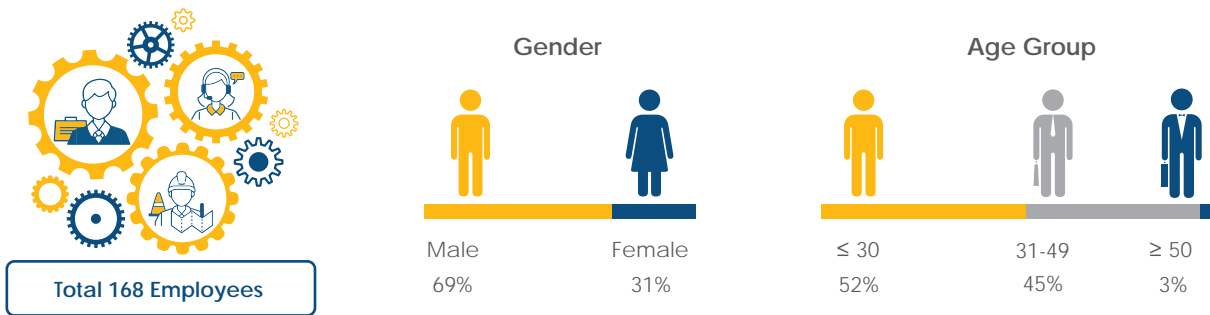
### DIVERSITY AND EQUAL OPPORTUNITY

Solarvest values people as the key asset. We aim to build a dynamic workforce with mixture of people from different cultural background, skills, experience, gender, age group and religion as we believe that diverse and inclusive groups make effective decisions and that diversity of thought inspires greater creativity and productivity. We strive to create a dynamic and motivating working environment to attract and retain our talents as well as to unleash their unlimited potentials and we are cognisant that diversity in workplace is a good indicator of healthy working environment.

**Target: -**  
**To embrace a diverse, and multi-cultural workplace with equal opportunity.**



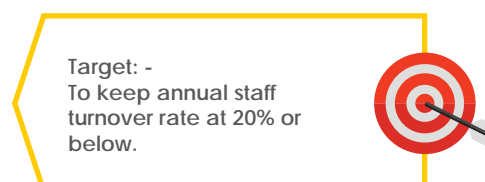
To cope for the growth and expansion of our Group, we have recruited and increase the number of employees in FYE 2021. As at 31 March 2021, we have a total of 168 employees with multi-background as analysed as follows: -



## SOCIAL (CONT'D)

### DIVERSITY AND EQUAL OPPORTUNITY (CONT'D)

With the increase in workforce, our annual staff turnover rate has also increased from 20% in FYE 2020 to 29% in FYE 2021. The increase was mainly due to the completion of certain projects and hence resulted in the termination of contract employees. Moving forward, we shall put in greater efforts to recruit suitable candidates and retain our talents in order to keep our annual staff turnover rate at 20% or below.



### Well-Being of Our People

In advocating the SDGs of reduce inequality and promote well-being for all, no discrimination in gender, age, religion, race, culture and nationality shall be practiced in the Group. We also provide equal opportunities to potential candidates to be part of the Group.

We strictly adhere to the Malaysian Employment Act 1955 and comply with the requirements of Minimum Wages Order, 2020. We are pleased to report that there were no breaches to these regulations in FYE 2021.

Fair Recruitment	Humane Treatment & Non-Discrimination
All decisions of recruitment, selection and promotion are made according to merits and guided by respect, diversity, integrity and accountability as well.	Employees must be treated in an equal manner regardless of their race, gender, religion, political opinion, nationality or social origin. Any harsh or inhuman treatment is strictly prohibited.
Rights to Freely Choose Employment	Working Hours, Wages & Benefits
Involuntary prison labour and slavery or trafficking of people are strictly prohibited to ensure a voluntary workforce. Employees have the rights to leave the employment freely upon reasonable notice.	Employees' working hours and compensation paid complies with all applicable labour laws and regulations. All employees are clearly informed about their wages and benefits and shall be paid on a timely basis.

We always promote a well-balanced and conducive workplace at Solarvest. In general, our employees are able to enjoy the following benefits according to respective job grades and/or years of service: -

- ❖ Annual Leaves
- ❖ Marriage Leaves
- ❖ Maternity Leaves
- ❖ Paternity Leaves
- ❖ Compassionate Leaves
- ❖ Prolonged Illness Leaves
- ❖ Gifts
- ❖ Outpatient Medical Benefits
- ❖ Company Maxis Phone Line
- ❖ Phone Allowances
- ❖ Travelling Allowances
- ❖ Group Personal Accident Insurance
- ❖ Group Hospitalisation and Surgical Insurance

# SUSTAINABILITY STATEMENT 2021

(cont'd)

## SOCIAL (CONT'D)

### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

#### Occupational Safety, Health and Environmental Policy

In line with the SDGs of ensuring healthy lives for all, our people's health and safety are always the utmost priority for the Group especially at the current Covid-19 pandemic. We are committed to protect the health and safety of our employees at workplace and we encourage responsibility towards safety and health at all levels of employees, especially workers at our project sites, to prevent accidents and ill health at the workplace. To this end, we have established and implemented Occupational Safety, Health and Environmental ("OSHE") Policy to serve as a fundamental guideline in managing safety and health aspects at workplace.

**Target: -  
To provide an injury and  
accident-free working  
environment.**



#### Key OSHE Policy



To conduct operations in accordance with all applicable regulations (OSHA 1994 & its Regulations, FMA 1967 & its Regulations) and other necessary requirements pertaining to occupational safety, health and environment at workplace.



To achieve injury free environment by creating strong safety, health and environmental awareness through high involvement of Management and all level of employees.



To ensure all employees actively participate in all measures taken on prevention of accidents, injuries and damages to health and environment.

#### Covid-19 Measures

On top of the OSHE Policy, the Group and all its employees are required to abide to the latest Covid-19 SOPs rolled out by the Government from time to time to ensure the health and safety of our employees are being essentially safeguarded during this unprecedented time.

We are taking extensive precautionary measures at our workplace to prevent the spread of Covid-19 as follows: -

- conduct medical surveillance and Covid-19 testing for employees to ensure our people are free from Covid-19 before entering workplace, upon obtaining works approval from MITI;
- mandatory temperature scanning of personnel before entering our premises;
- increased the frequency and intensity of cleaning and disinfecting activities at our workplace with special attention to common areas;
- provide face masks and hand sanitisers for our employees and visitors who enter our premises;
- established safe physical distancing protocols through the addition of physical distancing markers and signs within offices;
- require employees to work from home whenever possible; and
- utilise IT communication tools to minimise travels and physical meetings.

We have spent RM0.09 million on Covid-19 precautionary measures in FYE 2021. We keep abreast of the latest requirements and recommendations announced by the Health Authorities or Government to ensure the Group's commitment in adhering with the relevant rules and regulations in a meticulous manner.



## SOCIAL (CONT'D)

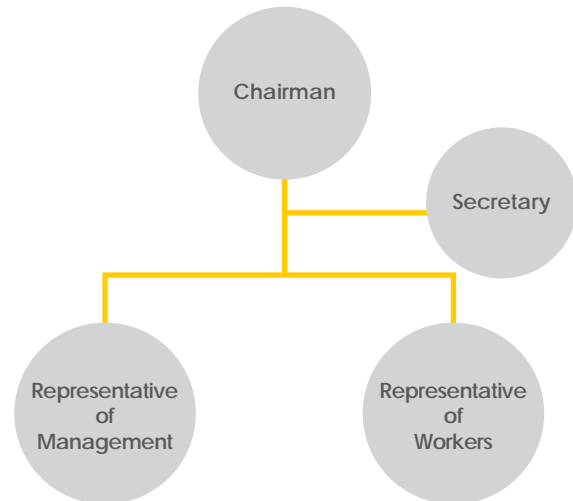
### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT (CONT'D)

#### Safety and Health Committee

In order to facilitate the occupational health and safety management, the Group has established a Safety and Health ("S&H") Committee to oversee the Group's safety and health matters and to ensure high level of safety and health standards at the workplace.

We have revised the structure of S&H Committee in FYE 2021 where the Head of Operations serves as the Chairman of the S&H Committee, supported by the Safety and Health Officer who acts as the secretary in the S&H Committee. We have equal numbers of representatives from the Management and workers from various departments as the S&H Committee members.

With our stringent management and control on occupational safety and health matters, we are glad to highlight that we have achieved the target of no work-related injury or accident reported during FYE 2021. We are attentive in creating a safe and healthy workplace for our employees and we are eager to continue having an injury and accident-free working environment moving forward.



#### Safety Trainings

Due to the movement restriction enforced by various MCO, we only managed to conduct two (2) physical safety trainings, namely "Working at Height Safety Awareness Training" on 26 February 2021 and 3 March 2021.

These are external trainings collaborated with client for a provision of engineering, installation, commissioning (EPIC) and maintenance of solar PV System project. Under this training, our employees and client were briefed on the importance of fall protection and the rules and regulations of working at height advocated by the Department of Occupational Safety and Health Malaysia. Basic inspection and proper usage of safety equipment such as full body safety harness, lifeline and scaffold were also covered in the training to enhance the awareness and understanding on safety requirements.



# SUSTAINABILITY STATEMENT 2021

(cont'd)

## SOCIAL (CONT'D)

### HUMAN CAPITAL DEVELOPMENT

Solarvest is dedicated to provide continuous training and development to our people who are the key factor in contributing to the business growth and success. We emphasise manpower planning, talent acquisition, onboarding and engagement, training and development, performance management as well as succession planning in our talent management.

**Target: -**  
To provide an average of 20 training hours per employee per annum.



Employee Category	Average Training Hours
Management	35
Senior Executive	52
Executive	42
Non-Executive	30

In FYE 2021, Solarvest has invested approximately RM0.08 million for employees' training and development. We are pleased to report that FYE 2021 is another year that we have not only achieved but exceeded our target of providing an average of 20 training hours per employee per annum.

#### Training Conducted in FYE 2021

NIOSH TNB Safety Passport – Level 1 What Does MCO Mean for HR How Blended Workforce Can Help Your Company How to Conduct Appraisal Meeting Download ISES Empowering Energy Transition	April 2020
Power up Your Virtual Presentation Skills Sales Ninja Hybrid Anti-Bribery and Corruption Corruption, Money Laundering and Employment Issues under Section 17A	June 2020
PowerTrack Workshop   Inverter Repair Training Improving Our LSS Developing Marketing Plan 1 CIDB Training Developing Marketing Plan 2	July 2020
KPI Buddy Programme 1 Developing Marketing Plan 3 Developing Marketing Plan 4	August 2020
Understanding the Employment Act 1955 & IR Act 1967 Do Strategy Like a POV: Processes, Actions and Results KPI Buddy Programme 2 Acumen 101: Understanding What Makes Business Successful Branding through Smartphonegraphy: Positioning Yourself and Your Business with High-Impact Photography Automating Self-Discipline: Easy Habits to Keep Your Motivation in Tough Times Extension of Time (EOT) and Variation Order (VO)	September 2020

# SUSTAINABILITY STATEMENT 2021

(cont'd)

## SOCIAL (CONT'D)

### HUMAN CAPITAL DEVELOPMENT (CONT'D)

Training Conducted in FYE 2021	
Environmental Impact Assessment Requirements in Malaysia Residential Training for Inverter Per String KPI Buddy Programme 3 LONGI Product Training Basic Construction & Project Planning JINKO Product Training TRINA Product Training HRDF Webinar 2020 Series 3: Re-examine Training Effectiveness Post Covid-19 SOLIS Product Training JA Product Training Prysmian Cables Product Training SMA Training for CORE2 and Data Manager Crisis Financial Management CIDB Training	October 2020
KPI Buddy Programme 4 CIDB Training Project Cost Control & Cash Flow Optimisation for Contractors ISO 45001:2018 Awareness Training and Workshop – Occupational Health and Safety Management Systems Becoming a Person of Influence Free Online “Lunch and Learn” Training	November 2020
Mental Health @ Workplace	December 2020
Performance Management System with Compa-Ratio Project Management Foundation & Practice Project Alignment Training PVSyst Introduction KPI Buddy Programme 5 PMP Boot Camp Variation Claim and Management Energy Management System (EMS)	January 2021
Power Quality and Energy Efficiency Huawei FusionSolar – PID Effects in Solar System & Huawei PID Solutions KPI Buddy Programme 6	February 2021
Malaysian Standard MS 2692:2020 Testing and Commissioning of Grid-Connected Photovoltaic System (GCPV) Selling in Challenging Times Commercial & Industrial Lighting Protection and Earthing Infrared Thermography CIDB Training NIOSH TNB Safety Passport – Level 1 Developing Marketing Plan 5 Sales Leadership in Challenging Environment Developing Marketing Plan 6 AC Surge Protection Commercial & Industrial A Controversial Interpretation of the PWD/JKR Loss & Expense Claim Provisions Ground Electrode Design	March 2021

# SUSTAINABILITY STATEMENT 2021

(cont'd)

## SOCIAL (CONT'D)

### EMPLOYEE ENGAGEMENT

As part of our proactive approach in cultivating a close bonding and harmony workplace, we actively engage our employees by organising the following events and activities in FYE 2021: -



**We Work from Home!**

Since the enforcement of MCO on 18 March 2020, we have been required to adopt and adapt to the new normal by working from home. This was the very first time for us to connect and communicate virtually.



**Hari Raya Celebration**

In conjunction with Hari Raya celebrations, we celebrated the festival by bringing some delicious cookies to the Hari Raya merriment.



**IPO Anniversary Celebration**

It has been a year since Solarvest was listed on ACE Market of Bursa Securities. We gathered to cherish on the IPO anniversary date. We can still remember the excitement and passion on the wonderful listing day.



**Christmas and New Year Celebration**

Warmest thoughts and best wishes from Solarvest to all our employees for a Merry Christmas and Happy New Year!



**Chinese New Year Celebration**

Gong Xi Fa Cai! Our employees are cheered during Chinese New Year with an interesting lucky draw session.



## SOCIAL (CONT'D)

### CORPORATE SOCIAL RESPONSIBILITY PROGRAMMES

Apart from taking care of the well-being of our employees, we are also dedicated to take care of the well-being of our local communities by having various corporate social responsibility programmes. This year, our focus is to lend a helping hand to those who are critically affected and least able to cope in the age of Covid-19 pandemic.

Target: -  
To contribute and enrich  
the local community.



FMM OCBC Charity Dinner

On 9 January 2021, the Federation of Malaysian Manufacturers Penang Branch (“FMM Penang”) and OCBC Bank had jointly organised a charity event to relieve the plight of charitable organisations and the needy. The charity has successfully raised RM1.43 million after 12 amazing photos were auctioned, of which Solarvest has donated RM50,000 during the charity night.



Support to St. Nicholas' Home

Solarvest has also donated RM20,000 to St. Nicholas' Home, Penang, a non-profit charitable organisation which aims to aid the blind and visually impaired (“BVI”) community in Malaysia.

### Solarvest Internship Programme

Solarvest is cognisant of the unlimited potentials of our young generations to be the future pillars of the world. We are always keen in having students to be part of our team through the Solarvest Internship Programme regardless of educational backgrounds and geographical locations.

Solarvest Internship Programme is able to expose our interns to the actual working environment and gain real life experiences. We value the tons of energy and potentials from interns. With new bloods and fresh ideas, the Company may be able to gain creativity and potentially learn new way of solving issues from the constructive feedbacks of our interns.

In addition, we may discover good talents that we can retain as permanent employees to continue grow with the Group after their graduation.

We are proud to highlight that we have been awarded with the 2020 Graduates' Choice Award as the Top 5 Most Attractive Graduate Employers in Greentech Category in FYE 2021.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In accordance with the Rule 15.25 of the AMLR with the guidance from Guidance Note 11 of AMLR, the Board of Solarvest is pleased to present this Corporate Governance Overview Statement setting the summary of the corporate governance practices adopted by the Company during the FYE 2021 and application of best practices prescribed under the MCCG 2017. This Statement is to be read together with Corporate Governance Report ("CG Report") of the Company for the FYE 2021. The CG Report is available on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

The Board fully recognises the importance of building good corporate governance within the Group. In discharging its duties and responsibilities, the Board is committed to high standard of corporate governance and upholds the principles of transparency, integrity and professionalism at all times to deliver sustainable shareholders' value while protecting the interests of our various stakeholders.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### 1 Board Responsibilities

##### 1.1 The Board and the Group

The Board is collectively responsible for the stewardship of the Group's business to deliver long-term value to our shareholders. The Board has set the Group's vision, mission and values which have taken the shareholders' and stakeholders' interests into consideration to ensure our obligations to shareholders and various stakeholders are understood and met. The Board also ensures that resources are properly allocated in driving the Group's objectives and values.

In discharging its roles and responsibilities, the Board is guided by the Board Charter of the Company which is published on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>. Managing Director ("MD") and Executive Director ("ED"), supported by the Group Chief Executive Officer ("Group CEO"), are responsible for the delegation of day-to-day management of the Group, which include the monitoring of organisational effectiveness and operational performance, implementation of corporate policies and procedures as well as appropriate allocation of resources for achieving the Group's strategic aims. They are assisted by the Senior Management of the Group ("Senior Management") in overseeing daily business operations to ensure the consistency of the Group's policies, procedures, guidelines, standards and/or practices as well as the specific plans, instructions and directions set by the Board.

MD and ED shall bring to the attention of the Board on any major management and operational issues which may significantly affect the Group, such as corporate strategies, major capital expenditures, material contracts and litigation.

Independent Non-Executive Directors, who form the majority of the Board, provide a check and balance function and play a key role in providing independent view and advice to ensure a clear separation between the decision-making process and daily operational management of the Group. The Board structure ensures all Directors have equal responsibility for the Company and the Group's operation and no dominant position in the Board. Nonetheless, Independent Directors are particularly important in ensuring that the corporate strategies proposed by MD and ED have taken into account the interests of shareholders and various stakeholders.

In order to ensure an effective discharge of its responsibilities, the Board has delegated certain duties and responsibilities to various Board Committees, namely Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee, and these Board Committees operate within their respective functions outlined in the terms of references as approved by the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### 1 Board Responsibilities (Cont'd)

##### I.2 The Chairman of the Board

The Board is chaired by Dato' Che Halin Bin Mohd Hashim, an Independent Non-Executive Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. He is not involved in the Group's daily business management and has no other relationship that could materially interfere his objective judgements and opinions.

The key responsibilities of the Chairman include:

- (i) Providing leadership for the Board in its oversight of the management;
- (ii) Establishing agenda for Board meetings in consultation with the CEO/Executive Directors/Company Secretaries and ensuring that complete, timely, relevant and accurate information is placed before the Board so that Directors have sufficient time to consider issues to be deliberated at the Board meeting and expedites the decision-making process;
- (iii) Presiding over Board and general meetings and ensuring that efficient organisation and conducts of the meetings;
- (iv) Ensuring that appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole; and
- (v) Leading the Board in establishing and monitoring good corporate governance practices and procedures in the Company.

The roles and responsibilities of the Chairman have been clearly defined in the Board Charter, which is made available at the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

Pursuant to Practice 1.4 of the updated MCCG 2021, the Chairman of the Board should not be a member of the Audit Committee, Nominating Committee or Remuneration Committee.

In compliance with the requirement of Practice 1.4 of the updated MCCG 2021, Dato' Che Halin Bin Mohd Hashim is currently not involved in any Board Committees of the Company after he ceased as the Chairman of Remuneration Committee, member of Nominating Committee and Audit Committee on 21 May 2021 and 29 July 2021 respectively.

##### I.3 Separation of Positions of the Chairman, MD and Group CEO

The Board is mindful of the importance of having separation of positions among the Chairman of the Board, MD and Group CEO. The positions are held by different individuals where the Chairman is Dato' Che Halin Bin Mohd Hashim, the MD is Mr. Lim Chin Siu and the Group CEO is Mr. Chong Chun Shiong.

The clear separation of positions of the Chairman, MD and Group CEO is able to ensure the balance of control, power and authority. The Chairman is primarily responsible for leading the Board in its collective oversight of management and ensuring the smooth functioning of the Board matters. The MD is primarily responsible for the Group's overall business strategy and corporate direction while our Group CEO assumes executive responsibility for overseeing the Group's daily operations and implementation of corporate strategies across the Group.

The clear division of responsibilities between the Chairman and Group CEO can be referred to the Board Charter on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

##### I.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries in providing sound governance advice to the Board, ensuring compliance to applicable rules and regulations as well as advocating adoption of corporate governance best practices within the Group. Both Company Secretaries are qualified Company Secretaries as prescribed under Section 235(2)(a) of the Companies Act, 2016.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### 1 Board Responsibilities (Cont'd)

##### 1.4 Qualified and Competent Company Secretaries (Cont'd)

During FYE 2021, the Company Secretaries had discharged their duties and responsibilities accordingly, had and will continue to keep themselves abreast on matters concerning company laws, capital market, corporate governance, changes in regulatory environment and other pertinent matters through continuous training and industry updates. In addition, they had and will continue to provide professional advice to the Board and ensure all the Company's meetings are properly convened and minutes are well documented.

The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their roles and responsibilities.

##### 1.5 Access to Sufficient Information and Professional Support

Notices of all Board and Board Committees' meetings together with the agenda, minutes of previous meetings, and other relevant supporting papers were circulated to all Board members at least five (5) working days in advance of the scheduled meetings to ensure that sufficient time are provided for all Board members to review and deliberate on such matters and obtained further information and clarification, when required, to facilitate the Board members in making well-informed decision making during the meetings.

All matters raised at the meetings, including discussion, deliberations, decisions and conclusions, were recorded in the meeting minutes and the meeting minutes shall be circulated in a timely manner thereafter.

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs as well as to the Management, services of Company Secretaries, Internal and External Auditors in order to assist them in discharging their duties and responsibilities effectively.

### 2 Demarcation of Responsibilities

#### 2.1 Board Charter

The Board has adopted a Board Charter which serves as a formal source of reference for the Directors. The Board Charter clearly defined respective roles and responsibilities of the Board, Board Committees, individual Directors, Group CEO and Senior Management providing amongst others, guidance and clarity on their roles and responsibilities as well as outlining the issues and decisions which are reserved for the Board's approval.

Various Board Committees have been established, namely Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee, to assist the Board in discharging its function and duties. Terms of reference of the Board Committees are accessible on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

While the Board may appropriately delegate its authority to Board Committees, it should not abdicate its responsibilities and should at all times exercise collective oversight of the Board Committees.

The Board Charter is reviewed periodically as and when necessary to ensure its consistency with the Group's policies and procedures, the Board's overall responsibilities and changes to the relevant legislation and regulations. The Board Charter is published on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### 3 Ethical Business Conduct and Robust Corporate Culture

##### 3.1 Code of Conduct and Ethics and Anti-Bribery and Corruption Policy

The Group has adopted the Code and the Code is to be observed by all Directors and employees of the Group for upholding high standards of corporate governance practices. The Code sets out the policies and procedures including but not limited to managing conflicts of interest, bribery and corruption, insider trading as well as money laundering and will be reviewed by the Board regularly to ensure its relevance and appropriateness.

Pursuant to Section 17A of the MACC Act 2009, the Group has also in place the ABC Policy with the objective to foster the development of a business environment that is free of bribery and/or corruption. The ABC Policy also promotes the compliance to all applicable anti-bribery and corruption laws in Malaysia to ensure fair and transparent business dealings.

Both the Code and ABC Policy are available on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

##### 3.2 Whistleblowing Policy

The Board has formalised and adopted the Whistleblowing Policy to provide an avenue for all employees and stakeholders of the Group to raise concerns and disclose any known or suspected fraud, bribery, corruption, money laundering, conflict of interest, abuse of power and other improper conduct within the Group in order to take appropriate actions to resolve them timely and effectively.

All reports received will be investigated by a person who is independent from the reported incident to ensure an objective and independent investigation process in addressing legitimate concerns raised. Whistleblower making report in good faith are protected from risk of reprisal. Any harassment or retaliation against the genuine whistleblower is a serious violation of Whistleblower Protection Act 2010, which if proven, may lead to serious disciplinary action, including, without limitation, termination of the relevant employment, or contract/agreement, as the case may be.

The Board shall review the Whistleblowing Policy periodically to ensure that it remains relevant and appropriate. The Whistleblowing Policy is accessible on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

### II. BOARD COMPOSITION

#### 4 Board Diversity and Objectivity

##### 4.1 Board Composition

Currently, Solarvest has a diverse Board consists of seven (7) members, comprising an Independent Non-Executive Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The present Board composition complies with Rule 15.02 of AMLR and Practice 4.1 of MCCG 2017 as more than half of the Board comprises Independent Directors.

The Board is cognisant of the importance of having a diverse Board with an appropriate mix of skills, knowledge and experience in ensuring that there is no dominant power in the Board's decision-making process. Our Independent Directors play a pivotal role to ensure that the strategies proposed by the Executive Directors are deliberated on and acting in good faith in the best interest of the Company, as well as the interests of shareholders and various stakeholders.

The profiles of each Director are set out in the Directors' Profile in this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 4 Board Diversity and Objectivity (Cont'd)

##### 4.1 Board Composition (Cont'd)

During FYE 2021, the Board held five (5) meetings. Details of the meeting attendance are set out as follows: -

Directors	Meeting Attendance	Percentage of Attendance
Dato' Che Halin Bin Mohd Hashim	5/5	100%
Lim Chin Siu	5/5	100%
Tan Chyi Boon	5/5	100%
Chiau Haw Choon	5/5	100%
Chang Kong Foo ( <i>Resigned on 29/6/2020</i> )	1/1*	100%
Fong Shin Ni	5/5	100%
Gan Teck Hooi	5/5	100%
Azian Binti Mohd Yusof ( <i>Appointed on 29/7/2021</i> )	-	-

\* Reflects the number of meetings held during the time of the Director held office

All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in AMLR and given their full commitment by attending all the Board meetings held during FYE 2021.

##### 4.2 Tenure of Independent Directors

The Board acknowledges the recommendation in Practice 4.2 of MCCG 2017 where the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Currently, none of our Independent Directors has served the Company exceeded a cumulative term of nine (9) years.

As at 31 March 2021, the tenure of Independent Directors of the Company is as follows: -

Directors	Appointment Date	<1 Year	1-3 Years
Dato' Che Halin Bin Mohd Hashim	14/9/2018	-	✓
Chang Kong Foo ( <i>Resigned on 29/6/2020</i> )	14/9/2018	-	✓
Fong Shin Ni	14/9/2018	-	✓
Gan Teck Hooi	24/2/2020	-	✓

##### 4.3 Policy of Independent Directors' Tenure

The Board does not have a policy which limits the tenure of Independent Directors to nine (9) years currently.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 4 Board Diversity and Objectivity (Cont'd)

##### 4.4 Diversity in the Board and Senior Management

The Company is mindful of having a diverse Board and Senior Management in contributing greater depth and breadth of deliberation for a sustainable business growth. The Board and Senior Management are appointed based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Nominating Committee is responsible to lead the process of nomination for new Board member appointments and make necessary recommendations. In identifying suitably qualified candidates, Nominating Committee has taken account of core competency, integrity, character, time commitment and relevant experience of the candidates to ensure that there is a wide range of expertise in supporting the Group's business operations.

The Management has carried out an annual analysis on the total workforce of the Group by gender, age, ethnicity, nationality and employee structure as shown in the Sustainability Statement in this Annual Report.

##### 4.5 Gender Diversity

Currently, the Board does not formalise gender diversity policy. However, the Board is supportive of gender diversity and the Board through the Nominating Committee shall consider gender diversity as part of the criteria in future selection and shall look into increasing female Board representation in future. Notwithstanding, gender shall not be a pre-requisite to the directorship of the Company.

Pursuant to Practice 5.9 of the updated MCCG 2021, the Board shall comprise at least 30% women directors. On 29 July 2021, the Board has appointed a new female Independent Non-Executive Director, Ms. Azian Binti Mohd Yusof and the Board is currently comprises 28.6% women Directors.

The Company will endeavour to recruit an additional women director latest by 31 December 2021 so as to comply with the Practice 5.9 of the updated MCCG 2021. The Nominating Committee is actively looking for suitably qualified female candidate via recommendations from the existing Board members, Senior Management, major shareholders and/or independent sources.

##### 4.6 New Candidates for Board Appointment

For the succession planning to the Group, the Board recognises the significance of not solely relying on recommendations from existing Board members, Senior Management or major shareholders in identifying candidates for the Board appointment. However, the Board and the Nominating Committee are currently mainly relying on recommendations from the existing Board, Senior Management or major shareholders as this may speed up the appointment process. Moving forward, the Board and the Nominating Committee would not hesitate to utilise independent sources in identifying suitably qualified candidates, when necessary.

The Director appointment process is carried out based on a structured, methodical and robust process undertaken by the Nominating Committee. Candidates recommended are thoroughly evaluated by their capability, qualifications, integrity, character, time commitment and relevant experience.

##### 4.7 Nominating Committee

The Board has delegated its authority of overseeing matters related to the balanced Board composition, identification and recommendation of new candidates for Board appointment, review of the Board's succession planning, training and performance to the Nominating Committee. The terms of reference of Nominating Committee are available on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 4 Board Diversity and Objectivity (Cont'd)

##### 4.7 Nominating Committee (Cont'd)

The Nominating Committee is chaired by an Independent Non-Executive Director and the present composition of the Nominating Committee is as follows: -

Designation	Name	Directorship
Chairperson	Fong Shin Ni	Independent Non-Executive Director
Member	Gan Teck Hooi <i>(Appointed on 29/6/2020)</i>	Independent Non-Executive Director
Member	Chiau Haw Choon	Non-Independent Non-Executive Director

Ms. Fong Shin Ni, being the Chairperson of Nominating Committee, shall lead the Board appointment and succession planning of the Board as well as annual assessment of Board performance. In line with the best practice of Practice 1.4 of updated MCCG 2021, Dato' Che Halin Bin Mohd Hashim, being the Chairman of the Board, has on 21 May 2021 ceased as a member of Nominating Committee on 21 May 2021. The Nominating Committee still fulfils the minimum requirement of three (3) members, as stipulated in the terms of reference.

During FYE 2021, the Nominating Committee had discharged their responsibilities accordingly and the activities undertaken are summarised as follows: -

- (i) Reviewed the present composition of the Board and made recommendation to the Board as regards to any changes, in their view, be beneficial to the Company and the Group;
- (ii) Reviewed and recommended the composition of Board Committees to fulfill the requirement of the updated MCCG 2021;
- (iii) Reviewed and evaluated the performance and effectiveness of the Board as a whole, Board Committees as well as individual Directors;
- (iv) Reviewed and assessed the independence of Independent Non-Executive Directors;
- (v) Reviewed and recommended on the re-election of retiring Directors at the forthcoming Annual General Meeting ("AGM"); and
- (vi) Reviewed the training programme attended by all Board members during the FYE 2021.

Pursuant to Clause 83 of the Company's Constitution, an election of Directors shall take place each year and at every AGM of the Company, one-third ( $\frac{1}{3}$ ) of the Directors for the time being shall retire from office provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. The following Directors who retire by rotation in accordance with Clause 83 of the Company's Constitution and being eligible, have offered themselves for such re-election: -

- (i) Tan Chyi Boon
- (ii) Chiau Haw Choon

The Company's Constitution also provides that any Director appointed during the financial year, either to fill a casual vacancy or as an addition to the existing Directors, her/she shall hold office only until the next following AGM and shall then be eligible for re-election. Ms. Azian Binti Mohd Yusof was appointed as an Independent Non-Executive Director of the Company on 29 July 2021, as such, she shall retire at the conclusion at the forthcoming AGM and being eligible, she has offered herself for re-election in accordance with Clause 90 of the Company's Constitution.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 4 Board Diversity and Objectivity (Cont'd)

#### 4.8 Directors' Training and Professional Development

All Directors appointed to the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. In view of the demanding and multi-dimensional role of a Director, all Directors are encouraged to undertake continuous training and development so as to keep abreast with the latest developments in statutory requirement and regulatory guidelines, where appropriate, in line with the ever-changing business environment.

Details of various training programmes attended by all Directors during the financial year are set out as follows: -

Directors	Seminars/Conferences/Training Programmes Attended	Date Attended
Dato' Che Halin Bin Mohd Hashim	Audit Committee Conference 2021	15-16/3/2021
Lim Chin Siu	The Sustainability Accelerator (TSA) Programme	8/2/2021
Tan Chyi Boon	The Sustainability Accelerator (TSA) Programme	8/2/2021
Chiau Haw Choon	Face2Face	14-15/1/2020
	Successful Negotiation: Essential Strategies & Skills	25/3/2020 (7 Weeks)
	Artificial Intelligence (AI) for Everyone	31/3/2020
	Digital Manufacturing & Design	2/4/2020
	Digital Skills: Retail	5/4/2020 (3 Weeks)
	Leading for Creativity	9/4/2020 (5 Weeks)
	Digital Operations Management	22/4/2020 (5 weeks)
	Using Artificial Intelligence (AI) Technologies for Business Planning and Decision-making	18/5/2020 (3 Weeks)
	YPO Forum Singapore via Zoom	19/5/2020
	Global Leadership Summit 2020 Special Lockdown Edition via Zoom	26/5/2020
	YPO Webinar	28/5/2020
	Designing A Business	1/6/2020 (5 Weeks)
	Prototyping for Digital Experiences	1/6/2020 (5 Weeks)
	Chin Hin Concrete CRM Enhance Workshop	3/6/2020
	Midah Group CRM Enhance Workshop	3/6/2020
	Management Workshop - Core Values	15/6/2020
	Artificial Intelligence: Strategies for Leading Business Transformation	15/6/2020 (5 Weeks)
	Artificial Intelligence	14/7/2020
	Corporate Liability Provision on Corruption under the MACC Act 2009 - Preparing the Group, its Directors, Management and Other Personnel on Compliance	8/9/2020

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 4 Board Diversity and Objectivity (Cont'd)

#### 4.8 Directors' Training and Professional Development (Cont'd)

Directors	Seminars/Conferences/Training Programmes Attended	Date Attended
Fong Shin Ni	Strata Property Management	13/8/2020
	Companies Act 2016 and its Development	23/9/2020
	Introduction to Mergers and Acquisitions	14/1/2021
Gan Teck Hooi	Corruption, Money Laundering and Employment Issues by Leonard Yeoh	10/6/2020
	MFRS Updates 2020/2021 by ACCA	10/3/2021
	Audit Committee Conference 2021 by MIA	15-16/3/2021

In an effort to stay updated and knowledgeable with the latest industry development, relevant new laws and regulations and essential practices for effective corporate governance and risk management, the Board is committed to continue evaluate and determine the training needs of the Directors.

In addition to the above, External Auditors and Company Secretaries would also update the Directors on recent developments in the areas of statutory and regulatory requirements through the Board and/or Board Committee meetings.

### 5 Overall Board Effectiveness

#### 5.1 Annual Board Evaluation

Nominating Committee shall assess and evaluate the Board's effectiveness in term of the Board composition, roles and responsibilities as well as personal traits and discharge of their duties, on an annual basis. The assessment criteria for individual Directors cover from contribution to interaction, knowledge, quality of input and understanding of role for an effective discharge of duty. Meanwhile, the assessment criteria for the Board and Board Committees include the Board mix and composition, Board relationship with the Management, quality of information and decision making, the Boardroom activities as well as their time commitment.

The Nominating Committee carries out the annual assessment on the effectiveness of Board, the Board Committees and individual Director's performance by way of both self and peer evaluation, facilitated by the Company Secretary. The Board did not engage any external party to undertake an independent assessment of Directors as the Board is of the view that the current evaluation framework is effective.

Based on the assessment conducted for FYE 2021, the Board and Nominating Committee are satisfied with the current size, composition and well-balanced mix of individuals with necessary skills, qualifications, experience and credibility amongst the Board as well as the independence of our Independent Directors. The Board is also satisfied with the level of time commitment and efforts contributed by all Directors in fulfilling their duties and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION

#### 6 Board Remuneration

##### 6.1 Remuneration Policy

The Board has on 21 May 2021 adopted the Remuneration Policy of the Company. The policy is formalised to link rewards to Executive Directors' and key Senior Management's contributions in carrying out their responsibilities and fiduciary duties in steering the Company. For Non-Executive Directors, the level of remuneration reflect the experience and level of responsibilities undertaken individually by the Directors concerned.

The Remuneration Committee has been entrusted by the Board, within their terms of reference, to review and recommend to the Board an appropriate remuneration framework for Executive Directors and key Senior Management on an annual basis. Each Director shall abstain from deliberations and voting on decisions as regards his/her individual remuneration.

In order to attract and retain talents, the Company has a fair and comprehensive remuneration framework which commensurate with relevant experiences, terms of employment, skills, responsibilities, fringe benefits as well as benchmarking in line with industry standards.

The Remuneration Policy is available at the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

##### 6.2 Remuneration Committee

The Remuneration Committee is established with the primary objective to support and advise the Board by recommending appropriate remuneration packages for the Executive Directors and key Senior Management. The Remuneration Committee comprises majority of Independent Non-Executive Directors, and the present members of the Remuneration Committee are as follows: -

Designation	Name	Directorship
Chairman	Gan Teck Hooi <i>(Redesignated on 21/5/2021)</i>	Independent Non-Executive Director
Member	Fong Shin Ni	Independent Non-Executive Director
Member	Chiau Haw Choon	Non-Independent Non-Executive Director

In line with the best practice of Practice 1.4 of updated MCCG 2021, Dato' Che Halin Bin Mohd Hashim, being the Chairman of the Board, has on 21 May 2021 ceased as the Chairman of Remuneration Committee and Mr. Gan Teck Hooi was redesignated as the Chairman of Remuneration Committee to lead the Remuneration Committee in supporting the Board's remuneration matters.

Terms of reference of the Remuneration Committee is available on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

The Remuneration Committee shall meet at least once a year to conduct an annual review on the overall performance of the Executive Directors and key Senior Management in order to recommend appropriate remuneration packages which reward the Executive Directors and key Senior Management in accordance to their contributions towards the Group's growth.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

#### 6 Board Remuneration (Cont'd)

##### 6.2 Remuneration Committee (Cont'd)

During FYE 2021, the Remuneration Committee held one (1) meeting and all members have attended the said meeting.

A summary of key activities carried out by the Remuneration Committee during the financial year is as follows: -

- (i) Deliberated and formulated the Remuneration Policy of the Company;
- (ii) Reviewed and recommended the remuneration packages for the Executive Directors and key Senior Management to the Board; and
- (iii) Reviewed and recommended the Directors' fees and other benefits payable to the Non-Executive Directors.

#### 7 Remuneration of Directors and Key Senior Management

##### 7.1 Directors' Remuneration

The respective Directors are abstained from discussing and deliberating on their own remuneration whilst the Directors' fee and benefits payable to the Non-Executive Directors are to be approved by shareholders at the AGM.

The detailed disclosure on the Directors' remuneration paid or payable to all Directors of the Company and the Group who held office for the FYE 2021 are as follows:

Director	Company		Group				
	Fees (RM)	Meeting Allowance (RM)	Fees (RM)	Salary (RM)	Bonus (RM)	Company Contribution (RM)	Benefits-in-Kind (RM)
Dato' Che Halin Bin Mohd Hashim	60,000	3,000	-	-	-	-	-
Lim Chin Siu	-	-	-	376,000	32,000	53,723	51,285
Tan Chyi Boon	-	-	-	352,500	30,000	50,423	72,595
Chiau Haw Choon	36,000	3,000	-	-	-	-	-
Chang Kong Foo (Resigned on 29/6/2020)	9,000	500	-	-	-	-	-
Fong Shin Ni	36,000	3,000	-	-	-	-	-
Gan Teck Hooi	36,000	3,000	-	-	-	-	-
Cheong Kah Cheng*	-	-	96,000	-	-	-	-
<b>Total</b>	<b>177,000</b>	<b>12,500</b>	<b>96,000</b>	<b>728,500</b>	<b>62,000</b>	<b>104,146</b>	<b>123,880</b>

\* Cheong Kah Cheng is the Executive Director of Solarvest Energy (SR) Sdn Bhd.

Note: As Ms. Azian Binti Mohd Yusof was only appointed as Independent Non-Executive Director of the Company on 29 July 2021, there is no disclosure of her remuneration above.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

#### 7 Remuneration of Directors and Key Senior Management (Cont'd)

##### 7.2 Remuneration of Key Senior Management

The Company believes that it may not be in its best interest to disclose the key Senior Management remuneration information on named basis after having considered that such disclosure may cause unhealthy competition and resulting in talent poaching in the solar industry.

In setting the remuneration package for key Senior Management, Remuneration Committee has taken several elements into consideration, including individual responsibility, capability, professionalism, skills, expertise as well as contributions towards the Group, to ensure that the remuneration package is competitive and sufficient to attract and retain right talent.

The Company is disclosing the remuneration paid to a key Senior Management during the FYE 2021, analysed in the bands of RM50,000 as follows: -

Range of Remuneration	Number of Key Senior Management
RM500,001 to RM550,000	1
RM550,001 to RM600,000	-

The explanation for the departure of Practice 7.2 of the MCCG 2017 is disclosed in the CG Report.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

#### 8 Effective and Independent Audit Committee

##### 8.1 Chairman of Audit Committee

Mr. Chang Kong Foo has ceased to be the Chairman of the Audit Committee after his resignation as an Independent Non-Executive Director of the Company on 29 June 2020. On the same day, Mr. Gan Teck Hooi, an Independent Non-Executive Director has been appointed to be the Chairman of the Audit Committee, who is distinct from the Chairman of the Board, namely Dato' Che Halin Bin Mohd Hashim.

The terms of reference which outlines the roles and responsibilities of the Audit Committee is made available on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

##### 8.2 Former Key Audit Partner

In order to safeguard the utmost independence of audit, the terms of reference of Audit Committee have included a policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

None of our current Board members is the former key audit partner of the External Auditors and the Directors do not foresee any new appointment of former key audit partner to the Board.

##### 8.3 Assessment of External Auditors

The Company has established a transparent relationship with the External Auditors. The External Auditors will periodically highlight any significant audit matters to the Audit Committee and the Board's attention.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### I. AUDIT COMMITTEE (CONT'D)

#### 8 Effective and Independent Audit Committee (Cont'd)

##### 8.3 Assessment of External Auditors (Cont'd)

The Audit Committee is entrusted to review both audit-related and non-audit services rendered by the External Auditors. The Audit Committee has the explicit authority to communicate directly with the External Auditors without the presence of Executive Directors and the Management to discuss on audit findings and any related matters, when necessary.

The fees paid/payable to the External Auditors for the provision of statutory audit and non-audit related services for FYE 2021 are as follows: -

Fees Paid/Payable to the External Auditors	Company RM	Group RM
Statutory Audit	20,000	166,000
Non-Audit	12,000	12,000

The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed and evaluated annually by the Audit Committee.

In assessing the suitability, objectivity and independence of the External Auditors, the Audit Committee has considered, amongst others, the following: -

- (i) The adequacy in terms of the competency, experience and quality of the External Auditors;
- (ii) The External Auditors' resources capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as stipulated in the Audit Planning Memorandum;
- (iii) The nature and extent of the non-audit services rendered by the External Auditors and fees paid for such services relative to the audit fee; and
- (iv) Whether there are safeguards in place to ensure that there is no known or potential threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

For further details of the oversight and assessment of External Auditors, kindly refer to the Audit Committee Report in this Annual Report.

In presenting the Audit Review Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity, which include safeguards and procedures and independent policy adopted by the External Auditors. The Audit Committee has also obtained a written independence declaration from the External Auditors for the FYE 2021.

External Auditors has attended the Third AGM of the Company held on 28 September 2020 to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement for FYE 2020.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### I. AUDIT COMMITTEE (CONT'D)

#### 8 Effective and Independent Audit Committee (Cont'd)

##### 8.3 Assessment of External Auditors (Cont'd)

The Audit Committee is satisfied with the performance, competence and independence of the External Auditors in terms of the quality of services delivered, sufficiency of the resources and staffed by suitably qualified and experienced personnel to the annual audit as well as the non-audit services performed during FYE 2021. As such, the Audit Committee has recommended to the Board for the shareholders' approval to be sought at the AGM on the re-appointment of Messrs. Ecovis Malaysia PLT as External Auditors for the FYE 2022.

##### 8.4 Composition of the Audit Committee

The present composition of the Audit Committee comprises three (3) Independent Non-Executive Directors, as shown as follows: -

Designation	Name	Directorship
Chairman	Gan Teck Hooi <i>(Appointed on 29/6/2020)</i>	Independent Non-Executive Director
Member	Fong Shin Ni	Independent Non-Executive Director
Member	Azian Binti Mohd Yusof <i>(Appointed on 29/7/2021)</i>	Independent Non-Executive Director

The cessation of office as a Member of Audit Committee by Dato' Che Halin Bin Mohd Hashim, being the Board Chairman of Solarvest Holdings Berhad, is to comply with the requirements under Practice 1.4 of the MCCG 2021 for which Chairman of the Board is not occupying position in the Board Committees.

##### 8.5 Financial Literacy of Audit Committee Members

Mr. Gan Teck Hooi, the Chairman of Audit Committee, is a FCCA and is a member of the MIA. Ms. Fong Shin Ni is an experienced legal assistant in capital markets, mergers and acquisitions and corporate advisory in year 2001 while Ms. Azian Binti Mohd Yusof has over 30 years of experience in promoting the growth of investments in Malaysia during her tenure with MIDA. Whereas, the former member of the Audit Committee, Dato' Che Halin Bin Mohd Hashim was in the banking division of Permata Chartered Merchant Bank Berhad (now known as Affin Investment Bank Berhad) in the year 1982.

Although only one-third ( $\frac{1}{3}$ ) of our Audit Committee is a member of a professional accounting body, all the other two (2) Audit Committee members are financially literate as they continuously keep themselves abreast with the latest developments in accounting and auditing standards, practices and rules through updates from the Management and the External Auditors. All Audit Committee members are mindful that they should undertake continuous professional development to keep abreast with the relevant developments in accounting and auditing standards, practices and rules.

When deliberating the outcome of audit on the Group's annual financial results with External Auditors, Audit Committee also seeks for further clarification and additional information such as business performance and operational issues from Senior Management and Internal Auditors so as to properly discharge its oversight responsibilities in the financial reporting process to ensure the reliability of the financial reporting of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### 9 Adequate Risk Management and Internal Control

##### 9.1 Effective Risk Management and Internal Control Framework

The Board remains committed towards maintaining a sound risk management and internal controls system, encompassing financial, operational and regulatory controls, to safeguard the shareholders' interest and the Group's assets.

An Enterprise Risk Management Framework is in place to serve as an overall guidance in relation to the Group's risk management. The framework incorporates key process pertaining to the identification, analysis, responding, monitoring and reporting of the Group's risks and controls. The framework enables the Group to identify any significant risk or structural weakness which may have potential impact of achieving the business objectives. Key risks are assessed in line with the Group's risk profile. Risk reports are presented in the Risk Management Committee and Board meetings to deliberate on the risk mitigating measures and any further action required for improvement.

The Group has also implemented a set of SOPs to ensure smooth running of the internal controls system within the Group. The Board regards internal controls system as an essential part in risk management and is committed to conduct an on-going monitoring and review of the internal controls with the assistance from the outsourced Internal Auditors. The Board is also supported by Audit Committee and Risk Management Committee in reviewing and assessing the adequacy and effectiveness of the risk management and internal controls system in the Group.

The Group's risk management and internal controls system are further elaborated in the Statement of Risk Management and Internal Control in this Annual Report.

##### 9.2 Features of Risk Management and Internal Control Framework

The Board has established a Risk Register documented with identified risks, relevant risk ratings, mitigation measures and relevant key person-in-charge. The Risk Register shall be reviewed and updated periodically to remain relevant in line with the ever-changing business environment.

Under the Enterprise Risk Management Framework, an Enterprise Risk Management Working Committee is established, comprising several head of departments of the Group, to assist in implementing and monitoring the Enterprise Risk Management Framework in various business operations across the Group. Aside from the framework, all employees are required to adhere to our SOP in daily operations to ensure an effective internal controls system. The outsourced Internal Auditors are appointed to review and evaluate the adequacy and effectiveness of the Group's risk management and internal control system regularly. Further information of the system of risk management and internal control for the Group is set out in the Statement of Risk Management and Internal Control in this Annual Report.

With the assurance from the Management and relevant assurance providers, the Board believes that the Group's risk management and internal control system is adequate and effective to safeguard our shareholders' interest and the Group's assets.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

#### 9.3 Risk Management Committee

The Risk Management Committee of the Company comprises a majority of Independent Directors and the members of the Risk Management Committee are as follows: -

Designation	Name	Directorship
Chairman	Gan Teck Hooi <i>(Appointed on 29/6/2020)</i>	Independent Non-Executive Director
Member	Fong Shin Ni	Independent Non-Executive Director
Member	Chong Chun Shiong	Group CEO

### 10 Internal Audit and Governance Control

#### 10.1 Internal Audit Function

The Group has outsourced the internal audit function to a professional firm, Eco Asia Governance Advisory Sdn Bhd (formerly known as Eco Asia Advisory Sdn Bhd). The Internal Auditors are free from any relationships or conflicts of interest with the Group to ensure that internal audit review is conducted objectively, proficiently and with due professional care.

The Internal Auditors shall perform internal audit review regularly in accordance to the approved internal audit plan to assess and evaluate the adequacy and effectiveness of the governance, risk management and internal controls of the Group. In order to ensure an appropriate conduct of internal audit engagements, the Audit Committee has full and unrestricted access to all information and resources which are required to perform the internal audit function.

The Internal Auditors report directly to the Audit Committee on the internal audit findings and recommendations at the Audit Committee meetings. The internal audit function of the Group is further elaborated in the Statement of Risk Management and Internal Control in this Annual Report.

During the FYE 2021, the Audit Committee has assessed and is satisfied with the adequacy of the scope, functions, resources, competency, experience and independence of the Internal Auditors.

The professional fee payable to the outsourced Internal Auditors for FYE 2021 is RM30,000.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. COMMUNICATION WITH STAKEHOLDERS

#### 11 Stakeholder Engagement

##### 11.1 Dialogue with Stakeholders

The Board promotes regular, transparent, and effective communication with shareholders and stakeholders pertaining to the business, operations, and financial performance of the Group in order for them to make informed decisions.

The Company disseminates information and enhances our investor relations by maintaining a corporate website at <https://solarvest.my/>. The Company's website serves as a resource centre where shareholders and members of the public are able to access the latest information easily and conveniently. The Management is tasked to ensure that the information available on the Company's website is clear, unambiguous, succinct, accurate, sufficient and relevant.

Our shareholders are also kept abreast with all latest information of the Group through timely dissemination of material information via the following platforms: -

- (i) Various disclosures and announcements made to Bursa Securities including quarterly financial results and Annual Report;
- (ii) Press release to media;
- (iii) AGM and Extraordinary General Meetings ("EGM") for dialogues with shareholders;
- (iv) Briefing sessions with analysts;
- (v) Interviews; and
- (vi) Social media and other electronic channels.

Whilst the Company endeavours to provide as much information as possible to the shareholders and various stakeholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

##### 11.2 Annual Report

Annual Report serves as the central means of communications with our shareholders. This Annual Report provides comprehensive financial and non-financial information of the Group. It communicates the Group's business directions, financial performance, corporate governance, sustainability measures and prospects to shareholders and other stakeholders.

This Annual Report 2021 is prepared in accordance to the Malaysian Financial Reporting Standards, AMLR, MCGG 2017 and the Company Act, 2016.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### II. CONDUCT OF GENERAL MEETINGS

#### 12 General Meetings

##### 12.1 Notice of AGM

AGM serves as the principal forum for dialogue with shareholders annually. The Notice of AGM will be emailed or despatched (for those without email address) to registered shareholders at least twenty-eight (28) days prior to the meeting. This shall provide shareholders with adequate time to consider the resolutions that will be discussed and voted during the AGM and to facilitate informed decision-making by the shareholders.

The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in major local newspaper, Bursa Securities website, and the Company's website within mandatory period. Where special business item appears in the Notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on such resolution.

##### 12.2 Directors' Attendance at General Meetings

Due to the Covid-19 pandemic and enforcement of various MCO, the Third AGM and EGMs of the Company were held virtually via remote participation and voting. In spite of the challenging time, the Board attaches great importance to the AGM and EGMs. All Directors attended the Third AGM and EGM held on 28 September 2020 and 5 February 2021 respectively.

At the Third AGM, the Board presented the Group's visual overview of business strategy and major developments. Shareholders are given the opportunity to seek for clarification on any matters in relation to the business and financial performance of the Group for the FYE 2020. External Auditors were also invited to attend the AGM to respond to any queries raised by shareholders concerning the conduct of audit and preparation of financial statements.

All the Directors of the Company have and will always endeavour to attend all general meetings of the Company and the Chairman of all Board Committees will provide meaningful response to the questions address to him.

##### 12.3 Encouraging Shareholders' Participation and Voting at General Meetings

In the conduct of virtual AGM and EGM, shareholders are encouraged to participate, speak, and vote remotely through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facility via the Company's Share Registrar's online portal. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Constitution to attend and vote on their behalf.

## COMPLIANT STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices as set out in the MCCG 2017 and all other applicable laws, where applicable and appropriate.

## OTHER DISCLOSURE REQUIREMENTS

### UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)

As at 31 March 2021, the utilisation of proceeds amounting to RM34.59 million raised from the Public Issue of 98,828,000 new ordinary shares at RM0.35 per share on 26 November 2019 are summarised as follows: -

Purpose	Details of the Utilisation of Proceeds			Initial Timeframe for Utilisation from the Listing Date	Revised Timeframe for Utilisation of IPO Proceeds
	Proposed RM'000	Actual RM'000	Balance RM'000		
i) Business expansion	3,000	1,358	1,642	Within 24 months	Within 24 months from 26 May 2021
ii) Capital expenditure	4,000	479	3,521	Within 18 months	Within 24 months from 26 May 2021
iii) Working capital	19,190	17,458	1,732	Within 24 months	Within 24 months from 26 May 2021
iv) Repayment of bank borrowings	5,000	5,000	-	Within 3 months	-
v) Estimated listing expenses	3,400	3,400	-	Within 1 month	-
	<b>34,590</b>	<b>27,695</b>	<b>6,895</b>		

The utilisation of proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 30 September 2019 and the Company's announcement dated 24 May 2021 in relation to the Extension of Time to the Utilisation of Proceeds raised from the IPO.

### UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

As at 31 March 2021, the utilisation of proceeds amounting to RM38.72 million raised from the Private Placement of 32,000,000 new ordinary shares at RM1.21 per share on 30 November 2020 are summarised as follows: -

Purpose	Details of the Utilisation of Proceeds			Estimated Timeframe for Utilisation from the Listing Date of the Private Placement Shares
	Proposed RM'000	Actual RM'000	Balance RM'000	
i) Investment in solar photovoltaic projects	30,500	-	30,500	Within 30 months
ii) Working capital	8,030	6,938	1,092	Within 24 months
iii) Estimated expenses for the Private Placement	190	190	-	Within 1 month
	<b>38,720</b>	<b>7,128</b>	<b>31,592</b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Private Placement announcements dated 13 August 2020 and 15 October 2020.

# OTHER DISCLOSURE REQUIREMENTS

(cont'd)

## OTHER DISCLOSURE REQUIREMENTS (CONT'D)

### AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively were as follows:

	Company RM	Group RM
Audit Fees	20,000	166,000
Non-Audit Fees	12,000	12,000

### MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During the FYE 2021, there were no material contracts or contracts relating to loan entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

### EMPLOYEE SHARE OPTION SCHEME ("ESOS")

ESOS was approved by shareholders at the EGM on 28 September 2020. The final copy of bylaws of ESOS has been submitted to Bursa Securities and the ESOS is effectively implemented on 1 March 2021. However, the ESOS is yet to be in force and no share option was offered during the financial year.

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

During FYE 2021, there was no RRPT which requires shareholders' mandate.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Solarvest recognises the importance for having a systematic approach of reviewing the Group's risk management and internal control processes and is committed to the continuous improvements of the existing systems in practice.

The Board is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the FYE 2021, which has been prepared pursuant to Rule 15.26(b) of the AMLR and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and made in accordance with the MCCG 2017.

## BOARD RESPONSIBILITIES

The Board affirms its ultimate responsibilities towards an effective risk management and internal controls system within the Group. The Board is committed to conduct regular review on the adequacy, effectiveness and integrity of the systems and policies in place to achieve the Group's objectives and strategies so as to safeguard our shareholders' investment and the Group's assets.

The Board is supported by the Audit Committee and Risk Management Committee in identifying, evaluating and managing the significant risks faced by the Group. This process includes enhancing the risk management and internal control policies and systems as and when there are changes to the business environment and regulatory requirements. Management is responsible for implementing pertinent controls and monitoring the system of risk management and internal controls to address any emerging issues or areas of control deficiencies.

Given the inherent limitations in any system of risk management and internal controls, the system is designed to manage and mitigate risks or events with significant adverse impact on the achievements of the Group's business objectives. As such, the system can only provide reasonable assurance against material financial misstatement, loss, fraud or any unforeseeable circumstances.

The Board is of the view that the Group's risk management and internal controls system are in place adequately in all material aspects during the financial year under review and up to the date of approval of this Annual Report, subject to regular reviews.

## RISK MANAGEMENT SYSTEM

Risk management is firmly embedded in the Group's management system as the Board regards risk management as an integral part in achieving the Group's sustainability and enhancing shareholders' value. In this regard, Risk Management Committee is established along with Enterprise Risk Management Framework to identify, manage and monitor risks on an ongoing basis. Any significant risk affecting the Group's strategic and business plans shall be escalated to the Board at the scheduled meetings.

The Risk Management Committee, comprising two (2) Independent Non-Executive Directors and the Group CEO, held three (3) meetings in FYE 2021 to review and deliberate key risks and appropriate mitigating controls.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## RISK MANAGEMENT SYSTEM (CONT'D)

The key roles and responsibilities of the Risk Management Committee are as follows:

- (i) To oversee and recommend the Group's risk management policies and risk tolerance in line with the Group's business objectives;
- (ii) To assist in establishing effective risk management framework and conduct periodic review and testing on the risk management framework;
- (iii) To review the Group's risk profile and evaluate the measures taken to mitigate the risks identified;
- (iv) To review the adequacy of the Management's responses to issues identified in risk registers and recommend changes as needed in ensuring that key risks are managed in line with the Group's risk appetite; and
- (v) To disclose the result of risk assessment and highlight any potential high-risk areas to the attention of the Board and to advise the Board accordingly.

The full duties and responsibilities of Risk Management Committee is set out in its terms of reference, which is accessible on the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

The Board has approved the adoption of Enterprise Risk Management Framework of the Group on 10 March 2020. Under this framework, Enterprise Risk Management Working Committee comprising of different heads of departments of the Group was established to serve as the driving force to assist in implementing and monitoring Enterprise Risk Management Framework in various business operations within the Group. Enterprise Risk Management Working Committee shall report and present risk report detailing the risk identified and status of review and mitigation to the Risk Management Committee on a half yearly basis. Outcome of Risk Management Committee meetings will subsequently be tabled to the Board for notation.

The Enterprise Risk Management Framework has outlined the five (5) steps in the Risk Management Process, illustrated as follows: -



Our Enterprise Risk Management Framework aims to identify structural weaknesses within the Group's operating environment and develop timely response in addressing unpleasant surprises. The Board, with the concurrence from Risk Management Committee, is satisfied with the risk management system in place in the Group which provides adequate and effective risk management during the financial year and up to the date of approval of this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## INTERNAL CONTROL SYSTEM

Internal controls system is advocated and embedded into various day-to-day operational policies and procedures of all business segments across the Group to ensure that the Group's business is being managed effectively and sustainably. The Management is delegated with the responsibility to monitor the implementation of internal controls within the Group. Any significant internal control deficiencies affecting the Group's strategic and business plans shall be escalated to the Board at the scheduled meetings. Audit Committee has also been delegated with the accountability to review the adequacy and effectiveness of the internal controls and governance processes implemented in the Group.

Key internal controls in place for the Group are as follows: -

- (i) Formalisation of internal standard operating policies and procedures to support the daily operations of the Group;
- (ii) Clearly defined terms of reference, authorities and responsibilities of the various Board Committees including Audit Committee, Remuneration Committee, Risk Management Committee and Nominating Committee;
- (iii) A well-defined organisational structure with clear lines of accountability and delegated authority provides a sound framework within the Group in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval;
- (iv) The Board and Audit Committee meet at least once on a quarterly basis to review and deliberate on quarterly financial reports, annual financial statements and internal audit reports. Discussions with the Management were held to discuss on the actions that are required to be taken to address internal control issues identified;
- (v) Clearly defined policies including the Code, Whistleblowing Policy and ABC Policy set out the principles on dealing with external parties, conflict of interest, insider trading, compliance to laws, money laundering, bribery and corruption and others which serve as primary guidance on the ethical and behavioural conduct of the Group;
- (vi) The outsourced Internal Auditors report directly to the Audit Committee. Findings are communicated to the Management and the Audit Committee with recommendations for improvements and follow-up review to ensure all agreed recommendations are implemented. The Internal Audit Plan is reviewed and approved by the Audit Committee;
- (vii) ISO 9001:2015 Quality Management System serves as the basis of operational and management procedures of the Group;
- (viii) Scheduled operational and management meetings are held internally from time to time to discuss and review the business plans, budgets, financial and operational performances of the Group. The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group; and
- (ix) Continuous provision of training and development to equip and enhance the competitiveness and capability of our employees.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional firm, Eco Asia Governance Advisory Sdn Bhd (formerly known as Eco Asia Advisory Sdn Bhd), who shall assist the Board and Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the risk management and internal controls system of the Group.

During FYE 2021, the outsourced Internal Auditors have conducted two (2) internal audit reviews on revenue and inventory management of the Group. The findings of the internal audit together with recommendations for improvement were presented to the Audit Committee. The professional fee payable to the outsourced Internal Auditor for the FYE 2021 amounted to RM30,000.

Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require for separate disclosure in this Annual Report.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the FYE 2021 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal controls system.

## MANAGEMENT'S ASSURANCE

The MD and Group CEO, representing the Management, have given reasonable assurance to the Board that the Group's risk management and internal controls system are adequate and effective in all material aspects, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective heads of operations.

## CONCLUSION

During FYE 2021, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in this Annual Report. The Board is of view that the existing Group's system of risk management and internal controls is adequate to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

However, the Board also fully recognises the importance of having the Group's system of risk management and internal control practices to be continuously evolve in order to meet the ever changing and challenging business environment. In this respect, the Board strive to continuously strengthen the Group's risk management and internal controls system.

# AUDIT COMMITTEE REPORT

The Board is pleased to present this Audit Committee Report, which provides insights into the manner in which the Audit Committee has discharged their responsibilities during FYE 2021.

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is established with the primary objective to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of risk management and internal controls, audit process and the independence of auditors.

The Audit Committee comprises the following members: -

Designation	Name	Directorship
Chairman	Gan Teck Hooi ( <i>Appointed on 29/6/2020</i> )	Independent Non-Executive Director
Member	Azian Binti Mohd Yusof ( <i>Appointed on 29/7/2021</i> )	Independent Non-Executive Director
Member	Fong Shin Ni	Independent Non-Executive Director
Member	Dato' Che Halin Bin Mohd Hashim ( <i>Ceased on 29/7/2021</i> )	Independent Non-Executive Chairman

Mr. Gan Teck Hooi, is a member of the MIA. Pursuant to the terms of reference of Audit Committee, no alternate director is appointed as a member of the Audit Committee.

In line with the best practices of MCCG 2017, the Audit Committee which comprising exclusively of Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.

## TERMS OF REFERENCE OF AUDIT COMMITTEE

The full terms of reference of the Audit Committee, covering its scope of duties and responsibilities, authority and other relevant matters, can be viewed at the Company's website at <https://solarvest.my/investor-relations/corporate-governance/>.

## MEETINGS AND ATTENDANCE

During the FYE 2021, the Audit Committee held five (5) meetings and the details of meeting attendance of each committee member are as follows: -

Members	Meeting Attendance	Percentage of Attendance
Gan Teck Hooi ( <i>Appointed on 29/6/2020</i> )	4/4*	100%
Fong Shin Ni	5/5	100%
Azian Binti Mohd Yusof ( <i>Appointed on 29/7/2021</i> )	-*	-
Chang Kong Foo ( <i>Resigned on 29/6/2020</i> )	1/1*	100%
Dato' Che Halin Bin Mohd Hashim ( <i>Ceased on 29/7/2021</i> )	5/5	100%

\* Reflects the number of meetings held during the time of the Director held office

The Group CEO and Group Financial Controller ("Group FC") were invited to attend all the Audit Committee meetings to provide clarification and information on audit issues and relevant issues pertaining to the Group's operations.



# AUDIT COMMITTEE REPORT

(cont'd)

## MEETINGS AND ATTENDANCE (CONT'D)

External Auditors and/or Internal Auditors were invited to attend the Audit Committee meetings upon request by the Audit Committee Chairman. The External Auditors, Messrs. Ecovis Malaysia PLT, attended three (3) of the meetings held to present the Audit Planning Memorandum, Audit Review Memorandum, and audited financial statements for approval for FYE 2021. The Internal Auditors, Eco Asia Governance Advisory Sdn Bhd (formerly known as Eco Asia Advisory Sdn Bhd), attended two (2) of the meetings held to present the annual audit plan and internal audit reports.

Minutes of each Audit Committee meeting were tabled for confirmation at the subsequent Audit Committee meeting. All minutes were presented to the Board for notation and key issues discussed during the Audit Committee meeting were highlighted by the Chairman of the Audit Committee to the Board.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In accordance with the terms of reference, our Audit Committee has carried out the following activities during the financial year in discharging of its functions and duties: -

### (1) Financial Reporting

- (i) Reviewed and ensured that the Group's financial reporting and disclosures requirements are in compliance with: -
  - Provision of Companies Act 2016;
  - AMLR of Bursa Securities;
  - Malaysian Financial Reporting Standards;
  - International Financial Reporting Standards; and
  - Other legal and regulatory requirements.
  
- (ii) Reviewed the draft unaudited quarterly financial results as well as audited annual financial statements of the Company and the Group before recommending to the Board for approval and releasing the announcement to Bursa Securities focusing particularly on: -
  - Any changes in or implementation of major accounting policies and procedures;
  - Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters were addressed;
  - Any significant adjustments arising from the audit; and
  - Compliance with all applicable accounting standards and legal requirements.

Having reviewed the draft audited financial statements, the Audit Committee deliberated with the Management and External Auditors in relation to the accounting principles and standards applied as well as their judgements on the items that may affect the financial statements. Audit Committee shall ensure that the financial statements taken as a whole provide a true and fair view of financial position, financial performance and cash flow of the Company and the Group.

# AUDIT COMMITTEE REPORT

(cont'd)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

### (2) Risk Management and Internal Control

- (i) Reviewed and assessed the adequacy and effectiveness of the risk management framework and internal controls system of the Group in ensuring timely identification, analysis, response, monitoring and reporting of risks in order to mitigate risk and maximise opportunities;
- (ii) Assessed the risk management and internal controls systems, processes, policies and procedures to ensure compliance with all relevant laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- (iii) Reviewed the internal controls system adopted within the Group to ensure that they are in place, effectively administered and regularly monitored;
- (iv) Reviewed the risk profile of the Group; and
- (v) Proposed amendments to the terms of reference of Risk Management Committee in reducing the number of meetings from four (4) times to twice a year for reviewing and assessing the existing and/or any emerging risk, so as to improve the operational efficiency and emphasise on daily operations management.

### (3) Internal Audit Function

- (i) Reviewed the ability, qualification, competency and resources of the outsourced Internal Auditors to ensure the effectiveness of internal audit function. The Audit Committee was satisfied with the competence and independence of Internal Auditors in performing its scope of duties in FYE 2021;
- (ii) Reviewed internal audit plan and ensured that appropriate actions were undertaken to conduct the audit engagements based on the approved plan;
- (iii) Assisted and ensured that the outsourced Internal Auditors had full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties;
- (iv) Reviewed and deliberated on the internal audit reports covering the internal audit scope, findings and management responses to key areas highlighted with proposed recommendations for improvements; and
- (v) Reviewed and assessed the suitability of the Internal Auditors for re-appointment, taking into consideration their independence, performance, competence and experience.

Further details of the activities of Internal Auditors performed during FYE 2021 are outlined in the Statement of Risk Management and Internal Control of this Annual Report.

# AUDIT COMMITTEE REPORT

(cont'd)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

### (4) Oversight of External Audit

- (i) Reviewed the scope and nature of the statutory audit of the Company's and the Group's financial statements covered in the Audit Planning Memorandum prior to the audit engagements;
- (ii) Reviewed the Audit Review Memorandum and discussed with the External Auditors to understand and consider significant accounting adjustment and auditing issues arising from audits, particularly recommendations and appropriate actions to be taken by our Management;
- (iii) Conducted two (2) private sessions with External Auditors to discuss any issues arising from audits without the presence of the Executive Directors and the Management;
- (iv) Reviewed and deliberated the independent auditor's report by External Auditors, and significant matters and/or management letter highlighted for improvement measures that Management should consider pertaining to weaknesses or deficiencies in the internal controls system as well as Management's response to the management letter;
- (v) Conducted annual performance assessment to evaluate the External Auditors, taking into consideration their independence, performance, competence and experience as well as provision of non-audit services and audit fees, and recommended to the Board for re-appointment; and
- (vi) Reviewed the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.

### (5) Related Party Transactions

- (i) Reviewed any related party transactions and conflict of interest that may arise within the Group including any transactions, procedures or course of conduct that raises questions of the Management's integrity; and
- (ii) Reviewed related party transactions to ensure that such transactions were carried out at arm's length and under normal commercial terms and is properly disclosed.

### (6) Annual Report

- (i) Prepared the Audit Committee Report for inclusion in the Annual Report; and
- (ii) Reviewed the Corporate Governance Overview Statement and Board's Statements in compliance with the MCCG for inclusion in the Annual Report.

### (7) Training

- (i) During the financial year under review, all Audit Committee members have attended various training programmes for the continuous professional development. The list of trainings attended is set out in the Corporate Governance Overview Statement in this Annual Report;
- (ii) Updated by the Company Secretary on the Securities Commission Malaysia's Notice of Communication to Auditors and Audit Committee in respect of the impact of Covid-19 pandemic on financial reporting of public interest entities; and
- (iii) Updated by the Company Secretary on the key observations on the Effectiveness of Internal Audit Function of Listed Issuers published by Bursa Securities in collaboration with the Institute of Internal Auditors Malaysia.

# AUDIT COMMITTEE REPORT

(cont'd)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

### (8) Others

- (i) Discussed the status update on Memorandum of Understanding and/or Memorandum of Agreement entered by the Group;
- (ii) Discussed the status update on the corporate proposals in respect of the proposed private placement and proposed establishment of ESOS; and
- (iii) Reviewed the terms of reference of Audit Committee of the Company.

There was no insider trading reported during the financial year under review.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements prepared for each financial year and ensure that the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2021, and of their financial performance and their cash flows for the year ended then.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- (i) Overseeing the overall conduct of the Group and the Company's business;
- (ii) Identifying principal risks and ensuring that an appropriate system of internal controls exists to manage these risks;
- (iii) Reviewing the adequacy and integrity of Internal Controls and Management Information System within the Group and the Company;
- (iv) Adopting suitable accounting policies and apply them consistently;
- (v) Making judgements and estimates that are reasonable and prudent; and
- (vi) Ensuring compliance with the application of approved accounting standards in Malaysia.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records and other records which are closed with reasonable accuracy at any time the financial position of the Group and the Company.

The Directors are collectively responsible to ensure that the financial statements comply with the AMLR of Bursa Securities, the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and the Company to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the FYE 2021, the Group and the Company have used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.



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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

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

## RESULTS

	Group RM	Company RM
<b>Profit for the financial year attributable to:</b>		
Owners of the Company	16,146,589	9,197,476
Non-controlling interest	289,403	-
	16,435,992	9,197,476

In the opinion of the Board of Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## DIVIDENDS

Since the end of the previous financial year, the Company paid an interim dividend of RM0.01 per ordinary share totaling of RM4,226,237 in respect of the financial year ended 31 March 2021 on 21 January 2021.

The Directors do not recommend any final dividend in respect of the current financial year.

## DIRECTORS

The Directors who served during the financial year up to the date of this report are as follows:

Azian Binti Mohd Yusof	(Appointed on 29 July 2021)
Lim Chin Siu *	
Tan Chyi Boon *	
Chiau Haw Choon *	
Dato' Che Halin bin Mohd Hashim	
Fong Shin Ni	
Gan Teck Hooi	
Chang Kong Foo	(Resigned on 29 June 2020)

# DIRECTORS' REPORT

(cont'd)

## DIRECTORS (CONT'D)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Chong Chun Shiong  
Datuk Seri Chiau Beng Teik, JP  
Tan Paw Boon  
Cheong Kah Cheng

\* Director of the Company and its subsidiary companies

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of fees and emoluments received or due and receivable by the Directors from the Company, or the fixed salary of a full time employee of the Company, as disclosed in Note 33(b) to the financial statements) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 33(a) to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being arrangements with the object of enabling Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests of Directors in office at the end of the financial year in the shares and warrants of the Company and of its related corporations during the financial year are as follows:

	Number of ordinary shares			
	At 01.04.2020	Bought	Sold	At 31.03.2021
<i>Interest in the Company:</i>				
<u>Direct interest:</u>				
Lim Chin Siu	-	7,725,000	-	7,725,000
Tan Chyi Boon	-	7,800,000	-	7,800,000
Dato' Che Halin Bin Mohd Hashim	100,000	50,000	-	150,000
Fong Shin Ni	30,000	10,000	10,000	30,000
<u>Deemed interest:</u>				
Lim Chin Siu*	160,487,655	74,217,327	12,053,000	222,651,982
Tan Chyi Boon*	160,487,655	74,217,327	12,053,000	222,651,982
Chiau Haw Choon#	131,308,000	60,654,000	32,500,000	159,462,000

# DIRECTORS' REPORT

(cont'd)

## DIRECTORS' INTEREST (CONT'D)

	Number of redeemable preference shares			
	At 01.04.2020	Bought	Sold	At 31.03.2021
<i>Interest in the Subsidiary:</i>				
<i>Atlantic Blue Sdn. Bhd.</i>				
<u>Direct interest:</u>				
Lim Chin Siu	1,554,639	-	-	1,554,639
Tan Chyi Boon	1,520,361	-	-	1,520,361

	Number of Warrants 2021/2026			
	At 01.04.2020	Bought	Sold	At 31.03.2021
<i>Interest in the Company:</i>				
<u>Direct interest:</u>				
Lim Chin Siu	-	1,875,000	-	1,875,000
Tan Chyi Boon	-	1,875,000	-	1,875,000
Dato' Che Halin Bin Mohd Hashim	-	37,500	-	37,500
Fong Shin Ni	-	7,500	-	7,500
<u>Deemed interest:</u>				
Lim Chin Siu*	-	55,662,994	-	55,662,994
Tan Chyi Boon*	-	55,662,994	-	55,662,994
Chiau Haw Choon#	-	41,740,500	7,000,000	34,740,500

\* Deemed interest by virtue of their direct interest in Atlantic Blue Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

# Deemed interest by virtue of his interest in PP Chin Hin Realty Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year has any interest in shares and warrants of the Company and its related corporations during the financial year.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and fully paid up ordinary shares from RM59,841,993 to RM98,420,543 by way of: -

- (i) 32,000,000 new ordinary shares through first tranche of private placement at issue price of RM1.21 per ordinary share;
- (ii) 11,700 new ordinary shares arising from the exercise of Warrants 2021/2026 at the exercise price of RM1.50 per ordinary share; and
- (iii) 211,317,673 new ordinary shares arising from the bonus issue of shares on the basis of 1 bonus share for every 2 existing ordinary shares held in the Company.

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

There were no issues of debentures by the Company during the financial year.

# DIRECTORS' REPORT

(cont'd)

## WARRANTS 2021/2026

On 4 March 2021, the Company issued 105,655,906 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of 1 free warrant for every 4 existing shares held in the Company.

The warrants entitled the registered holder, at any time within a period of 5 years including and commencing from the date of issuance of warrants and expiring on the close of business at 5.00p.m. in Malaysia on the date immediately preceding the 5th anniversary of the date of issuance of warrants, and if such date is not a market day, then on the preceding market day. In relation to this, the warrants were issued at an exercise price of RM1.50 each.

The Warrants were listed on Bursa Malaysia Securities Berhad on 8 March 2021.

During the financial year, 11,700 new ordinary shares of RM1.50 each were issued pursuant to the exercise of Warrants 2021/2026 for the equivalent numbers by the registered holders.

On 24 March 2021, the Company completed a Bonus Issue of Shares. Pursuant to the Bonus Issue of Shares, a total of 52,821,364 additional warrants is issued, listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 24 March 2021. With effect of the said bonus issue, the exercise price of warrants of RM1.50 is adjusted to RM1.00.

## SHARES OPTION SCHEME

No options were granted to any person to take up unissued shares of the Company during the financial year.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 28 September 2020.

The details of the ESOS are disclosed in Note 40(d) to the financial statements.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts and that adequate allowances had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render writing off bad debts necessary or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
- (iii) not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading; and
- (iv) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



## OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person other than as disclosed in Note 5, Note 6 and Note 20 to the financial statements; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than as disclosed in Note 26.1 to the financial statements.

In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance effected for the Directors or officers of the Company pursuant to Section 289 of the Companies Act, 2016 ("the Act").

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 40 to the financial statements.

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Significant events occurring after the reporting period ended 31 March 2021 are disclosed in Note 41 to the financial statements.

# DIRECTORS' REPORT

(cont'd)

## AUDITORS

The auditors, ECOVIS MALAYSIA PLT, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 30 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

**Tan Chyi Boon**  
*Director*

Kuala Lumpur  
29 July 2021

**Lim Chin Siu**  
*Director*

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, **Tan Chyi Boon** and **Lim Chin Siu**, being two of the Directors of **Solarvest Holdings Berhad**, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 94 to 176 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

**Tan Chyi Boon**  
Director

Kuala Lumpur  
29 July 2021

**Lim Chin Siu**  
Director

## STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, **Tan Chyi Boon**, being the Director primarily responsible for the financial management of **Solarvest Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 94 to 176 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed at Kuala Lumpur in the  
Federal Territory on 29 July 2021

**Tan Chyi Boon**

Before me,

**YM Tengku Fariddudin Bin Tengku Sulaiman**  
No. W533  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

To the Members of Solarvest Holdings Berhad  
(Incorporated in Malaysia)  
Registration No. 201701033607 (1247778-U)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of **Solarvest Holdings Berhad**, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 176.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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.

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

To the Members of Solarvest Holdings Berhad

(Incorporated in Malaysia)

Registration No. 201701033607 (1247778-U)

(cont'd)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

(a) Group

#### Key audit matters

Recoverability of contract assets and trade receivables

*Refer to Note 27.2 and Note 11 to the financial statements*

As at 31 March 2021, the Group has contract assets and trade receivables relating to contracts with customers as follows:

- Contract assets of RM 41,508,755; and
- Trade receivables of RM52,011,822.

Management assessed the expected credit loss of contract assets and trade receivables as at 31 March 2021 in accordance with the Group's accounting policy. The Group adopted simplified approach (i.e. lifetime expected credit loss) in measuring the loss allowance, if any, for contract assets and trade receivables.

The expected credit loss is estimated based on past loss experience and observable data such as current changes and future forecasts in economic conditions. Management's conclusion on the expected credit loss is judgemental as it involves collective assessment on past, present and future conditions. Due to the significance of the contract assets and trade receivables of the Group; and the involvement of management judgement and estimation in assessing the expected credit loss, these are considered key audit matters.

#### How our audit addressed the key audit matters

Our audit procedures included, among others, the following:

- Understanding of the Group's process in assessing the recoverability of contract assets and trade receivables;
- Reviewed the ageing analysis of receivables and tested its accuracy;
- Assessed and discussed with management on the reasonableness of the key bases and assumptions used in estimation of expected credit loss with reference to the aged debts as at reporting date, payment trends and previous collection experience;
- Reviewed the billing of contract assets as well as collection of trade receivables subsequent to the end of the financial year; and
- Assessed the completeness, accuracy and relevance of the disclosures required by MFRS 9.

Based on the procedures performed, no material exceptions were noted.

# INDEPENDENT AUDITORS' REPORT

To the Members of Solarvest Holdings Berhad  
(Incorporated in Malaysia)  
Registration No. 201701033607 (1247778-U)  
(cont'd)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

#### (a) Group (cont'd)

##### Key audit matters (cont'd)

Revenue recognition – EPCC of solar energy solution

*Refer to Note 27 to the financial statements*

For the financial year ended 31 March 2021, the Group recognised revenue from contracts with customers amounted to RM224,286,938. The revenue of the Group is mainly derived from EPCC of solar energy solution.

The percentage of completion for EPCC is based on the proportion of actual contract costs incurred for work performed to date to the estimated total contract costs. The recognition of revenue is therefore dependent on the Group's budgeted contract costs which includes estimates and judgements made by the management.

This is a key audit matter as evaluating the accuracy of the budgeted contract costs and the determination of the percentage of completion of contract cost require significant judgement and estimates by the management.

##### How our audit addressed the key audit matters (cont'd)

Our audit procedures included, among others, the following:

- Understanding of the Group's process in measuring revenue from contracts with customers;
- Verified approval over contracts, projected budgeted costs and reviewed relevant terms of contracts with customer;
- Assessed and discussed with management on the bases in the allocation of transaction price to separate performance obligations of those contracts with customers;
- Inspected documentation which support cost estimates made including contract variations and cost contingencies;
- Performed verification on the actual progress billings issued and actual cost incurred for the financial year;
- Performing re-computation on revenue recognised and checked calculation of the percentage of completion; and
- Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

Based on the procedures performed, no material exceptions were noted.

#### (b) Company

We do not have any key audit matters in connection with the audit of the separate financial statements of the Company to be communicated in this report.



# INDEPENDENT AUDITORS' REPORT

To the Members of Solarvest Holdings Berhad

(Incorporated in Malaysia)

Registration No. 201701033607 (1247778-U)

(cont'd)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to date of our auditors' report, and the other sections of the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon ("the other sections"), which are expected to be made available after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to date of our auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 basis of these financial statements.

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

- (i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, 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.

# INDEPENDENT AUDITORS' REPORT

To the Members of Solarvest Holdings Berhad  
(Incorporated in Malaysia)  
Registration No. 201701033607 (1247778-U)  
(cont'd)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also (cont'd):

- (ii) 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 and of the Company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (iv) 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 and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (vi) 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 any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

To the Members of Solarvest Holdings Berhad  
(Incorporated in Malaysia)

Registration No. 201701033607 (1247778-U)  
(cont'd)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ECOVIS MALAYSIA PLT**  
AF 001825  
Chartered Accountants

**CHUA KAH CHUN**  
02696/09/2021 J  
Chartered Accountant

Kuala Lumpur  
29 July 2021

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current assets</b>					
Property, plant and equipment	5	19,629,944	16,369,822	-	-
Investment properties	6	2,475,534	867,729	-	-
Intangible assets	7	330,039	465,005	-	-
Investment in subsidiaries	8	-	-	33,121,706	28,261,600
Other investment	9	-	200	-	-
Deferred tax assets	10	6,690	668,303	-	-
Trade receivables	11	7,030,068	5,206,856	-	-
		29,472,275	23,577,915	33,121,706	28,261,600
<b>Current assets</b>					
Inventories	12	10,303,703	19,815,810	-	-
Trade receivables	11	44,981,754	29,998,395	-	-
Other receivables, deposits and prepayments	13	7,493,837	9,909,282	217,100	127,560
Contract assets	27.2	41,508,755	22,355,805	-	-
Amount owing by subsidiaries	14	-	-	45,248,160	3,000,000
Current tax assets		172,448	-	17,763	-
Short term investments	15	15,228,715	10,102,689	15,228,715	10,102,689
Fixed deposits with financial institutions	16	21,377,938	23,391,979	5,116,764	13,108,706
Cash and bank balances		55,595,130	27,462,589	1,034,015	1,833,234
		196,662,280	143,036,549	66,862,517	28,172,189
<b>Total assets</b>		<b>226,134,555</b>	<b>166,614,464</b>	<b>99,984,223</b>	<b>56,433,789</b>
<b>Equity</b>					
Share capital	17	98,420,543	59,841,993	98,420,543	59,841,993
Foreign currency translation reserve	18	18,080	-	-	-
Merger deficit		(25,261,600)	(25,261,600)	-	-
Retained earnings	19	58,189,667	46,269,315	1,445,940	(3,525,299)
		131,366,690	80,849,708	99,866,483	56,316,694
Non-controlling interest		995,308	364,356	-	-
<b>Total equity</b>		<b>132,361,998</b>	<b>81,214,064</b>	<b>99,866,483</b>	<b>56,316,694</b>

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021  
(cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current liabilities</b>					
Borrowings	20	2,941,992	3,278,113	-	-
Lease liabilities	21	6,889,437	3,213,932	-	-
Deferred tax liabilities	10	45,323	-	-	-
Redeemable preference shares	22	5,513,153	5,011,457	-	-
Contract liabilities	27.2	3,642,516	1,679,502	-	-
Trade payables	23	1,555,638	598,106	-	-
		20,588,059	13,781,110	-	-
<b>Current liabilities</b>					
Trade payables	23	50,196,998	43,421,570	-	-
Other payables, deposits received and accruals	24	9,554,803	2,882,530	117,740	46,674
Amount owing to a subsidiary	14	-	-	-	38,030
Provisions	25	237,828	768,777	-	-
Borrowings	20	2,427,415	7,577,765	-	-
Lease liabilities	21	1,705,164	1,225,093	-	-
Current tax liabilities		-	140,081	-	32,391
Contract liabilities	27.2	9,062,290	15,603,474	-	-
		73,184,498	71,619,290	117,740	117,095
<b>Total liabilities</b>		93,772,557	85,400,400	117,740	117,095
<b>Total equity and liabilities</b>		226,134,555	166,614,464	99,984,223	56,433,789

The notes to the financial statements form an integral part of the financial statements

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	27	224,286,938	253,433,865	10,000,000	-
Cost of sales		(183,205,886)	(214,249,264)	-	-
Gross profit		41,081,052	39,184,601	10,000,000	-
Other income	28	1,446,080	1,101,347	362,903	247,463
Administrative expenses		(19,204,088)	(16,885,366)	(1,130,231)	(792,160)
Sales and distribution costs		(957,304)	(1,768,979)	-	-
Net impairment on financial assets		2,161,479	(1,731,863)	-	-
Other expenses		(8,310)	(1,901,556)	-	(1,901,556)
Profit/(loss) from operations		24,518,909	17,998,184	9,232,672	(2,446,253)
Finance costs	29	(1,830,900)	(1,513,091)	-	-
Profit/(loss) before tax	30	22,688,009	16,485,093	9,232,672	(2,446,253)
Taxation	31	(6,252,017)	(509,015)	(35,196)	(59,391)
<b>Profit/(loss) for the financial year</b>		<b>16,435,992</b>	<b>15,976,078</b>	<b>9,197,476</b>	<b>(2,505,644)</b>
<b>Other comprehensive income:</b>					
- Exchange translation differences for foreign operations		30,160	-	-	-
Total comprehensive income/(loss) for the financial year		16,466,152	15,976,078	9,197,476	(2,505,644)
<b>Profit/(loss) for the financial year attributable to:</b>					
Owners of the Company		16,146,589	15,665,274	9,197,476	(2,505,644)
Non-controlling interests		289,403	310,804	-	-
		16,435,992	15,976,078	9,197,476	(2,505,644)
<b>Total comprehensive income/(loss) for the financial year attributable to:</b>					
Owners of the Company		16,164,669	15,665,274	9,197,476	(2,505,644)
Non-controlling interests		301,483	310,804	-	-
		16,466,152	15,976,078	9,197,476	(2,505,644)
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	34	2.68	4.19		
Diluted	34	2.65	4.19		

The notes to the financial statements form an integral part of the financial statements



# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2021

	Note	Attributable to owners of the Company										
		Non-distributable					Distributable					
		Share capital	Merger deficit	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity	RM	RM	RM	
<b>Group</b>		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 April 2020		59,841,993	(25,261,600)	-	46,269,315	80,849,708	364,356	81,214,064				
Contributions by and distributions to owners of the Company												
- Dividend paid		-	-	-	(4,226,237)	(4,226,237)	(90,000)	(4,316,237)				
- Issuance of ordinary shares	17	38,737,550	-	-	-	38,737,550	-	38,737,550				
- Share issue expenses	17	(159,000)	-	-	-	(159,000)	-	(159,000)				
		38,578,550	-	-	(4,226,237)	34,352,313	(90,000)	34,262,313				
Acquisition of a subsidiary		-	-	-	-	-	419,469	419,469				
Profit for the financial year		-	-	-	16,146,589	16,146,589	289,403	16,435,992				
Other comprehensive income for the financial year		-	-	18,080	-	18,080	12,080	30,160				
<b>Total comprehensive income</b>		-	-	18,080	16,146,589	16,164,669	301,483	16,466,152				
Balance as at 31 March 2021		98,420,543	(25,261,600)	18,080	58,189,667	131,366,690	995,308	132,361,998				

## STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2021  
(cont'd)

	Note	Attributable to owners of the Company										Total equity
		Non-distributable					Distributable					
		Share capital	Merger deficit	Foreign currency translation reserve	(Accumulated losses)/ Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Group</b>												
Balance as at 1 April 2019		10	-	-	(1,019,655)	(1,019,645)	-	-	(1,019,645)	-	(1,019,645)	
Contributions by and distributions to owners of the Company												
- Issuance of shares pursuant to acquisition of subsidiary company	17	26,261,600	(25,261,600)	-	31,699,551	32,699,551	(6,418)	-	32,693,133		32,693,133	
- Issuance of ordinary shares	17	34,589,800	-	-	-	34,589,800	-	-	34,589,800		34,589,800	
- Listing expenses	17	(1,009,417)	-	-	-	(1,009,417)	-	-	(1,009,417)		(1,009,417)	
		59,841,983	(25,261,600)	-	31,699,551	66,279,934	(6,418)	-	66,273,516		66,273,516	
Adjustment on initial application of MFRS 16		-	-	-	(75,855)	(75,855)	-	-	(75,855)		(75,855)	
Shares acquired by non-controlling interest		-	-	-	-	-	59,970	-	59,970		59,970	
Net profit/Total comprehensive income for the financial year		-	-	-	15,665,274	15,665,274	310,804	-	15,976,078		15,976,078	
Balance as at 31 March 2020		59,841,993	(25,261,600)	-	46,269,315	80,849,708	364,356	-	81,214,064		81,214,064	

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2021  
(cont'd)

	Note	Attributable to owners of the Company		Total equity RM
		Non-distributable Share capital RM	Distributable Accumulated losses RM	
<b>Company</b>				
Balance as at 1 April 2019		10	(1,019,655)	(1,019,645)
Contributions by and distributions to owners of the Company				
- Issuance of shares pursuant to acquisition of subsidiary company	17	26,261,600	-	26,261,600
- Issuance of ordinary shares	17	34,589,800	-	34,589,800
- Listing expenses	17	(1,009,417)	-	(1,009,417)
		59,841,983	-	59,841,983
Net loss/Total comprehensive loss for the financial year		-	(2,505,644)	(2,505,644)
Balance as at 31 March 2020/ 1 April 2020		59,841,993	(3,525,299)	56,316,694
Contributions by and distributions to owners of the Company				
- Dividend paid		-	(4,226,237)	(4,226,237)
- Issuance of ordinary shares	17	38,737,550	-	38,737,550
- Share issue expenses	17	(159,000)	-	(159,000)
		38,578,550	(4,226,237)	34,352,313
Net profit/Total comprehensive income for the financial year		-	9,197,476	9,197,476
Balance as at 31 March 2021		98,420,543	1,445,940	99,866,483

The notes to the financial statements form an integral part of the financial statements

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from operating activities</b>					
Profit/(loss) before tax		22,688,009	16,485,093	9,232,672	(2,446,253)
Adjustments for :-					
Amortisation of intangible assets	7	134,966	132,842	-	-
Depreciation of investment properties	6	29,866	19,463	-	-
Depreciation of property, plant and equipment	5	2,631,157	2,088,229	-	-
Finance costs		1,329,204	1,057,048	-	-
Unwinding discount on redeemable preference shares	22	501,696	456,043	-	-
Loss on disposal of property, plant and equipment		58,973	149	-	-
Net impairment (gain)/losses on:					
- Trade receivables	11	(2,019,245)	1,589,629	-	-
- Contract assets	27	(69,600)	69,600	-	-
- Other receivables	13	(72,634)	72,634	-	-
(Reversal)/provision for defects liabilities	25	(530,949)	437,000	-	-
Unrealised loss on foreign exchange		460,712	577,757	-	-
Provision for slow moving inventories	12	-	158,635	-	-
Finance income		(734,197)	(766,109)	(362,903)	(247,463)
Operating profit/(loss) before working capital changes		24,407,958	22,378,013	8,869,769	(2,693,716)
Changes in working capital:					
Decrease/(Increase) in inventories		9,512,107	(17,944,832)	-	-
(Increase)/decrease in trade and other receivables		(12,270,078)	(17,805,350)	(89,540)	39,172
Increase in contract assets		(19,083,350)	(5,779,239)	-	-
Increase/(decrease) in trade and other payables, accruals and provisions		13,618,384	17,878,175	71,066	(1,139,713)
(Decrease)/increase in contract liabilities		(4,578,170)	9,513,760	-	-
Increase in amount owing from subsidiary, net		-	-	(46,286,190)	(2,961,970)
<b>Cash generated from/(used in) operations</b>		<b>11,606,851</b>	<b>8,240,527</b>	<b>(37,434,895)</b>	<b>(6,756,227)</b>

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2021  
(cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash generated from/(used in) operations (Cont'd)</b>		11,606,851	8,240,527	(37,434,895)	(6,756,227)
Finance costs paid		(1,329,204)	(1,057,048)	-	-
Interest received		705,767	626,571	362,903	247,463
Tax (paid)/refunded, net		(5,857,610)	1,003,105	(85,350)	(27,000)
<b>Net cash generated from/(used in) operating activities</b>		5,125,804	8,813,155	(37,157,342)	(6,535,764)
<b>Cash flows from investing activities</b>					
Addition of intangible assets		-	(6,747)	-	-
Acquisition of other investment		-	(200)	-	-
Acquisition of a subsidiary, net	8	744,866	-	(860,106)	(2,000,000)
Proceeds from disposal of other investment		200	-	-	-
Proceeds from disposal of property, plant and equipment		202,182	13,600	-	-
Acquisition of property, plant and equipment	(a)	(2,409,278)	(298,760)	-	-
<b>Net cash used in investing activities</b>		(1,462,030)	(292,107)	(860,106)	(2,000,000)
<b>Cash flows from financing activities</b>					
Increase in fixed deposits pledged		(5,116,114)	(2,047,882)	-	-
Net repayment of local bill purchase	(b)	-	(6,583,304)	-	-
Net (repayment)/drawdown of bankers acceptance	(b)	(2,207,470)	2,207,470	-	-
Net repayment of term loans	(b)	(298,703)	(3,357,699)	-	-
Proceeds from issuance of shares, net		38,578,550	33,580,383	38,578,550	33,580,383
Placement into sinking fund for banking facilities		-	(163,031)	-	-
Dividend paid		(4,226,237)	-	(4,226,237)	-
Dividend paid to a non-controlling interest in subsidiary		(90,000)	-	-	-
Repayment of lease liabilities, net	(b)	(1,225,250)	(995,623)	-	-
Subscription of new shares in a subsidiary by a non-controlling interest		-	59,970	-	-
<b>Net cash generated from financing activities</b>		25,414,776	22,700,284	34,352,313	33,580,383

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2021  
(cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Net increase/(decrease) in cash and cash equivalents		29,078,550	31,221,332	(3,665,135)	25,044,619
Effects on foreign exchange rate		30,160	-	-	-
Cash and cash equivalents at beginning of the financial year		44,075,607	12,854,275	25,044,629	10
Cash and cash equivalents at end of the financial year	32	73,184,317	44,075,607	21,379,494	25,044,629

Note:

## (a) Acquisition of property, plant and equipment

	Group	
	2021 RM	2020 RM
Purchase of property, plant and equipment	7,790,104	1,474,591
Financed by way of lease arrangements	(5,380,826)	(1,175,831)
Cash payments	2,409,278	298,760

## (b) Changes in liabilities arising from financing activities

	At 1 April	Effects of adoption of MFRS 16	Acquisition of new lease	Net cash flows	At 31 March
	RM	RM	RM	RM	RM
<b>Group</b>					
<b>2021</b>					
Bankers' acceptance	2,207,470	-	-	(2,207,470)	-
Lease liabilities	4,439,025	-	5,380,826	(1,225,250)	8,594,601
Term loans	3,550,031	-	-	(298,703)	3,251,328
	10,196,526	-	5,380,826	(3,731,423)	11,845,929
<b>2020</b>					
Bankers' acceptance	-	-	-	2,207,470	2,207,470
Lease liabilities	1,706,216	2,416,543	1,311,889	(995,623)	4,439,025
Local bill purchase	6,583,304	-	-	(6,583,304)	-
Term loans	6,907,730	-	-	(3,357,699)	3,550,031
	15,197,250	2,416,543	1,311,889	(8,729,156)	10,196,526

The notes to the financial statements form an integral part of the financial statements



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur.

The principal place of business of the Company is located at L1-01, Pacific 63@PJ Centre, No. 5, Jalan 13/6, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

The Company is principally an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements. Except as disclosed in Note 8 to the financial statements, there have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 July 2021.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The consolidated financial statements for the financial year ended 31 March 2021 comprise the financial statements of the Company and its subsidiaries. The financial statements of the Group and of the Company have been prepared under the historical cost convention except otherwise stated in Note 3 to the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

The preparation of financial statements in conformity with MFRS requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

### 2.1 Adoption of standards and amendments to published standards during the current financial year

The accounting policies adopted by the Group and the Company is consistent with those of the previous financial period, except for the adoption of the following standards and amendments to published standards:

- Amendments to MFRS 3, 'Business Combinations' – Definition of a Business
- Amendments to MFRS 9, 'Financial Instruments', MFRS 139, 'Financial Instruments: Recognition and Measurement' and MFRS 7, 'Financial Instruments: Disclosures' – Interest Rate Benchmark Reform
- Amendments to MFRS 101, 'Presentation of Financial Statements' and MFRS 108, 'Accounting Policies', 'Changes in Accounting Estimates and Errors' – Definition of Material
- Amendments to MFRS 16, 'Leases' – Covid-19-Related Rent Concessions
- Amendments to MFRS 4, 'Insurance Contracts' – Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to References to the Conceptual Framework in MFRS standards

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.1 Adoption of standards and amendments to published standards during the current financial year (Cont'd)

On the adoption of the Amendments to MFRS 16, the Group applies the practical expedients not to treat a COVID-19 related rent concession from a lessor as a lease modification if all of the following conditions are met:

- (i) The changes in lease payments results in revised consideration for the lease that is substantially the same as or less than the consideration for the lease immediately preceding the change;
- (ii) The reduction in lease payments affects only payments due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group accounts for such COVID-19 related rent concession as a variable lease payment in the year in which the event or condition that triggers the reduced payment occurs and accordingly recognised in profit or loss.

Except for the above, the Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company for the current financial year.

### 2.2 MFRS, Amendments to MFRS and IC Interpretations that have been issued, but not yet adopted

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company. The Group and the Company intend to adopt these standards, amendments to published standards and IC interpretations, if applicable, when they become effective in the following financial year:

#### (i) Effective for financial period beginning on or after 1 January 2021

- Amendments to MFRS 4, 'Insurance Contracts', MFRS 7, 'Financial Instruments: Disclosures', MFRS 9, 'Financial Instruments', MFRS 16, 'Leases' and MFRS 139, 'Financial Instrument: Recognition and Measurement' – Interest Rate Benchmark Reform (Phase 2)

#### (ii) Effective for financial period beginning on or after 1 April 2021

- Amendments to MFRS 16, 'Lease' – Covid-19 Related Rent Concessions beyond 30 June 2021

#### (iii) Effective for financial period beginning on or after 1 January 2022

- Amendments to MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards' – Subsidiary as a First-time Adopter
- Amendments to MFRS 3, 'Business Combinations' – Reference to the Conceptual Framework
- Amendments to MFRS 9, 'Financial Instruments' – Fees in the '10 percent' Test for Derecognition of Financial Liabilities
- Amendments to Illustrative Examples accompanying MFRS 16, 'Leases' – Lease Incentives
- Amendments to MFRS 116, 'Property, Plant and Equipment' – Proceeds before Intended Use
- Amendments to MFRS 137, 'Provisions, Contingent Liabilities and Contingent Assets' – Onerous Contracts-Cost of Fulfilling a Contract
- Amendments to MFRS 141, 'Agriculture' – Taxation in Fair Value

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.2 MFRS, Amendments to MFRS and IC Interpretations that have been issued, but not yet adopted (Cont'd)

#### (iv) Effective for financial period beginning on or after 1 January 2023

- Amendments to MFRS 101, 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Disclosure of Accounting Policies
- Amendments to MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Accounting Estimates
- MFRS 17, 'Insurance Contracts'
- Amendments to MFRS 17, 'Insurance Contracts'

#### (v) Deferred to a date to be determined by the MASB

- Amendments to MFRS 10, 'Consolidated Financial Statements', and MFRS 128 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the abovementioned new and amendments to MFRS and IC Interpretation, where applicable, are not expected to have any material financial impact to the financial statements of the Group and the Company.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of consolidation

#### (i) Investment in subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

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 affects the investee's return. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale (accounted for in accordance with MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations') or distribution. The cost of investment includes transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (Cont'd)

#### (i) Investment in subsidiaries (Cont'd)

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8 to the financial statements. On disposal, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in profit or loss.

#### (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. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, 'Financial Instruments' ("MFRS 9") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

#### (iii) Common control business combination

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before or after the business combination and that control is not transitory.

For such common control business combinations, the merger accounting principles are used to account for the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the end of transfer.

On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference are classified and presented as movement in other capital reserves.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (Cont'd)

#### (iii) Common control business combination (Cont'd)

The effect of all transactions and balances between the combining entities, whether occurring before or after the combination are eliminated in preparing the financial statements. Merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of the shares acquired.

#### (iv) Acquisitions of non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions between the Group and its non-controlling interest holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the equity holders of the Company.

#### (v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date the control ceases. Subsequently it is accounted for as an equity-accounted investee or as an equity instrument at fair value through other comprehensive income ("FVTOCI") depending on the level of influence retained.

#### (vi) 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, separately from equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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 interests, the difference between the consideration and book value of the 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

### 3.3 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 or the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group or the Company recognises such parts as individual assets with specific useful lives 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.

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

Depreciation of an asset begins when it is ready for its intended use. Freehold land has an infinite life and therefore is not depreciated. Work-in-progress is also not depreciated as asset is not available for use. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets at the following annual rates:

Backup inverters	10%
Computers	20%
Containers	10%
Electrical and installation	10%
Freehold buildings	2%
Furniture and fittings	10%
Machineries	20%
Motor vehicles	20%
Office equipment	10%
Renovation	10%
Signboard	10%
Solar asset	4%
Solar farm	4%
Tools and equipment	10%

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Property, plant and equipment (Cont'd)

The assets' residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for recognition and measurement of impairment losses is in accordance with Note 3.8 to the financial statements.

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.

### 3.4 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including expenditure directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and the capitalised borrowing costs. Investment properties are measured using cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8 to the financial statements.

Depreciation of investment properties is provided for on the straight-line basis over the estimated useful life at the annual rate of 2%.

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal or retirement of an investment property is recognised in profit or loss in the year of disposal or retirement.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.3 to the financial statements up to date of change in use.

### 3.5 Other investment

Other investment is carried at cost less any impairment losses. Where an indication of impairment exists, the carrying amount of the other investment is assessed and written down immediately to its recoverable amount, in line with the accounting policy set out in Note 3.8 to this financial statements.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs comprises purchase price and directly attributable costs of bringing the inventories to their present location and conditions. Cost of inventories is determined by the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 3.7 Intangible assets

Intangible assets, other than goodwill, that are acquired by the Group or the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at the end of each financial reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised.

#### (a) Trademarks

The estimated useful life of trademark is 10 years.

#### (b) Software licences

The Group has developed the following criteria to identify computer software licence to be classified as property, plant and equipment or intangible asset:

- (i) Software licence that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property, plant and equipment;
- (ii) Application software that is being used on a computer that is generally easily replaced and is not an integral part of the related hardware is classified as intangible asset.

Due to the risk of technological changes, the useful lives of all software licences are generally assessed to be finite. Software licence that is classified as intangible assets are amortised on a straight-line basis over its estimated useful life of 5 years.

### 3.8 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset (except for inventories, current tax assets and deferred tax assets) may be impaired. If any such indication exists, the Group or the Company makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each period at the same time.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Impairment of non-financial assets (Cont'd)

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of assets other than goodwill recognised in prior periods is assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

### 3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, net of bank overdrafts and exclude deposits and bank balances pledged to secure banking facilities.

### 3.10 Financial assets

#### (i) Initial recognition and subsequent measurement

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

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.10 Financial assets (Cont'd)

#### (i) Initial recognition and subsequent measurement (Cont'd)

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9, 'Financial Instruments' are as below:

##### (a) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

##### (b) Financial assets measured at fair value

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group and Company do not have any financial assets measured at FVTOCI or FVTPL, except as disclose in Note 35.1 to the financial statements.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company do not have any financial assets that are equity instruments.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's or the Company's right to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.10 Financial assets (Cont'd)

#### (ii) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group or the Company.

#### (iii) Impairment of financial assets

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating, historical experience on similar assets and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

#### (a) Financial assets other than trade receivables and contract assets

The Company measures the impairment loss on financial assets other than trade receivables and contract assets based on the two-step approach:

- 12-months expected credit loss ("ECL")

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.10 Financial assets (Cont'd)

#### (iii) Impairment of financial assets (Cont'd)

##### (a) Financial assets other than trade receivables and contract assets (Cont'd)

- Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

At each financial year end, the Group and the Company assess whether there is a significant increase in credit risk for financial assets other than trade receivables and contract assets since initial recognition by comparing the risk of default on these financial assets as at the financial year end with the risk of default as at the date of initial recognition. The Group and the Company consider external credit rating, historical experience on similar assets and other supportive information to assess deterioration in credit quality of these financial assets.

##### (b) Trade receivables and contract assets

For trade receivables and contract assets, the Group and the Company measure impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

### 3.11 Financial liabilities

#### (i) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### (a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group or the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL in the current and previous financial years.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.11 Financial liabilities (Cont'd)

#### (i) Initial recognition and subsequent measurement (Cont'd)

##### (b) Other financial liabilities

Other financial liabilities include payables, amount owing to subsidiaries, borrowings and lease liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### (ii) 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, and the difference in the respective carrying amount is recognised in profit or loss.

### 3.12 Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (i) Provision for defects liability

A provision is recognised when customer issues initial acceptance certificate after completion of EPCC contract. Initial recognition is made based on estimation of material, machines, contractors and labour costs during the defects liability period. Provision is made by estimating costs to be incurred for each type of repair pertinent to scope of work for the LSSPV contract. Larger LSSPV contracts are expected to incur higher costs for the same type of repair due to its size. The Group and the Company have also considered their past experience in rectifying defects for clients in the commercial/industrial and residential segments for certain types of repair common to solar PV installation, adjusting them to the scale required for LSSPV projects. This initial estimate is revised annually when there is a change in expectations and assumptions used.

The provision for defects liabilities are reversed as and when expenses are incurred to perform defects rectification, and entirely at the end of defects liability period. Any under-provision will be charged to profit or loss during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.13 Leases

#### (i) As lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group and the Company; and
- an estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets or lease term whichever is earlier. If the lease transfers ownership of the underlying asset to the Group and the Company 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 Group and the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If rate cannot be readily determined, the Group's incremental borrowing rate is used. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

#### (ii) As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

### 3.14 Revenue

The Group recognises revenue from contracts with the customers based on the five-step model as set out in MFRS 15:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.14 Revenue (Cont'd)

The Group recognises revenue from contracts with the customers based on the five-step model as set out in MFRS 15 (cont'd):

- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

- (i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

#### (i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.14 Revenue (Cont'd)

#### (i) Revenue from contracts with customers (Cont'd)

##### (a) EPCC of solar energy solution

The Group provides turnkey EPCC services in solar energy solution to customers in three categories: residential, commercial and industrial (roof-top projects) and large scale solar energy producers. Their end-to-end solution covers the initial feasibility to in-depth system designs and installations, project commissioning to project handover that caters to all types of solar photovoltaic projects.

EPCC contracts involve multiple deliverables, such as solar system design, supply of solar energy equipment, installation of solar energy system and testing of newly installed solar energy system. As the Group provides significant integration service for the multiple performance obligations, they are accounted for as a single performance obligation.

For EPCC projects, the Group transfers control of goods and services over time and, therefore satisfies a performance obligation and recognises revenue over time. The Group is restricted contractually from directing the solar energy system under construction for another use as they are being developed and has an enforceable right to payment for performance completed to date. Therefore, revenue is recognised over time, based on the costs incurred to date as a proportion of the estimated total costs to be incurred. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives, penalties and liquidated ascertained damages. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but have not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but have billed or received advance payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group perform under the contract.

When the outcome of a contract cannot be reasonably measured but the Group expect to recover the costs incurred in satisfying the performance obligation, revenue is recognised only to the extent of contract costs incurred until such time that the Group can reasonably measure the outcome of the performance obligation. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue on a contract, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

##### (b) Operation and maintenance ("O&M") of solar energy system

Within their activities of EPCC (turnkey) of solar energy system, the Group provides warranty of between 2 and 5 years to customers in the residential and commercial and industrial segments for workmanship defects, performance monitoring and on-site support and repair services (collectively referred to as O&M) to ensure optimal operation of solar energy system installation. Customers may renew the O&M services after expiry of the warranty provided by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.14 Revenue (Cont'd)

#### (i) Revenue from contracts with customers (Cont'd)

##### (b) Operation and maintenance ("O&M") of solar energy system (Cont'd)

The O&M is a distinct service to the customer in addition to the assurance that the product complies with agreed-upon specifications. Under MFRS 15, the Group account for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue over the period the warranty services are provided.

In addition to O&M services included within EPCC contracts, the Group also provides O&M services on ad hoc basis to existing and new customers.

Obligation to repair or replace equipment and parts are standard warranty provided by the equipment and parts manufacturer for a period between 5 and 25 years.

##### (c) Sale of electricity through solar energy generation

The Group sell electricity generated through its self-constructed solar plant to electric utility company, Tenaga Nasional Berhad under a 21-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.

#### (ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

### 3.15 Other operating income

#### (i) Rental income

Revenue from rental of investment properties and property, plant and equipment is recognised on accrual basis.

#### (ii) Interest income

Interest income from financing provided to trade receivables is recognised using the effective interest method. When a receivable is impaired (for the time value of money effect when outstanding balances are converted into installment plan), the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

For fixed deposits with financial institutions, interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group or the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.16 Employee benefits

#### (i) Short-term benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences.

Non-accumulating compensated absences, such as sick leave, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company have a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company have no realistic alternative but to make the payments.

#### (ii) Defined contribution plans

Defined contributions plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

### 3.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.18 Taxes

#### (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 by the reporting date.

Current taxes is 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 using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- (a) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of deductible temporary differences associated with investment in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which that temporary differences can be utilised.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.18 Taxes (Cont'd)

#### (ii) Deferred tax (Cont'd)

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (iii) Sales and Service Tax ("SST")

Revenue, expenses and assets are recognised net of SST except:

- where the SST incurred in a purchase of asset or service the SST is recognised as part of cost of acquisition of asset or as part of the expense item as applicable; and
- receivables and payables that stated with SST inclusive.

The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

### 3.19 Share capital and dividends

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

#### (i) Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

#### (iii) Share issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

### 3.20 Fair value measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.20 Fair value measurement (Cont'd)

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

### 3.21 Related parties

A related party is a person or an entity that is related to the Group and the Company under the following conditions:

- (i) A person or a close member of that person's family:
  - (a) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
  - (b) has control or joint control over the reporting entity; or
  - (c) has significant influence over the reporting entity.
- (ii) Any one of the following condition applies:
  - (a) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
  - (c) both entities are joint ventures of a third entity.
  - (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (e) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - (f) the entity is controlled or jointly controlled by a person identified in (i).
  - (g) a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.
  - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.21 Related parties (Cont'd)

- (iii) Directly, or indirectly through one or more intermediaries, the party:
  - (a) controls, is controlled by, or is under common control with, the Group and the Company (this includes parents, subsidiaries, fellow subsidiaries and fellow associates and joint ventures);
  - (b) has an interest in the entity that gives it significant influence over the entity; or
  - (c) has joint control over the entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.

### 3.22 Contract assets and contract liabilities

Contract assets are the right to consideration for goods or services transferred to the customers. In the case of EPCC contracts, contract assets are 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 liabilities are the obligation to transfer goods or services to customer for which the Group have received the consideration or have billed the customer. In the case of EPCC, contract liabilities are the excess of the billings to date over the cumulative revenue earned. Contract liabilities also include outstanding operations and maintenance services to be rendered over several financial years.

### 3.23 Earnings per share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the financial period/years, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 3.24 Operating segment

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the accounting policies of the Group and the Company, the management is required to make judgements, estimates and assumptions about the carrying amounts of revenues, expenses, assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (i) Areas with most significant uses of judgement and estimates

#### (a) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believe that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

#### (b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on the straight-line basis over the asset's useful lives. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

#### (c) Taxes

Liability for taxation is recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice of whether additional taxes will be payable. When the final outcome of the tax payable is determined with the tax authority, the amount might be different from the initial estimate of the tax payable. Such difference may impact the income tax in the period when such determination is made. The Group and the Company will adjust for the differences as over-or under-provision of income tax in the period in which those differences arise.

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 10 to the financial statements.

#### (d) Impairment of financial assets

The Group recognised impairment losses for trade and other receivables using the ECL model based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### (i) Areas with most significant uses of judgement and estimates (Cont'd)

#### (e) Measurement of revenue

Revenue is recognised when or as the control of the asset is transferred to customers and, depending on the terms of the contract, control of the asset may transfer over time or at a point in time.

- EPCC (turnkey) for solar energy solution

For EPCC contracts where the Group satisfies their performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the solar energy system to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contracts. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the EPCC contracts. The estimated total construction and other related costs to be incurred up to the completion of EPCC contracts are based on contracted amounts and past experience and knowledge of the management to make estimates of the amounts to be incurred.

- O&M of solar energy solution

For EPCC contracts that also include warranty and maintenance services subsequent to commissioning, there is an additional performance obligation on top of EPCC work. For these contracts, the Group have to allocate transaction price to each performance obligation on a relative stand-alone selling price basis. The Group allocate the transaction price to service warranty by estimating its standalone selling price applying the expected cost plus a margin approach. Under this approach, the Group forecast their expected costs of satisfying a performance obligation and then add an appropriate margin to the service.

#### (f) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

#### (g) Measurement of right-of-use assets and lease liabilities

The right-of-use assets are depreciated on the straight-line basis over the assets useful lives or lease term, whichever is earlier. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

The lease term has been determined based on the non-cancellable period of lease in term and conditions of the arrangements together with both:

- periods covered by an option to extend the leases; and
- periods covered by an option to terminate the lease.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### (i) Areas with most significant uses of judgement and estimates (Cont'd)

#### (g) Measurement of right-of-use assets and lease liabilities (Cont'd)

In determining whether it is reasonably certain that an option to extend the lease or not to exercise an option to terminate the lease will be exercised, management has considered all relevant factors and circumstances that have created the economic incentives to exercise such option when exercising its judgement in the assessment.

In determining the incremental borrowing rate, the Group first determine the closest borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value of economic environmental of the respective leases.

## 5. PROPERTY, PLANT AND EQUIPMENT

### Group

2021	At 01.04.2020 RM	Additions RM	Disposals RM	Transfer to investment properties RM	At 31.03.2021 RM
<b>Cost</b>					
Backup inverter	436,136	218,102	-	-	654,238
Building	952,120	4,787,926	-	-	5,740,046
Computers	682,869	7,346	(80,940)	-	609,275
Containers	576,667	-	(26,780)	-	549,887
Electrical and installation	129,352	-	-	-	129,352
Freehold buildings	3,214,410	-	-	(1,248,315)	1,966,095
Freehold land	1,377,605	-	-	(534,992)	842,613
Furniture and fittings	383,028	1,880	-	-	384,908
Leased land	2,145,630	-	-	-	2,145,630
Machineries	2,153,941	-	(131,058)	-	2,022,883
Motor vehicles	4,388,771	669,335	(647,390)	-	4,410,716
Office equipment	330,788	2,830	-	-	333,618
Renovation	1,103,883	-	(80)	-	1,103,803
Renovation in progress	-	1,153,130	-	-	1,153,130
Signboard	62,095	-	-	-	62,095
Solar asset	-	825,229	-	-	825,229
Solar farm	4,987,257	-	-	-	4,987,257
Tools and equipment	618,442	124,326	(360)	-	742,408
	23,542,994	7,790,104	(886,608)	(1,783,307)	28,663,183

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

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

### Group (Cont'd)

2021	At 01.04.2020 RM	Charge for the year RM	Disposals RM	Transfer to investment properties RM	At 31.03.2021 RM
<b>Accumulated Depreciation</b>					
Backup inverter	130,841	65,423	-	-	196,264
Building	332,780	673,468	-	-	1,006,248
Computers	274,796	114,441	(7,032)	-	382,205
Containers	134,004	52,880	(3,532)	-	183,352
Electrical and installation	44,523	12,935	-	-	57,458
Freehold buildings	328,063	58,739	-	(145,636)	241,166
Furniture and fittings	148,322	38,412	-	-	186,734
Leased land	292,587	97,528	-	-	390,115
Machineries	935,677	404,575	(58,975)	-	1,281,277
Motor vehicles	2,615,995	681,250	(555,915)	-	2,741,330
Office equipment	124,388	33,338	-	-	157,726
Renovation	431,048	110,378	-	-	541,426
Signboard	22,737	6,210	-	-	28,947
Solar asset	-	13,630	-	-	13,630
Solar farm	1,196,788	199,490	-	-	1,396,278
Tools and equipment	160,623	68,460	-	-	229,083
	7,173,172	2,631,157	(625,454)	(145,636)	9,033,239

2020	At 01.04.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Disposals RM	At 31.03.2020 RM
<b>Cost</b>					
Backup inverter	436,136	-	-	-	436,136
Building	-	469,067	483,053	-	952,120
Computers	417,665	-	265,204	-	682,869
Containers	565,227	-	11,440	-	576,667
Electrical and installation	129,352	-	-	-	129,352
Freehold buildings	3,214,410	-	-	-	3,214,410
Freehold land	1,377,605	-	-	-	1,377,605
Furniture and fittings	372,436	-	10,592	-	383,028
Leased land	-	2,145,630	-	-	2,145,630
Machineries	2,153,941	-	-	-	2,153,941

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

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

### Group (Cont'd)

2020	At 01.04.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Disposals RM	At 31.03.2020 RM
<b>Cost (Cont'd)</b>					
Motor vehicles	3,807,166	-	592,055	(10,450)	4,388,771
Office equipment	310,524	-	20,264	-	330,788
Renovation	1,086,693	-	17,190	-	1,103,883
Signboard	53,745	-	8,350	-	62,095
Solar farm	4,987,257	-	-	-	4,987,257
Tools and equipment	567,299	-	66,443	(15,300)	618,442
	19,479,456	2,614,697	1,474,591	(25,750)	23,542,994

	At 01.04.2019 RM	Effects of adoption of MFRS 16 RM	Charge for the year RM	Disposals RM	At 31.03.2020 RM
<b>Accumulated Depreciation</b>					
Backup inverter	87,227	-	43,614	-	130,841
Building	-	104,236	228,544	-	332,780
Computers	179,468	-	95,328	-	274,796
Containers	76,337	-	57,667	-	134,004
Electrical and installation	31,588	-	12,935	-	44,523
Freehold buildings	263,775	-	64,288	-	328,063
Furniture and fittings	110,381	-	37,941	-	148,322
Leased land	-	195,058	97,529	-	292,587
Machineries	504,889	-	430,788	-	935,677
Motor vehicles	2,014,929	-	610,644	(9,578)	2,615,995
Office equipment	91,883	-	32,505	-	124,388
Renovation	321,032	-	110,016	-	431,048
Signboard	16,667	-	6,070	-	22,737
Solar farm	997,298	-	199,490	-	1,196,788
Tools and equipment	102,176	-	60,870	(2,423)	160,623
	4,797,650	299,294	2,088,229	(12,001)	7,173,172

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

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

### Group (Cont'd)

	As at 31.03.2021	As at 31.03.2020
	RM	RM
<b>Net carrying amounts</b>		
Backup inverter	457,974	305,295
Building	4,733,798	619,340
Computers	227,070	408,073
Containers	366,535	442,663
Electrical and installation	71,894	84,829
Freehold buildings	1,724,929	2,886,347
Freehold land	842,613	1,377,605
Furniture and fittings	198,174	234,706
Leased land	1,755,515	1,853,043
Machineries	741,606	1,218,264
Motor vehicles	1,669,386	1,772,776
Office equipment	175,892	206,400
Renovation	562,377	672,835
Renovation in progress	1,153,130	-
Signboard	33,148	39,358
Solar asset	811,599	-
Solar farm	3,590,979	3,790,469
Tools and equipment	513,325	457,819
	19,629,944	16,369,822

### (a) Right-of-use assets

The right-of-use assets represent operating lease agreements entered into by the Group for the use of land, office and staff hostel. The leases are mainly for an initial lease of one (1) to twenty-five (25) years.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

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

### (a) Right-of-use assets (Cont'd)

The Group also has leased computers and motor vehicles with lease term of one (1) to five (5) years.

Additional information on the right-of-use assets is as follows:-

	Leased land RM	Building RM	Computer RM	Motor Vehicle RM	Total RM
<b>Cost</b>					
At 1 April 2019	-	-	-	2,342,151	2,342,151
Effects of adoption of MFRS 16	2,145,630	469,067	-	-	2,614,697
Addition	-	483,053	133,079	592,055	1,208,187
At 31 March 2020/ 1 April 2020	2,145,630	952,120	133,079	2,934,206	6,165,035
Addition	-	4,787,926	-	669,335	5,457,261
Reclassified to property, plant and equipment	-	-	-	(955,928)	(955,928)
At 31 March 2021	2,145,630	5,740,046	133,079	2,647,613	10,666,368
<b>Accumulated depreciation</b>					
At 1 April 2019	-	-	-	880,605	880,605
Effects of adoption of MFRS 16	195,058	104,236	-	-	299,294
Depreciation charge	97,529	228,544	8,880	471,335	806,288
At 31 March 2020/ 1 April 2020	292,587	332,780	8,880	1,351,940	1,986,187
Depreciation charge	97,528	673,468	44,359	494,996	1,310,351
Reclassified to property, plant and equipment	-	-	-	(732,750)	(732,750)
At 31 March 2021	390,115	1,006,248	53,239	1,114,186	2,563,788
<b>Net carrying amounts</b>					
At 31 March 2021	1,755,515	4,733,798	79,840	1,533,427	8,102,580
At 31 March 2020	1,853,043	619,340	124,199	1,582,266	4,178,848

\* The above right-of-use assets have been included in property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

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

(b) The carrying amount of property, plant and equipment of the Group pledged to secure banking facilities as disclosed in Note 20 to the financial statements, is as follows:

	Group	
	2021	2020
	RM	RM
Freehold buildings	1,724,929	2,886,346
Freehold land	842,613	1,377,605
Solar farm	-	3,790,470
	2,567,542	8,054,421

## 6. INVESTMENT PROPERTIES

Group	Freehold buildings RM	Freehold land RM	Total RM
<b>Cost</b>			
At 1 April 2019/31 March 2020/1 April 2020	973,154	-	973,154
Transfer from property, plant and equipment	1,248,315	534,992	1,783,307
At 31 March 2021	2,221,469	534,992	2,756,461
<b>Accumulated depreciation</b>			
At 1 April 2019	85,962	-	85,962
Depreciation charge for the year	19,463	-	19,463
At 31 March 2020/1 April 2020	105,425	-	105,425
Depreciation charge for the year	29,866	-	29,866
Transfer from property, plant and equipment	145,636	-	145,636
At 31 March 2021	280,927	-	280,927
<b>Net carrying amounts</b>			
<b>At 31 March 2021</b>	1,940,542	534,992	2,475,534
<b>At 31 March 2020</b>	867,729	-	867,729

At reporting date, the investment properties are commercial properties leased to third parties. The third-party lease was for a non-cancellable period of 2 to 3 (2020: 2) years, with future minimum lease payments disclosed in Note 26.3 to the financial statements. No contingent rents were charged.

The investment properties of the Group are pledged to secure banking facilities, as disclosed in Note 20 to the financial statements.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021	2020
	RM	RM
Rental income from external parties	93,000	60,000

The amount of operating expenses arising from investment properties are immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 6. INVESTMENT PROPERTIES (CONT'D)

Fair value of investment properties are as follows:

	Group	
	Level 3	Level 3
	2021	2020
	RM	RM
Freehold land and buildings	2,640,000	870,000

The fair value represents the amounts at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the reporting date. The fair value of the investment properties as at 31 March 2021 were estimated by the Directors of the Group.

## 7. INTANGIBLE ASSETS

	Group	
	2021	2020
	RM	RM
Trademarks	477	600
Software	329,562	464,405
	330,039	465,005

	Trademarks	Software	Total
	RM	RM	RM
<b>Cost</b>			
At 1 April 2019	1,150	708,013	709,163
Addition during the year	-	6,747	6,747
Reversal during the year	-	(40,545)	(40,545)
At 31 March 2020/1 April 2020/31 March 2021	1,150	674,215	675,365
<b>Accumulated amortisation</b>			
At 1 April 2019	435	77,083	77,518
Amortisation charge during the year	115	132,727	132,842
At 31 March 2020/1 April 2020	550	209,810	210,360
Amortisation charge during the year	123	134,843	134,966
At 31 March 2021	673	344,653	345,326
<b>Net carrying amounts</b>			
At 31 March 2021	477	329,562	330,039
At 31 March 2020	600	464,405	465,005

Software is acquired under lease arrangement as disclosed in Note 21 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 8. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
<b>Unquoted shares, at cost</b>		
At 1 April	28,261,600	-
Additions	4,860,106	28,261,600
At 31 March	33,121,706	28,261,600

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2021 %	2020 %	
<b>Direct subsidiaries</b>				
Atlantic Blue Sdn. Bhd. ("Atlantic Blue")	Malaysia	100%	100%	Provision of engineering, procurement, construction and commissioning for solar photovoltaic systems and investment in solar photovoltaic plant
Solarvest Asset Management Sdn. Bhd. ("Solarvest Asset Management")	Malaysia	100%	100%	Dormant
Solarvest Corp. ("Solarvest Phillipines") #	Phillipines	99%	-	Dormant
<b>Subsidiaries of Atlantic Blue</b>				
Powertrack Sdn. Bhd. ("Powertrack")	Malaysia	100%	100%	Provision of design, testing and commissioning, and operations and maintenance of solar photovoltaic system
Solarvest Energy Sdn. Bhd. ("Solarvest Energy")	Malaysia	100%	100%	Provision of engineering, procurement, construction and commissioning services for solar photovoltaic systems
<b>Subsidiaries of Solarvest Energy</b>				
Solarvest Energy (SR) Sdn. Bhd. ("Solarvest SR")	Malaysia	70%	70%	Provision of engineering, procurement, construction and commissioning services for solar photovoltaic systems
Solarvest (Taiwan) Corporate Limited ("Solarvest Taiwan") #	Taiwan	100%	100%	Dormant
<b>Subsidiaries of Solarvest Taiwan</b>				
Tailai Energy Co. Ltd. ("Tailai Energy") #	Taiwan	51%	-	Dormant

# Not audited by Ecovis Malaysia PLT

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (i) On 24 August 2020, the Company further subscribed for an additional 4,000,000 ordinary shares allotted by Atlantic Blue Sdn. Bhd. at an issue price of RM1 each, by way of capitalisation of the amount owing by Atlantic Blue Sdn. Bhd. to the Company amounting to RM4,000,000.
- (ii) On 6 November 2020, Solarvest Taiwan subscribed a total of 306,000 ordinary shares of Tailai Energy Co. Ltd. for a total cash consideration of RM427,191 to acquire 51% interest in the subsidiary.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	<b>Group 2021 RM</b>
<b>Fair value of consideration transferred</b>	
Cash and cash equivalent	427,191
<b>Identifiable assets acquired and liabilities assumed</b>	
Other receivables	740
Cash and cash equivalent	1,172,057
Other payables	(326,137)
Total identifiable net assets	846,660
<b>Net cash outflow arising from acquisition of subsidiary</b>	
Purchase consideration settled in cash and cash equivalents	(427,191)
Cash and cash equivalents acquired	1,172,057
	744,866

- (iii) On 17 December 2020, the Company incorporated a wholly owned subsidiary, Solarvest Corp. by subscribing a total of 9,726,803 ordinary shares for a total cash consideration of RM860,106.
- (iv) On 28 January 2021, Solarvest Energy further subscribed for an additional 400,000 ordinary shares allotted by Solarvest Taiwan for cash consideration of RM578,448.

## 9. OTHER INVESTMENT

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	-	200

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group	
	2021 RM	2020 RM
Deferred tax assets	6,690	668,303
Deferred tax liabilities	(45,323)	-
	(38,633)	668,303
<b>Deferred tax assets (before offsetting):</b>		
Contract liabilities	9,557	25,978
Other payables and accruals	-	134,076
Impairment loss on trade receivables	43,015	319,778
Provisions	100,105	501,607
Property, plant and equipment	6,690	-
	159,367	981,439
Offsetting	(152,677)	(313,136)
Deferred tax assets (after offsetting)	6,690	668,303
<b>Deferred tax liabilities (before offsetting):</b>		
Property, plant and equipment	198,000	313,136
	198,000	313,136
Offsetting	(152,677)	(313,136)
Deferred tax assets (after offsetting)	45,323	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 10. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

The components and movement of the Group's deferred tax assets and liabilities are as follows:

	Note	Contract liabilities RM	Other payables and accruals RM	Impairment loss on trade receivables RM	Provisions RM	Property, plant and equipment RM	Total RM
<b>Group</b>							
At 1 April 2019		52,430	156,000	146,217	79,428	(322,190)	111,885
Effect of adoption of MFRS 16		-	-	-	-	25,285	25,285
Credited/(charged) to profit and loss:							
- origination and reversal of temporary differences	31	(26,452)	(21,924)	173,561	422,179	(16,231)	531,133
At 31 March 2020/ 1 April 2020		25,978	134,076	319,778	501,607	(313,136)	668,303
Credited/(charged) to profit and loss:							
- origination and reversal of temporary differences	31	(16,421)	(134,076)	(276,763)	(401,502)	121,826	(706,936)
At 31 March 2021		9,557	-	43,015	100,105	(191,310)	(38,633)

## 11. TRADE RECEIVABLES

	Note	Group	
		2021 RM	2020 RM
Non-current:			
Receivables from contracts with customers			
- external parties	(a)	32,619	133,989
Retention sum receivables			
- external parties		6,654,600	4,624,818
- related parties		342,849	448,049
		7,030,068	5,206,856



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 11. TRADE RECEIVABLES (CONT'D)

	Note	Group	
		2021 RM	2020 RM
Current:			
Receivables from contracts with customers			
- external parties	(a)	43,513,685	26,207,308
- related parties		-	965,063
Retention sum receivables			
- external parties		1,650,077	5,027,277
		45,163,762	32,199,648
Less: Impairment loss		(182,008)	(2,201,253)
		44,981,754	29,998,395
Total trade receivables		52,011,822	35,205,251
Retention sum receivable		(8,647,526)	(9,340,432)
Trade receivables at amortised cost		43,364,296	25,864,819
At amortised cost:			
Receivable within one year		43,331,677	25,730,830
Receivable after one year		32,619	133,989
		43,364,296	25,864,819

### (a) Trade receivables on deferred payment terms

The Group has arranged for past due receivables amounting to RM1,612,577 (2020: RM433,859) at reporting date to settle their balances under monthly instalment agreement with annual interest rates ranging from 0% to 5% (2020: 0% to 5%) and tenure ranging between 12 and 60 months (2020: 10 and 60 months).

Analysis of trade receivables on deferred payment terms are as follows:

	Group	
	2021 RM	2020 RM
<b>Nominal value</b>		
At 1 April	518,760	638,643
Addition	1,286,765	-
Repayment	(166,122)	(119,883)
At 31 March	1,639,403	518,760

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 11. TRADE RECEIVABLES (CONT'D)

### (a) Trade receivables on deferred payment terms (Cont'd)

Analysis of trade receivables on deferred payment terms are as follows (cont'd):

	Group	
	2021 RM	2020 RM
<b>Discount</b>		
At 1 April	84,901	178,717
Less: Unwinding of discount (Note 28)	(28,430)	(61,655)
Less: Interest income (Note 28)	(29,645)	(32,161)
At 31 March	26,826	84,901
Carrying amount at end of the financial year	1,612,577	433,859

All trade receivables are denominated in Ringgit Malaysia ("RM").

Trade receivables are non-interest bearing (except trade receivables on deferred payment terms disclosed in Note 11 (a)) and are generally on 30 days' (2020: 30 days') term.

Amount owing by related parties are unsecured, interest free, repayable on demand and are to be settled in cash. Also included in receivables from related parties are balances owing from companies owned by certain Directors of the Company.

### (b) Trade receivables that are impaired

The Group has trade receivables amounting RM182,008 (2020: RM2,201,253) that have been impaired.

Receivables that are individually determined to be impaired at the end of the financial year relate to receivables that are in significant financial difficulties and have defaulted on payments or the Directors of the Group is of the opinion that it is not recoverable.

The Group applies the simplified approach whereby allowance for impairment is measured at lifetime ECL. The movement of the impairment loss on trade receivables of the Group is as follows.

	Lifetime ECL allowance RM	Specific allowance RM	Total RM
<b>Group</b>			
<b>At 1 April 2019</b>	16,718	594,906	611,624
Charge for the year (Note 30)	657,944	1,022,041	1,679,985
Reversal for the year (Note 30)	-	(12,406)	(12,406)
Written off for the year (Note 30)	-	(77,950)	(77,950)
<b>At 31 March 2020/1 April 2020</b>	674,662	1,526,591	2,201,253
Charge for the year (Note 30)	-	3,182	3,182
Reversal for the year (Note 30)	(669,945)	(1,352,482)	(2,022,427)
<b>At 31 March 2021</b>	4,717	177,291	182,008

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 12. INVENTORIES

	Group	
	2021	2020
	RM	RM
Purchased materials	10,303,703	18,805,284
Inventories in transit	-	1,010,526
	10,303,703	19,815,810

Inventories recognised as cost of sales in the current financial year by the Group is RM114,727,245 (2020: RM121,831,180). Total provision for slow moving inventories recognised by the Group during the year amounted to RM Nil (2020: RM158,635).

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other receivables				
- third parties	545,228	815,319	26,500	26,500
Deposits	1,116,183	782,645	1,000	5,000
Prepayments	5,832,426	8,383,952	189,600	96,060
	7,493,837	9,981,916	217,100	127,560
Less: Impairment losses	-	(72,634)	-	-
	7,493,837	9,909,282	217,100	127,560

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Total other receivables, deposits and prepayments	7,493,837	9,909,282	217,100	127,560
Less: GST receivable	(94,827)	(98,170)	-	-
Less: Prepayments	(5,832,426)	(8,383,952)	(189,600)	(96,060)
Total other receivables and deposits carried at amortised cost	1,566,584	1,427,160	27,500	31,500

Movement of impairment loss on other receivables is as follows:

	Group	
	2021	2020
	RM	RM
Balance at 1 April	72,634	-
(Reversal)/Charge during the financial year	(72,634)	72,634
Balance at 31 March	-	72,634

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Other receivables of the Company on previous year consist of premium refunds from life insurance policies of certain Directors of the Group pledged to a licensed financial institution to secure bank borrowings disclosed in Note 20 to the financial statements. Premium for the policies have been fully paid. The bank borrowings had been fully settled during the previous financial year and premium refunds had been received during the current financial year.

Analysis of the premium refund receivable is as follows:

	Group	
	2021 RM	2020 RM
<b>Nominal value</b>		
At 1 April	317,632	317,632
Less: Repayment received	(317,632)	-
At 31 March	-	317,632
<b>Discount</b>		
At 1 April	-	77,883
Less: Unwinding of discount (Note 28)	-	(77,883)
At 31 March	-	-
<b>Net carrying amount</b>	-	317,632

The currency profile of the other receivables are summarised below:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	543,451	813,542	26,500	26,500
United States Dollar	1,777	1,777	-	-
	545,228	815,319	26,500	26,500

## 14. AMOUNT OWING BY/(TO) SUBSIDIARIES

Amount owing by/(to) subsidiaries is unsecured, interest free and repayable/(payable) on demand in cash and cash equivalents.

## 15. SHORT TERM INVESTMENTS

	Group and Company	
	2021 RM	2020 RM
Fair value through profit or loss	15,228,715	10,102,689

This represents investment in money market fund and cash fund in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 16. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

Fixed deposits held by the Group and the Company amounting to RM15,399,387 (2020: RM10,283,274) are pledged to financial institutions for bank facilities granted to the Group and the Company as disclosed in Note 20 to the financial statements.

At reporting date, the weighted average interest rate of fixed deposits of the Group and of the Company is 1.70% and 1.56% (2020: 2.50% and 2.16%) respectively and tenure range between 1 to 12 (2020: 1 to 12) months.

## 17. SHARE CAPITAL

	Group and the Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up:				
Balance at 1 April	390,623,655	59,841,993	100	10
Issued during the financial year	243,329,373	38,737,550	390,623,555	60,851,400
Listing expenses	-	-	-	(1,009,417)
Share issuance expenses	-	(159,000)	-	-
Balance at 31 March	633,953,028	98,420,543	390,623,655	59,841,993

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

During the financial year, the Company increased its issued and fully paid up ordinary shares from RM 59,841,993 to RM98,420,543 by way of: -

- (i) 32,000,000 new ordinary shares through first tranche of private placement at issue price of RM1.21 per ordinary share;
- (ii) 11,700 new ordinary shares arising from the exercise of Warrants 2021/2026 at the exercise price of RM1.50 per ordinary share; and
- (iii) 211,317,673 new ordinary shares arising from the bonus issue of shares on the basis of 1 bonus share for every 2 existing ordinary shares held in the Company.

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

## 18. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 19. RETAINED EARNINGS

The retained earnings of the Company and its subsidiaries are available for distribution by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences to the Company that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

## 20. BORROWINGS

	Group	
	2021	2020
	RM	RM
Non-current:		
Term loans		
- later than one year and not later than two years	313,329	293,219
- later than two years and not later than five years	1,013,731	940,053
- later than five years	1,614,932	2,044,841
	2,941,992	3,278,113
Current:		
Bank overdraft	2,118,079	5,098,376
Banker's acceptance	-	2,207,470
Term loans	309,336	271,919
	2,427,415	7,577,765
Total borrowings	5,369,407	10,855,878

Above borrowings are secured by:

- (i) Freehold land and buildings as disclosed in Note 5 and 6 to the financial statements;
- (ii) Fixed deposits with licensed financial institutions as disclosed in Note 16 to the financial statements;
- (iii) Corporate guarantee by a subsidiary and a related party of the Company;
- (iv) Fixed charge over a sinking fund account as disclosed in Note 32 to the financial statements; and
- (v) A subsidiary of the Company shall maintain a gearing ratio of no more than 3.0 times.

The range of interest rates per annum on bank borrowings of the Group as at reporting date are as follows:

	Group	
	2021	2020
	%	%
Banker's acceptance	-	3.72% - 4.38%
Bank Overdraft	6.92% - 7.20%	6.85% - 7.67%
Term loans	3.17% - 6.92%	4% - 7.67%

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 21. LEASE LIABILITIES

	Group	
	2021	2020
	RM	RM
Future minimum lease payments:		
- not later than one year	2,102,507	1,440,058
- later than one year and not later than five years	5,489,753	2,043,389
- later than five years	3,032,350	2,450,000
	10,624,610	5,933,447
Less: Finance charges	(2,030,009)	(1,494,422)
Present value of lease liabilities	8,594,601	4,439,025
Non-current:		
- later than one year and not later than five years	4,394,354	1,550,785
- later than five years	2,495,083	1,663,147
	6,889,437	3,213,932
Current:		
- not later than one year	1,705,164	1,225,093
Total lease liabilities	8,594,601	4,439,025

The lease liabilities bear effective annual interest rate as at end of the reporting period range from 2.28% to 6.89% (2020: 3.33% to 7.19%) per annum.

## 22. REDEEMABLE PREFERENCE SHARES

	Group	
	2021	2020
	Number of shares	Number of shares
Issued and fully paid-up shares classified as debt instruments:		
At 1 April/31 March	7,200,000	7,200,000



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 22. REDEEMABLE PREFERENCE SHARES (CONT'D)

	Group	
	2021	2020
	RM	RM
<b>Nominal value</b>		
At 1 April/31 March	7,200,000	7,200,000
<b>Discount</b>		
At 1 April	2,188,543	2,644,586
Less: Unwinding of discount	(501,696)	(456,043)
At 31 March	1,686,847	2,188,543
<b>Net carrying amounts</b>	<b>5,513,153</b>	<b>5,011,457</b>

The salient features of the redeemable preference shares are as follows:

- (i) They rank pari passu among themselves but in priority to all other shares of the Company;
- (ii) They are not be transferrable;
- (iii) They shall not be entitled to any form of dividend payment;
- (iv) Upon any winding up, liquidation or any return of capital of the Company, the holders of the shares shall have priority in the repayment of capital and all monies due over any payment to the holders of all other shares in the capital of the Company;
- (v) They do not carry the right to vote;
- (vi) The redemption price for each share is equivalent to its issuance price.
- (vii) They are redeemable at the option of the Company at any time and shall be redeemed in full at the fifth anniversary of their issuance on 19 January 2024.

## 23. TRADE PAYABLES

	Group	
	2021	2020
	RM	RM
Non-current:		
Retention sum payables	1,555,638	598,106
Current:		
Trade payables	47,148,346	34,688,611
Retention sum payables	2,054,873	3,686,443
Accruals	993,779	5,046,516
	50,196,998	43,421,570
Total trade payables	51,752,636	44,019,676
Total retention sum payables	(3,610,511)	(4,284,549)
Trade payables at amortised cost	48,142,125	39,735,127

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 23. TRADE PAYABLES (CONT'D)

The currency profile of the trade payables are summarised below:

	Group	
	2021	2020
	RM	RM
Ringgit Malaysia	31,364,616	29,153,578
United States Dollar	20,388,020	14,866,098
	51,752,636	44,019,676

Trade payables are non-interest bearing. The normal credit terms granted to the Group range from 30 to 90 (2020: 30 to 90) days.

## 24. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other payables	7,251,268	269,010	79,740	13,674
Accruals	1,933,223	2,574,007	38,000	33,000
Deposit received	370,312	39,513	-	-
	9,554,803	2,882,530	117,740	46,674

Other payables are non-interest bearing and have an average term of 3 (2020: 3) months.

## 25. PROVISIONS

	Group	
	2021	2020
	RM	RM
Provision for defects liabilities	237,828	768,777

Movement of provision for defects liability during the financial year:

	Group	
	2021	2020
	RM	RM
At 1 April	768,777	331,777
(Reversal)/Provision made during the year	(530,949)	437,000
At 31 March	237,828	768,777

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 25. PROVISIONS (CONT'D)

Upon issuance of initial acceptance certificate by customer after completion of EPCC contract for large scale solar photovoltaic system ("LSSPV"), the Group give one or two years of defects warranty on installed structure and undertake to repair or replace parts that fail to perform satisfactorily. Initial recognition of the provision is based on estimation of material, machines, contractor and labour costs during the defects liability period. The Group estimate costs to be incurred for each type of repair pertinent to scope of work for the LSSPV contract. Larger LSSPV contracts are expected to incur higher costs for the same type of repair due to its size.

Provision is not made for solar photovoltaic panels, inverters, mounting structure and monitoring devices used in the installation as the suppliers of those equipment provide standard warranty directly to end customer.

The Group uses their past experience of costs incurred to rectify defects for certain repairs common to all solar photovoltaic installation by adjusting them to the scale required for the respective LSSPV contract. It is expected that most of these costs will be incurred within 1 year from the reporting period.

## 26. PERFORMANCE GUARANTEE AND COMMITMENTS

### 26.1 Performance guarantee and bonds

In the ordinary course of business, the Group may obtain bank guarantee which the Group provides to customers to secure performance under contracts or in lieu of retention being withheld on contracts. A liability would only arise in the event the Group fails to fulfill its contractual obligations.

The outstanding guarantees as at 31 March are as follows:

	Group and Company	
	2021	2020
	RM	RM
<b>Secured:</b>		
Bid bond	25,335,285	-
Performance guarantee to customers	3,420,159	1,630,652
Warranty bond to customer	3,085,035	215,800
Advance payment bond	-	1,010,000

### 26.2 Corporate guarantee

	Company	
	2021	2020
	RM	RM
<b>Unsecured</b>		
Corporate guarantee given to licensed banks to secure credit facilities granted to subsidiaries	77,089,119	30,089,119

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 26. PERFORMANCE GUARANTEE AND COMMITMENTS (CONT'D)

### 26.3 Leases as lessor

The Group leased out a portion of their buildings held under property, plant and equipment and investment properties. The future minimum lease receivables under leases from external parties are as follows:

	Group	
	2021	2020
	RM	RM
Not later than one year	144,000	29,000
More than one year to five years	153,000	36,000
More than five years	-	117,000
	<u>297,000</u>	<u>182,000</u>

### 26.4 Capital commitment

The amount of capital commitment not provided for in the financial statements as at 31 March 2021 is as follows:

	Group	
	2021	2020
	RM	RM
<b>Property, plant and equipment</b>		
Contracted but not provided for	1,034,795	-

## 27. REVENUE

	Group	
	2021	2020
	RM	RM
Revenue from contracts with customers	224,286,938	253,433,865

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 27 REVENUE (CONT'D)

### 27.1 Disaggregation of revenue from contracts with customers

The Group derive revenue from the transfer of goods and services over time in the following major product lines:

	Investment holding	EPCC of solar energy solution	Operations and maintenance of solar energy system (note (a))	Sale of electricity through solar energy generation	Others (note (b))	Total
	RM	RM	RM	RM	RM	RM
<b>Group</b>						
<b>2021</b>						
Segment revenue	10,000,000	244,752,110	3,000,193	1,733,997	6,256,132	265,742,432
Intercompany revenue	(10,000,000)	(30,807,349)	(648,145)	-	-	(41,455,494)
	-	213,944,761	2,352,048	1,733,997	6,256,132	224,286,938
Timing of revenue recognition:						
- Over time	-	213,944,761	2,352,048	1,733,997	6,256,132	224,286,938
<b>2020</b>						
Segment revenue	-	265,494,955	1,486,823	1,841,068	3,924,352	272,747,198
Intercompany revenue	-	(19,006,889)	(306,444)	-	-	(19,313,333)
	-	246,488,066	1,180,379	1,841,068	3,924,352	253,433,865
Timing of revenue recognition:						
- Over time	-	246,488,066	1,180,379	1,841,068	3,924,352	253,433,865

(a) Revenue from operations and maintenance of solar energy system included an amount of RM1,131,135 (2020: RM599,839) for operations and maintenance services provided to new customers and existing customers outside the scope of promised maintenance services in their EPCC contracts with the Group.

(b) Others comprise of revenue recognised over time based on costs incurred to date as a proportion of the estimated total costs to be incurred on an electrical and fire protection installation works for a related party and third party.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 27 REVENUE (CONT'D)

### 27.2 Contract assets and contract liabilities

	Note	Group	
		2021 RM	2020 RM
Contract assets	(a)	41,508,755	22,355,805
Contract liabilities	(a)	12,704,806	17,282,976

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for EPCC contracts of solar energy system. Contract assets are transferred to receivables when the rights become unconditional at the point of invoicing to customers.

Contract liabilities primarily relate to advance billings or payments received before work is performed and the Group's obligation to transfer services to customers for which the Group has allocated transaction price for service-type warranty to be provided to customers over several financial years. Contract liabilities are recognised as revenue as the Group perform under the contract.

#### (a) Significant changes in contract balances

	Contract assets Increase/ (Decrease) RM	Contract liabilities Increase/ (Decrease) RM
<b>Group</b>		
<b>2021</b>		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	(9,748,682)
Increase due to progress billings but revenue not recognised	-	5,170,512
Increase due to unbilled revenue recognised during the year	37,451,708	-
Transfer from contract assets recognised at the beginning of the year to receivables	(18,368,358)	-
Impairment gain on contract assets	69,600	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 27. REVENUE (CONT'D)

### 27.2 Contract assets and contract liabilities (Cont'd)

#### (a) Significant changes in contract balances (Cont'd)

	Contract assets Increase/ (Decrease) RM	Contract liabilities Increase/ (Decrease) RM
<b>Group</b>		
<b>2020</b>		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	(7,266,912)
Increase due to progress billings but revenue not recognised	-	16,780,672
Increase due to unbilled revenue recognised during the year	21,729,630	-
Transfer from contract assets recognised at the beginning of the year to receivables	(15,950,391)	-
Impairment losses on contract assets	(69,600)	-

Movement of impairment loss on contract assets is as follows:

	Group	
	2021 RM	2020 RM
Balance as at 1 April	69,600	-
Net impairment (gain)/loss during the financial year	(69,600)	69,600
Balance as at 31 March	-	69,600

#### (b) Transaction price allocated to remaining performance obligations

The Group expect to recognise revenue from contract liabilities for services-type warranty as follows:

	2022 RM	2023 RM	2024 RM	2025 RM	2026 RM	More than 5 years RM	Total RM
<b>2021</b>							
<b>Group</b>	1,786,898	1,614,855	1,007,796	285,164	184,224	550,476	5,429,413



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 27. REVENUE (CONT'D)

### 27.2 Contract assets and contract liabilities (Cont'd)

#### (b) Transaction price allocated to remaining performance obligations (Cont'd)

	2021	2022	2023	2024	2025	More than 5 years	Total
	RM	RM	RM	RM	RM	RM	RM
<b>2020</b>							
<b>Group</b>	682,476	613,247	423,535	265,667	91,513	285,540	2,361,978

The Group applying the practical expedient have not disclosed an explanation of when advance billings and payments received from customers before work is performed is expected to be recognised as revenue as they are part of EPCC contracts that have original expected duration from start to end of one year or less.

### 27.3 Dividend income

Revenue recognised by the Company represent dividend income received from a subsidiary company.

## 28. OTHER INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Bad debts recovered	10,000	5,000	-	-
Commission received	-	1,103	-	-
Finance income:				
- Interest income on fixed deposits	378,126	399,210	121,463	107,706
- Interest income on trade receivables (Note 11)	29,645	32,161	-	-
- Unwinding discount on trade receivables (Note 11)	28,430	61,655	-	-
- Unwinding discount on other receivables (Note 13)	-	77,883	-	-
- Interest income on bank deposits	58,577	88,016	2,021	32,573
- Interest income on short term investment	239,419	107,184	239,419	107,184
Other income	108,859	37,742	-	-
Realised gain on foreign exchange	445,225	165,037	-	-
Rental income:				
- Investment property	96,000	69,000	-	-
- Hostel	6,500	4,500	-	-
- Motor vehicles	45,299	33,167	-	-
- Machineries	-	19,689	-	-
	1,446,080	1,101,347	362,903	247,463

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 29. FINANCE COSTS

	Group	
	2021	2020
	RM	RM
Bank overdraft interest	194,451	174,948
Lease liabilities interest	318,249	241,836
Term loan interest	137,046	300,464
Trade facilities interest		
- Bankers acceptance interest	65,945	71,000
- Local bill purchase interest	292,559	78,971
- Letter of credit interest and commission	111,015	126,758
- Letter of guarantee interest and commission	209,939	63,071
Unwinding discount on redeemable preference shares	501,696	456,043
	1,830,900	1,513,091

## 30. PROFIT /(LOSS) BEFORE TAX

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets (Note 7)	134,966	132,842	-	-
Auditors' remuneration				
- Current year	173,000	167,000	20,000	15,000
- (Over)/Underprovision in previous year	(7,000)	31,000	-	-
Bad debts written off	-	77,950	-	-
Depreciation of investment properties (Note 6)	29,866	19,463	-	-
Depreciation of property, plant and equipment (Note 5)	2,631,157	2,088,229	-	-
Incorporation fee	-	2,000	-	-
Listing expenses	-	1,901,556	-	1,901,556
Loss on disposal of property, plant and equipment	58,973	149	-	-
Loss on foreign exchange				
- realised	262,647	731,675	103	157
- unrealised	460,712	577,757	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 30. PROFIT /(LOSS) BEFORE TAX (CONT'D)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax is arrived at after charging/(crediting): (Cont'd)				
Net impairment (gain)/loss on contract assets:				
- specific allowances (Note 27)	(69,600)	69,600	-	-
Net impairment (gain)/loss on trade receivables:				
- lifetime ECL allowances (Note 11)	(669,945)	657,944	-	-
- specific allowances (Note 11)	(1,349,300)	931,685	-	-
Net impairment (gain)/loss on other receivables	(72,634)	72,634	-	-
(Reversal)/Provision for defect liabilities (Note 25)	(530,949)	437,000	-	-
Rental of: <sup>1</sup>				
- computer	45,574	11,934	-	-
- equipment	92,624	44,476	-	-
- hostel	294,389	278,753	-	-
- office	61,485	14,000	-	-
- others	-	265	-	-
Staff costs:				
- Salaries, wages, bonuses and allowance	9,609,743	9,384,029	-	-
- defined contribution plan	1,187,569	1,110,956	-	-
- social security contribution	129,252	115,777	-	-
- other employee benefits	682,389	740,482	-	-
<b>Expenses recognised in cost of sales:</b>				
Depreciation of property, plant and equipment	248,243	277,651	-	-
(Reversal)/Provision for defect liabilities	(530,949)	437,000	-	-
Staff costs:				
- Salaries, wages, bonuses and allowance	2,341,692	3,234,704	-	-
- defined contribution plan	293,623	377,692	-	-
- social security contribution	40,395	47,348	-	-
- other employee benefits	205,292	194,419	-	-
Provision for slow moving inventories (Note 12)	-	158,635	-	-

<sup>1</sup> These amounts represent short-term leases and leases for low value underlying assets under MFRS 16.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 31. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Income tax:</b>				
Current year provision	5,566,790	1,132,072	85,218	59,391
Overprovision in prior year	(21,709)	(91,924)	(50,022)	-
<b>Deferred tax: (Note 10)</b>				
Origination and reversal of temporary differences	706,936	(587,018)	-	-
Underprovision in prior years	-	55,885	-	-
	6,252,017	509,015	35,196	59,391

A reconciliation of income tax expense applicable to the profit/(loss) before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(loss) before tax	22,688,009	16,485,093	9,232,672	(2,446,253)
Malaysian statutory tax rate of 24% (2020: 24%)	5,445,122	3,956,422	2,215,841	(587,101)
Tax effect in respect of:				
Income exempted from taxation	(278,765)	(4,592,062)	-	-
Non-taxable income	(138,859)	(171,373)	(2,400,000)	-
Non-deductible expenses	1,150,105	1,247,219	269,377	646,492
Deferred tax asset unrecognised during the year	96,123	104,848	-	-
Overprovision of income tax in prior year	(21,709)	(91,924)	(50,022)	-
Underprovision of deferred tax in prior year	-	55,885	-	-
Taxation for the financial year	6,252,017	509,015	35,196	59,391

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 31. TAXATION (CONT'D)

Deferred tax assets are recognised for all deductible temporary differences available for offsetting against probable future taxable profit. As at 31 March 2021, the amount of unutilised tax losses for which no deferred tax asset have been recognised in the financial statements because there is uncertainty as to when the companies that have recent history of losses will be profitable, are as follows: (stated at gross)

	Group	
	2021	2020
	RM	RM
<b>Unrecognised deferred tax asset:</b>		
Unutilised tax losses	844,991	444,478

The unutilised tax losses are available to offset against future taxable profits of the Company, subject to agreement with the Inland Revenue Board of Malaysia. These tax benefits will only be obtained if the Company derive future assessable income of a nature and amount sufficient for the tax benefits to be utilised.

With effect from the year of assessment ("YA") 2019, unutilised losses in a YA can only be carried forward for a maximum period of 7 consecutive YAs. Unutilised losses can be set off against income from any business source for 7 YAs. If there is a substantial change in shareholders of the companies, the unutilised losses will be disregarded.

	Group	
	2021	2020
	RM	RM
Unutilised tax losses to be carried forward until:		
YA 2027	444,478	444,478
YA 2028	400,513	-

- (i) A subsidiary of the Company, Atlantic Blue was granted pioneer status by Malaysian Investment Development Authority ("MIDA") for electricity generation by way of solar energy effective from 1 January 2015 to 31 December 2019. Under the pioneer status, the profit derived from that activity is exempted from tax. On 23 September 2019, MIDA has approved the renewal and extension of second 5-years pioneer status commenced from 1 January 2020 to 31 December 2024.
- (ii) Subsidiaries of the Company, Powertrack, Solarvest Energy and Solarvest SR were granted full tax exemption on statutory income derived from services rendered in connection with renewable energy by MIDA beginning from year of assessment 2016 to 2020, 2017 to 2020 and 2019 to 2020 respectively. No renewal of the full tax exemption by MIDA was acquired by the subsidiaries during the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 32. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	54,095,130	25,962,589	1,034,015	1,833,234
Sinking fund account	1,500,000	1,500,000	-	-
Fixed deposits with financial institutions	21,377,938	23,391,979	5,116,764	13,108,706
	76,973,068	50,854,568	6,150,779	14,941,940
Less: Fixed deposit pledged to bank	(15,399,387)	(10,283,274)	-	-
Less: Sinking fund account	(1,500,000)	(1,500,000)	-	-
Less: Bank overdraft	(2,118,079)	(5,098,376)	-	-
Add: Short term investments	15,228,715	10,102,689	15,228,715	10,102,689
	73,184,317	44,075,607	21,379,494	25,044,629

### (a) Sinking fund account

Cash at bank in the Group as at year end includes an amount of RM1,500,000 (2020: RM1,500,000) consisting of a percentage of proceeds from previous EPCC contracts as security for borrowings disclosed in Note 20 to the financial statements.

The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	73,202,460	50,714,818	6,150,779	14,941,940
US Dollar	1,738,262	-	-	-
New Taiwan Dollar	1,172,240	139,750	-	-
Philippine Peso	860,106	-	-	-
	76,973,068	50,854,568	6,150,779	14,941,940

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 33. RELATED PARTY DISCLOSURES

### (a) Significant related party transactions

In addition to transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	Group	
	2021 RM	2020 RM
<b>Companies in which certain Directors of the Group have financial interest :</b>		
<u>Trade transactions</u>		
Sales	93,617	1,923,205
Purchase	-	16,486
<u>Non-trade transactions</u>		
Sales of forklift	-	1,600
Payment on behalf	-	47,400
<b>Companies in which close family member of certain Directors of the Group have financial interest :</b>		
<u>Trade transactions</u>		
Sales	-	232
Rental income	9,000	9,000
<u>Non-trade transactions</u>		
Payment on behalf	-	347

### (b) Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The total compensation of the Group's and of the Company's Directors and other key management personnel are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Executive Directors:-</b>				
<u>Directors' compensation:</u>				
Directors' fees	96,000	-	-	-
Salaries and bonus received	1,171,406	1,316,000	-	-
Defined contribution plan	129,720	157,920	-	-
Social security contribution	2,770	2,770	-	-
Benefits-in-kind	123,880	36,438	-	-
	1,523,776	1,513,128	-	-



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 33. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Key management personnel compensation

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Non-executive Directors:-</b>				
<u>Directors' compensation:</u>				
Directors' fees	177,000	171,000	177,000	171,000
Other benefits	12,500	18,500	12,500	18,500
	189,500	189,500	189,500	189,500

## 34. EARNINGS PER SHARE

### (a) Basic EPS

The basic earnings per share ("EPS") has been calculated by dividing the Group's net profit for the financial years attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial years:-

	Group	
	2021	2020 (Restated)
Profit attributable to owners of the Company (RM)	16,136,089	15,665,274
Weighted average number of ordinary shares in issue (unit)	602,506,019	373,961,235
Basic earnings per share (sen)	2.68	4.19

### (b) Diluted EPS

For the purpose of calculating diluted earnings per share, the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares.

	Group	
	2021	2020 (Restated)
Profit attributable to owners of the Company (RM)	16,136,089	15,665,274
Weighted average number of ordinary shares in issue (units)	602,506,019	373,961,235
Effects for dilution on conversion of warrants (units)	5,693,399	-
Adjusted weighted average number of ordinary shares in issue and issuable (units)	608,199,418	373,961,235
Diluted earnings per share (sen)	2.65	4.19

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 35. FINANCIAL INSTRUMENTS

### 35.1 Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments of the Group and of the Company in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis, as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial assets</b>				
<u>Fair value through profit or loss</u>				
Short term investment	15,228,715	10,102,689	15,228,715	10,102,689
<u>Financial assets at amortised cost</u>				
Trade receivables	43,364,296	25,864,819	-	-
Other receivables and deposits	1,566,584	1,427,160	27,500	31,500
Contract assets	41,508,755	22,355,805	-	-
Amount owing by subsidiaries	-	-	45,248,160	3,000,000
Fixed deposits with financial institutions	21,377,938	23,391,979	5,116,764	13,108,706
Cash and bank balances	55,595,130	27,462,589	1,034,015	1,833,234
	163,412,703	100,502,352	51,426,439	17,973,440
<b>Financial liabilities</b>				
<u>Financial liabilities at amortised cost</u>				
Trade payables	48,142,125	39,735,127	-	-
Other payables and accruals	9,554,803	2,882,530	117,740	46,674
Amount owing to a subsidiary	-	-	-	38,030
Borrowings	5,369,407	10,855,878	-	-
Redeemable preference shares	5,513,153	5,011,457	-	-
Lease liabilities	8,594,601	4,439,025	-	-
	77,174,089	62,924,017	117,740	84,704

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risk arising from their operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors review and agree policies and procedures for the management of these risks, which are executed by the Group's Finance Director and Managing Director. The Group's and the Company's financial risk management policies are to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing their currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (i) Currency risk

The Group are exposed to currency risks as a result of its normal trading activities with foreign companies, denominated mainly in United States Dollar ("USD"), New Taiwan Dollar ("TWD") and Philippine Peso ("PHP").

The Group's exposure to foreign currency at reporting date is as follows:

	USD RM	TWD RM	PHP RM
<b>Group</b>			
<b>As at 31 March 2021</b>			
Other receivables	1,777	-	-
Cash and bank balances	1,738,262	1,172,240	860,106
Trade payables	(20,388,020)	-	-
<b>Net exposure</b>	<b>(18,647,981)</b>	<b>1,172,240</b>	<b>860,106</b>
<b>Group</b>			
<b>As at 31 March 2020</b>			
Other receivables	1,777	-	-
Cash and bank balances	-	139,750	-
Trade payables	(14,866,098)	-	-
<b>Net exposure</b>	<b>(14,864,321)</b>	<b>139,750</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (i) Currency risk (Cont'd)

#### Currency risk sensitivity analysis

The following table details the sensitivity analysis for a reasonably possible change in foreign currencies as at the end of the reporting period, with all other variables held constant. The analysis assumes all the variables in particular, interest rates remained constant and ignores impact of forecasted sales and purchases.

Group	2021	2020
	Increase/ (decrease) RM	Increase/ (decrease) RM
<b>Effects on profit after tax</b>		
USD		
- strengthen by 10%	(1,417,247)	(1,129,688)
- weaken by 10%	1,417,247	1,129,688
TWD		
- strengthen by 10%	89,090	10,621
- weaken by 10%	(89,090)	(10,621)
PHP		
- strengthen by 10%	65,368	-
- weaken by 10%	(65,368)	-

### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their floating rate bank borrowings. Long-term trade receivables are charged a fixed rate and are not exposed to interest rate risk. Short-term receivables, intercompany advances, deposits and payables are not significantly exposed to interest rate risk.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (ii) Interest rate risk (Cont'd)

The interest rate profile of the Group's and the Company's significant interest bearing financial instruments, based on the carrying amounts as at the end of the financial year was: (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Fixed rate instruments</b>				
<i>Financial assets</i>				
Deposits placed with licensed banks	21,377,938	23,391,979	5,116,764	13,108,706
<i>Financial liabilities</i>				
Finance lease liabilities	(8,594,601)	(4,439,025)	-	-
Borrowings	-	(2,207,470)	-	-
	12,783,337	16,745,484	5,116,764	13,108,706
<b>Floating rate instruments</b>				
<i>Financial liabilities</i>				
Borrowings	(5,369,407)	(8,648,408)	-	-

#### Interest rate risk sensitivity analysis

Sensitivity analysis is not disclosed for fixed rate instruments as fixed rate instruments are not exposed to interest rate risk and are measured at amortised cost.

The following table details the sensitivity analysis for a reasonably possible change in the interest rates as the end of the reporting period, with all other variables held constant on bank borrowings of the Group:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Effects on profit after taxation:</b>				
Increase by 100 basis point	(40,807)	(65,728)	N/A	N/A
Decrease by 100 basis point	40,807	65,728	N/A	N/A

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, contract customers, fixed deposits with financial institutions for facilities granted to the Group and bank balances. The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

#### (a) Trade receivables

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms be subject to credit verification procedures.

##### Exposure to credit risk, credit quality and collateral

Trade receivable balances are monitored on an ongoing basis. As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of trade receivables as at the end of the reporting period.

##### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables individually on an ongoing basis. At the end of the reporting period, approximately average of 52% (2020: 48%) of the Group's trade receivables were due from 5 major customers.

##### Ageing analysis of trade receivables and impairment losses

The ageing analysis of the Group's trade receivables as at the end of reporting period is as follows:

	Gross amount RM	Impairment losses RM	Carrying amount RM
<b>Group</b>			
<b>At 31 March 2021</b>			
Not past due	25,699,149	(1,065)	25,698,084
Past due			
- less than 30 days	4,472,307	(17)	4,472,290
- 31 to 60 days	1,904,169	(3,635)	1,900,534
- over 60 days	11,470,679	(177,291)	11,293,388
	17,847,155	(180,943)	17,666,212
	43,546,304	(182,008)	43,364,296
Retention sum receivables	8,647,526	-	8,647,526
	52,193,830	(182,008)	52,011,822

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iii) Credit risk (Cont'd)

#### (a) Trade receivables (Cont'd)

##### Ageing analysis of trade receivables and impairment losses (Cont'd)

The ageing analysis of the Group's trade receivables as at the end of reporting period is as follows (cont'd):

	Gross amount RM	Impairment losses RM	Carrying amount RM
<b>Group</b>			
<b>At 31 March 2020</b>			
Not past due	10,014,576	(75,762)	9,938,814
Past due			
- less than 30 days	9,129,862	(6,881)	9,122,981
- 31 to 60 days	2,224,855	(48)	2,224,807
- over 60 days	5,937,067	(1,358,850)	4,578,217
	17,291,784	(1,365,779)	15,926,005
	27,306,360	(1,441,541)	25,864,819
Retention sum receivables	10,100,144	(759,712)	9,340,432
	37,406,504	(2,201,253)	35,205,251

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and trade receivables on deferred payment terms that are making payment according to agreed schedule.

##### Receivables that are past due but not impaired

The Group believe that no impairment is necessary in respect of these trade receivables which are past due but not impaired as they are substantially entities with good collection track record and no recent history of default.

The Group categorise a loan or receivable as impaired when a debtor fails to make contractual payments more than 180 (2020: 180) days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continue to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about ageing analysis and amounts arising from expected credit losses for trade receivables.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iii) Credit risk (Cont'd)

#### (a) Trade receivables (Cont'd)

The Group provide for lifetime expected credit losses for all trade receivables. The expected credit losses below incorporate forward looking information such as forecast of economic conditions where the gross domestic product is expected to deteriorate over the next year, leading to increase in the number of defaults. The loss allowance provision as at the end of each reporting period is determined as follows:

	Current	30 days past due	60 days past due	More than 60 days past due	Total
<b>2021</b>					
Expected loss rate (%)	-*	-*	0.19	-*	
Gross carrying amount (RM)	34,346,675	4,472,307	1,904,169	11,293,388	
Loss allowance provision (RM)	1,065	17	3,635	-	4,717
Impaired receivables (RM)	-	-	-	177,291	177,291
Total impaired (RM)					182,008
<b>2020</b>					
Expected loss rate (%)	1.11	0.08	-*	0.73 - 26.09	
Gross carrying amount (RM)	19,494,920	9,129,862	2,224,855	5,030,278	
Loss allowance provision (RM)	215,674	6,881	48	452,059	674,662
Impaired receivables (RM)	619,800	-	-	906,791	1,526,591
Total impaired (RM)					2,201,253

\* Less than 0.01%

#### (b) Other receivables

##### Exposure to credit risk, credit quality and collateral

Other receivable balances are monitored on an ongoing basis.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

##### Ageing analysis of other receivables and impairment losses

The Group and the Company does not maintain ageing analysis for other receivables. Based on past experience, the Directors determine whether impairment is necessary in respect of other receivables.

During the financial year, the Group made an impairment loss on other receivables for RM Nil (2020: RM72,634).

##### Receivables that are neither past due nor impaired

Other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company and other receivables on deferred payment terms that are making payment according to agreed schedule.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iii) Credit risk (Cont'd)

#### (b) Other receivables (Cont'd)

##### Receivables that are past due but not impaired

The Group and the Company believes that no impairment allowance is necessary in respect of these other receivables which are past due but not impaired as they are substantially entities with good collection track record and no recent history of default.

#### (c) Other financial assets (including short term investment, fixed deposits with financial institutions and cash and bank balances)

Other financial assets are held with licensed financial institutions. The Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

##### Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of short term investments, fixed deposits with financial institutions and cash and bank balances in the statements of financial position.

##### Impairment losses

The financial institutions have low credit risk. Consequently, the Group and the Company is of the view that loss allowance is not material and hence it is not provided for.

#### (d) Contract assets

The Group applies the simplified approach under MFRS 9 to measure ECL, which uses a lifetime ECL allowance for contract assets. To measure the expected losses, contract assets have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced during these periods.

During the year, the Group made an impairment loss on contract asset for RM Nil (2020: RM69,600). The remaining amount in which no ECL allowance was recognised is deemed to be recoverable, with low probability of default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for contract assets.

#### (e) Intercompany advances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

##### Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. These advances are repayable on demand in cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility of cash flow through the use of stand-by credit facilities.

The Group and the Company maintain a level of cash and cash equivalents and bank overdraft facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Undiscounted contractual cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
<b>Financial liabilities:</b>					
<b>2021</b>					
Trade payables	48,142,125	48,142,125	48,142,125	-	-
Other payables and accruals	9,554,803	9,556,803	9,556,803	-	-
Redeemable preference shares	5,513,153	7,200,000	-	7,200,000	-
Lease liabilities	8,594,601	10,624,610	2,102,507	5,489,753	3,032,350
Borrowings	5,369,407	6,000,768	2,551,206	1,694,463	1,755,099
	<b>77,174,089</b>	<b>81,524,306</b>	<b>62,352,641</b>	<b>14,384,216</b>	<b>4,787,449</b>
<b>Financial liabilities:</b>					
<b>2020</b>					
Trade payables	39,735,127	39,735,127	39,735,127	-	-
Other payables and accruals	2,882,530	2,882,530	2,882,530	-	-
Redeemable preference shares	5,011,457	7,200,000	-	7,200,000	-
Lease liabilities	4,439,025	5,933,447	1,440,058	2,043,389	2,450,000
Borrowings	10,855,878	11,835,011	7,753,098	1,759,920	2,321,993
	<b>62,924,017</b>	<b>67,586,115</b>	<b>51,810,813</b>	<b>11,003,309</b>	<b>4,771,993</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iv) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payments (cont'd):

Company	Carrying amount RM	Undiscounted contractual cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
<b>Financial liabilities:</b>					
<b>2021</b>					
Other payables and accruals	117,740	117,740	117,740	-	-
<b>Financial liabilities:</b>					
<b>2020</b>					
Other payables and accruals	46,674	46,674	46,674	-	-
Amount owing to a subsidiary	38,030	38,030	38,030	-	-
	84,704	84,704	84,704	-	-

## 37. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (i) Financial instruments not carried at fair value

Financial assets and financial liabilities not carried at fair value are disclosed in Note 35.1 to the financial statements. These financial instruments are carried at the amounts approximate of their fair values on the statements of financial position of the Group and of the Company due to the relatively short term maturity of these financial instruments and the Group and the Company do not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

As at the end of each financial year, the carrying amounts of floating rate term loans approximate their fair values as their effective interest rates change accordingly to movements in the market interest rates.

### (ii) Financial instruments carried at fair value

Financial assets carried at fair value are disclosed in Note 35.1 to the financial statements. The fair value of money market fund and cash fund investments is a Level 2 fair value derived from input other than quoted prices included within Level 1 that are directly observable. There was no material transfer between Level 1, 2 and 3 during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 38. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the financial year.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total borrowings	19,477,161	20,306,360	-	-
Total equity	131,368,270	80,849,708	99,866,483	56,316,694
Gearing ratio (times)	0.15	0.25	N/A	N/A

## 39. Segment reporting

Operating segments are prepared in a manner consistent with the internal reporting provided to Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess its performance on a quarterly basis. For management purposes, the Group is organised into business units based on its products and services provided.

The Group is organised into the following reporting segments:

### (a) Investment holding

Management, provision of financial services to companies within the Group, as well as holding of investments in the shares of subsidiaries and other investments.

### (b) EPCC of solar energy system ("EPCC")

Turnkey EPCC services in solar energy solution to customers in in three categories: residential, commercial and industrial (roof-top projects) and large scale solar energy producers.

### (c) O&M of solar energy system ("O&M")

Warranty of between 2 and 5 years to customer for workmanship defects, performance monitoring and on-site support and repair to ensure optimal operation of solar energy system installation.

### (d) Sale of electricity through solar energy generation ("Sale of electricity")

Sale of electricity generated through its self-constructed solar plant to electric utility company, Tenaga Nasional Berhad under a 21-year renewable energy power purchase agreement and also to other third party.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly administrative expenses, finance costs, other receivables, tax recoverable/liabilities, fixed deposits with financial institutions, cash and bank balances.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 39. SEGMENT REPORTING (CONT'D)

### 39.1 Business segments

	Investment holding	EPCC of solar energy solution	Operations and maintenance of solar energy system	Sale of electricity through solar energy generation	Others	Total
	RM	RM	RM	RM	RM	RM
<b>Group and Company</b>						
<b>2021</b>						
<b>Revenue</b>						
Total revenue	10,000,000	244,752,110	3,000,193	1,733,997	6,256,132	255,742,432
Inter-segment revenue	(10,000,000)	(30,807,349)	(648,145)	-	-	(31,455,494)
External revenue	-	213,944,761	2,352,048	1,733,997	6,256,132	224,286,938
<b>Results</b>						
Segment (loss)/profit before interest and tax	(1,130,230)	21,549,566	1,656,819	1,520,877	187,680	23,784,712
Finance income						734,197
Finance costs						(1,830,900)
Profit before tax						22,688,009
Income tax expense						(6,252,017)
Net profit for the financial year						16,435,992
<b>2020</b>						
<b>Revenue</b>						
Total revenue	-	265,494,955	1,486,823	1,841,068	3,924,352	272,747,198
Inter-segment revenue	-	(19,006,889)	(306,444)	-	-	(19,313,333)
External revenue	-	246,488,066	1,180,379	1,841,068	3,924,352	253,433,865
<b>Results</b>						
Segment (loss)/profit before interest and tax	(2,693,716)	17,683,765	809,991	1,277,339	154,696	17,232,075
Finance income						766,109
Finance costs						(1,513,091)
Profit before tax						16,485,093
Income tax expense						(509,015)
Net profit for the financial year						15,976,078

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 39. SEGMENT REPORTING (CONT'D)

### 39.1 Business segments (Cont'd)

Group and Company	Investment holding RM	EPCC of solar energy solution RM	Operations and maintenance of solar energy system RM	Sale of electricity through solar energy generation RM	Others RM	Total RM
<b>2021</b>						
<b>Other information</b>						
Segment (loss)/profit before tax includes the following:						
Finance income	362,903	371,294	-	-	-	734,197
Depreciation and amortisation	-	(2,577,396)	(5,473)	(213,120)	-	(2,795,989)
Finance costs	-	(1,713,886)	-	(117,014)	-	(1,830,900)
Provision for defect liabilities	-	530,949	-	-	-	530,949
Realised and unrealised losses on foreign exchange, net	-	(278,134)	-	-	-	(278,134)
Rental expenses	-	(494,072)	-	-	-	(494,072)
Loss on disposal of property, plant and equipment	-	(58,973)	-	-	-	(58,973)
Impairment loss on financial assets	-	2,161,479	-	-	-	2,161,479
<b>2020</b>						
<b>Other information</b>						
Segment (loss)/profit before tax includes the following:						
Finance income	247,463	518,646	-	-	-	766,109
Bad debts written off	-	(72,950)	-	-	-	(72,950)
Depreciation and amortisation	-	(1,938,451)	(5,064)	(297,019)	-	(2,240,534)
Finance costs	-	(1,266,174)	-	(246,917)	-	(1,513,091)
Provision for defect liabilities	-	(437,000)	-	-	-	(437,000)
Realised and unrealised losses on foreign exchange, net	-	(1,144,395)	-	-	-	(1,144,395)
Rental expenses	-	(349,428)	-	-	-	(349,428)
Loss on disposal of property, plant and equipment	-	(149)	-	-	-	(149)
Impairment loss on financial assets	-	(1,731,863)	-	-	-	(1,731,863)
Reversal of intangible assets	-	(40,545)	-	-	-	(40,545)
Provision for slow moving inventories	-	(158,635)	-	-	-	(158,635)



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 39. SEGMENT REPORTING (CONT'D)

### 39.1 Business segments (Cont'd)

Group and Company	Investment holding RM	EPCC of solar energy solution RM	Operations and maintenance of solar energy system RM	Sale of electricity through solar energy generation RM	Others RM	Total RM
<b>2021</b>						
<b>Assets/Liabilities</b>						
Additions to non-current assets <sup>1</sup>	-	6,960,625	4,250	825,229	-	<u>7,790,104</u>
Segment assets	21,614,357	199,212,952	187,889	4,570,872	369,307	225,955,377
Unallocated corporate assets <sup>2</sup>						<u>179,178</u>
Total assets						<u>226,134,555</u>
Segment liabilities	117,740	86,145,489	5,530,877	1,933,128	-	93,727,234
Unallocated corporate liabilities <sup>2</sup>						<u>45,323</u>
Total liabilities						<u>93,772,557</u>

<sup>1</sup> Additions to non-current assets consist of additions to property, plant and equipment.

<sup>2</sup> Unallocated assets and liabilities consist of deferred tax liabilities, deferred tax assets and current tax assets.

Group and Company	Investment holding RM	EPCC of solar energy solution RM	Operations and maintenance of solar energy system RM	Sale of electricity through solar energy generation RM	Others RM	Total RM
<b>2020</b>						
<b>Assets/Liabilities</b>						
Additions to non-current assets <sup>1</sup>	-	1,475,788	5,550	-	-	<u>1,481,338</u>
Segment assets	25,172,189	134,529,813	52,302	5,822,550	369,307	165,946,161
Unallocated corporate assets <sup>2</sup>						<u>668,303</u>
Total assets						<u>166,614,464</u>
Segment liabilities	79,065	80,451,880	2,738,260	1,991,114	-	85,260,319
Unallocated corporate liabilities <sup>2</sup>						<u>140,081</u>
Total liabilities						<u>85,400,400</u>

<sup>1</sup> Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

<sup>2</sup> Unallocated assets and liabilities consist of deferred tax asset and income tax payable.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 39. SEGMENT REPORTING (CONT'D)

### 39.1 Major customers

Revenue from external customers which individually contributed 10% or more to the total revenue recognised of the Group is as follows:

	Group	
	2021 RM	2020 RM
Customer A	-	145,147,757
Customer B	21,334,525	-
Customer C	26,732,230	-
	48,066,755	145,147,757

### 39.2 Geographical segments

Geographical information is not presented as the Group operates primarily in Malaysia.

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. To curb the spread of COVID-19 outbreak in Malaysia, the government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020 that involved strict movement restrictions and closure of non-essential business premises, followed by Conditional MCO ("CMCO") and Recovery MCO ("RMCO") until the end of December 2020. Various measures to prevent the spread of the virus such as restricted movement, overseas and interstate travel bans, closure of businesses and education institutions and work-from-home arrangements have impacted consumer spending power and pattern and brought about significant economic uncertainties in Malaysia and markets in which the Group operates.

During the financial year, the Group has taken the appropriate steps to re-assess their customers' credit risks and tighten the credit controls in order to mitigate any risk of non-collection due from the COVID-19 outbreak.

The Directors have assessed the overall impact of this situation towards the Group's operation, financial performance and cash flows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 March 2021 except for the temporary suspension of site work activities for certain projects of the Group during MCO period.

At this juncture, it is not possible for the Group to estimate the full short-term and longer term impact of the effects of COVID-19 and government's measures to combat the pandemic. As the situation is still evolving as at the date of this report, the Group will monitor the ongoing situation and continuously take various actions to mitigate the effects of COVID-19, which includes safety and health measures for the employees and workers of the Group and securing the supply of raw materials. The Group will be taking appropriate and timely measures to minimise the impact of the COVID-19 outbreak on the Group's operation.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

(cont'd)

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) On 12 August 2020, Solarvest Asset Management Sdn. Bhd. (a wholly-owned subsidiary of the Company) has obtained a Moneylender License issued under the Money lenders Act 1951 and Moneylenders (Control and Licensing) Regulations 2003 by the Ministry of Housing and Local Government. The license is valid for a period of two years effective from 6 August 2020 and is renewable upon the renewal application is made with the Ministry.

(c) On 1 September 2020, the Company announced that it proposed to transfer of the listing of and quotation for the entire issued and paid-up share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Transfer").

On 24 May 2021, the Company announced that the application for the Proposed Transfer has been submitted to Securities Commission Malaysia.

(d) At an extraordinary general meeting held on 28 September 2020, the Company's shareholders approved the establishment of an Employee' Share Option Scheme ("ESOS") ("the Scheme") of not more than 15% of the issued share capital of the Company (excluding treasury shares), to eligible Executive Directors and employees of the Group.

The salient features of ESOS are as follows:

- (i) The total number of shares to be offered under ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any point in time during the existence of the Scheme;
- (ii) Only eligible Executive Directors and employees of the Company and of the Group will be eligible to participate in the Scheme;
- (iii) The option price for each ordinary share shall be at a discount of not more than 10% of the 5-day weighted average market price of the shares, as quoted on Bursa Malaysia Securities Berhad ("Bursa") immediately preceding the date of offer; and
- (iv) The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option.

To date of this report, no share option has been offered.

(e) On 2 November 2020, the Company has been approved to undertake the listing of and quotation for up to 78,124,731 Placement Shares to be issued pursuant to the Proposed Private Placement ("Private Placement"), representing up to 20% of the existing issued and paid-up share capital of the Company.

On 26 November 2020, 32,000,000 new ordinary shares have been issued through first tranche of private placement at issue price of RM1.21 per ordinary share. These placement shares were listed on Bursa Securities on 30 November 2020.

(f) On 4 March 2021, the Company issued 105,655,906 free warrants ("Warrants 2021/2026") pursuant to the bonus issue of warrants undertaken by the Company on the basis of 1 free warrant for every 4 existing shares held in the Company. The warrants were listed on Bursa Securities on 8 March 2021.

(g) On 18 March 2021, 11,700 units of Warrants 2021/2026 were exercised at an issue price of RM1.50 and subsequently converted to ordinary shares and listed and quoted on the ACE Market of Bursa Securities on 22 March 2021.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021  
(cont'd)

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (h) On 24 March 2021, 211,317,673 new ordinary shares has been issued arising from the bonus issue of shares on the basis of 1 bonus share for every 2 existing ordinary shares held in the Company ("Bonus Issue of Shares").

Pursuant to the Bonus Issue of Shares, a total of 52,821,364 additional warrants is issued ("Bonus Issue of Warrants") The Bonus Issue of Shares and Bonus Issue of Warrants were listed and quoted on the ACE Market of Bursa Securities on 24 March 2021.

With effect of the said Bonus Issue of Shares and Bonus Issue of Warrants, the exercise price of warrants of RM1.50 is adjusted to RM1.00.

## 41. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

- (i) On 22 April 2021, the Company issued 900 ordinary shares through the conversion of warrants at an issue price of RM1.00 per ordinary shares.
- (ii) On 7 May 2021, Bursa Securities has approved the Company's application on seeking an extension of time of 6 months up to 2 November 2021 to complete the implementation of the Private Placement.
- (iii) On 11 May 2021, the Company's wholly-owned subsidiary, Atlantic Blue Sdn. Bhd., had incorporated three wholly-owned subsidiaries: -
- a) Serimas Energy (Manjung) Sdn. Bhd.,
  - b) Sinarmas Energy (Api-Api) Sdn. Bhd., and
  - c) Suriamas Energy (Maritime) Sdn. Bhd.

# ANALYSIS OF SHAREHOLDINGS

As at 30 July 2021

## SHARE CAPITAL

Total Number of Issued Shares	:	633,953,928
Issued Share Capital	:	RM 98,421,443
Class of Securities	:	Ordinary shares
Voting Rights	:	One (1) vote per one (1) ordinary share

## DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JULY 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
1 – 99	288	2.27	13,193	0.00
100 – 1,000	2,102	16.61	1,271,951	0.20
1,001 – 10,000	7,678	60.67	32,596,046	5.14
10,001 – 100,000	2,322	18.35	63,259,418	9.98
100,001 to 31,697,695 (*)	263	2.08	229,699,338	36.23
31,697,696 and above (**)	3	0.02	307,113,982	48.45
	12,656	100.00	633,953,928	100.00

Remarks:

\* Less than 5% of issued shares.

\*\* 5% and above of issued shares.

## SUBSTANTIAL SHAREHOLDERS AS AT 30 JULY 2021

(Based on the Register of Substantial Shareholders)

		Number of Ordinary Shares Held			
		Direct	%	Indirect	%
1	Atlantic Blue Holdings Sdn Bhd	222,651,982	35.12	-	-
2	Chin Hin Group Berhad	166,081,000	26.20	-	-
3	Lim Chin Siu	7,725,000	1.22	222,651,982 <sup>(1)</sup>	35.12
4	Tan Chyi Boon	7,800,000	1.23	222,651,982 <sup>(1)</sup>	35.12
5	Divine Inventions Sdn Bhd	-	-	166,081,000 <sup>(2)</sup>	26.20
6	PP Chin Hin Realty Sdn Bhd	-	-	166,081,000 <sup>(3)</sup>	26.20
7	Datuk Seri Chiau Beng Teik, JP	-	-	166,081,000 <sup>(4)</sup>	26.20
8	Datin Seri Wong Mee Leng	-	-	166,081,000 <sup>(4)</sup>	26.20
9	Chiau Haw Choon	-	-	166,081,000 <sup>(4)</sup>	26.20

Notes:

<sup>(1)</sup> Deemed interest by virtue of his interest in Atlantic Blue Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

<sup>(2)</sup> Deemed interest by virtue of its interest in Chin Hin Group Berhad pursuant to Section 8 of the Companies Act 2016.

<sup>(3)</sup> Deemed interest by virtue of its interest in Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

<sup>(4)</sup> Deemed interest by virtue of his/her interest in PP Chin Hin Realty Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

# ANALYSIS OF SHAREHOLDINGS

As at 30 July 2021  
(cont'd)

## DIRECTORS' INTERESTS IN SHARES AS AT 30 JULY 2021

(Based on the Register of Directors' Shareholdings)

		Direct	%	Indirect	%
1	Dato' Che Halin Bin Mohd Hashim	2,200,000	0.35	-	-
2	Lim Chin Siu	7,725,000	1.22	222,651,982*	35.12
3	Tan Chyi Boon	7,800,000	1.23	222,651,982*	35.12
4	Chiau Haw Choon	-	-	166,081,000#	26.20
5	Fong Shin Ni	30,000	0.01	-	-
6	Gan Teck Hooi	-	-	-	-
7	Azian Binti Mohd Yusof	-	-	-	-

Notes:

(\*) Deemed interest by virtue of his direct interest in Atlantic Blue Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(#) Deemed interest by virtue of his interest in PP Chin Hin Realty Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## CHIEF EXECUTIVE'S INTERESTS IN SHARES AS AT 30 JULY 2021

		Direct	%	Indirect	%
1	Chong Chun Shiong	2,595,000	0.41	-	-

## LIST OF TOP 30 LARGEST SHAREHOLDERS AS AT 30 JULY 2021

(without aggregating the securities from different securities accounts belonging to the same registered holder)

		No. of Shares	% of Shares
1	Atlantic Blue Holdings Sdn Bhd	147,651,982	23.29
2	Chin Hin Group Berhad	114,662,000	18.09
3	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank Islamic Berhad for Chin Hin Group Berhad	44,800,000	7.07
4	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Atlantic Blue Holdings Sdn Bhd (MX3942)	15,000,000	2.37
5	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Atlantic Blue Holdings Sdn Bhd (MX3936)	15,000,000	2.37
6	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Atlantic Blue Holdings Sdn Bhd (MX3905)	15,000,000	2.37
7	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Atlantic Blue Holdings Sdn Bhd (MX3937)	15,000,000	2.37
8	M & A Nominee (Tempatan) Sdn Bhd Majestic Salute Sdn Bhd for Atlantic Blue Holdings Sdn Bhd	7,500,000	1.18
9	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chin Siu	7,500,000	1.18

# ANALYSIS OF SHAREHOLDINGS

As at 30 July 2021  
(cont'd)

## LIST OF TOP 30 LARGEST SHAREHOLDERS AS AT 30 JULY 2021 (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same registered holder)

	No. of Shares	% of Shares
10 UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Atlantic Blue Holdings Sdn Bhd (Third Party)	7,500,000	1.18
11 CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)	6,882,900	1.08
12 Chin Hin Group Berhad	6,619,000	1.04
13 Amanahraya Trustees Berhad PMB Shariah Growth Fund	6,340,000	1.00
14 CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Desiran Realiti Sdn. Bhd. (MY3933)	4,995,000	0.79
15 CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	4,831,400	0.76
16 Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Islamic Small Cap Opportunities Fund	4,809,900	0.76
17 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Desiran Realiti Sdn Bhd	4,509,500	0.71
18 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chyi Boon	4,500,000	0.71
19 M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chyi Boon (PNG)	3,300,000	0.52
20 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund	2,778,700	0.44
21 AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Che Halin Bin Mohd Hashim (7002939)	2,050,000	0.32
22 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)	2,011,400	0.32
23 Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for BIMB i Growth Fund (940160)	1,902,500	0.30
24 AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Kerd Yee	1,565,550	0.25
25 Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Manulife Investment – HW Flexi Fund (270519)	1,530,200	0.24
26 Maybank Nominees (Tempatan) Sdn Bhd Goay Yeap Siang	1,450,000	0.23
27 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Balanced Fund (4405)	1,407,800	0.22
28 Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Lifetime Balanced Income Fund	1,398,900	0.22
29 Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Capital Management Sdn Bhd	1,374,400	0.22
30 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt an for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	1,350,000	0.21
<b>Total</b>	<b>455,221,132</b>	<b>71.81</b>

# ANALYSIS OF WARRANT HOLDINGS

As at 30 July 2021

Total Number of Outstanding Warrants	:	158,464,670
Class of Securities	:	Warrants A 2021/2026
Exercise Price per Warrant	:	RM1.00 each

## DISTRIBUTION OF WARRANT HOLDINGS AS AT 30 JULY 2021

Size of Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Warrants
1 – 99	1,361	21.65	72,346	0.05
100 – 1,000	1,987	31.60	909,180	0.57
1,001 – 10,000	2,107	33.51	8,044,204	5.08
10,001 – 100,000	719	11.44	22,173,190	13.99
100,001 to 7,923,232 (*)	111	1.77	59,077,440	37.28
7,923,233 and above (**)	2	0.03	68,188,310	43.03
	6,287	100.00	158,464,670	100.00

Remarks:

\* Less than 5% of total outstanding warrants.

\*\* 5% and above of total outstanding warrants.

## DIRECTORS' WARRANT HOLDINGS AS AT 30 JULY 2021

(Based on the Register of Directors' Warrant Holdings)

	Direct	%	Indirect	%
1 Dato' Che Halin Bin Mohd Hashim	37,500	0.02	-	-
2 Lim Chin Siu	1,875,000	1.18	52,162,994*	32.92
3 Tan Chyi Boon	4,375,000	2.76	52,162,994*	32.92
4 Chiau Haw Choon	-	-	19,775,316#	12.48
5 Fong Shin Ni	7,500	(^)	-	-
6 Gan Teck Hooi	-	-	-	-
7 Azian Binti Mohd Yusof	-	-	-	-

Notes:

(\*) Deemed interest by virtue of his direct interest in Atlantic Blue Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(#) Deemed interest by virtue of his interest in PP Chin Hin Realty Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(^) Represents warrant holdings less than 0.01%

## CHIEF EXECUTIVE'S WARRANT HOLDINGS AS AT 30 JULY 2021

	Direct	%	Indirect	%
1 Chong Chun Shiong	1,573,750	0.99	-	-



# ANALYSIS OF WARRANT HOLDINGS

As at 30 July 2021  
(cont'd)

## LIST OF TOP 30 LARGEST WARRANT HOLDERS AS AT 30 JULY 2021

(without aggregating the securities from different securities accounts belonging to the same registered holder)

		No. of Warrants	% of Warrants
1	Atlantic Blue Holdings Sdn Bhd	48,412,994	30.55
2	Chin Hin Group Berhad	19,775,316	12.48
3	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chen Seng	7,659,800	4.83
4	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Ong Choo Meng (SMART)	7,400,000	4.67
5	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng	2,909,800	1.84
6	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chyi Boon	2,500,000	1.58
7	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng	2,500,000	1.58
8	Tan Yuen Chyn	2,100,000	1.34
9	M & A Nominee (Tempatan) Sdn Bhd Majestic Salute Sdn Bhd for Atlantic Blue Holdings Sdn Bhd	1,875,000	1.18
10	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chin Siu	1,875,000	1.18
11	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Atlantic Blue Holdings Sdn Bhd (Third Party)	1,875,000	1.18
12	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Ong Choo Meng	1,500,000	0.95
13	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koey Ching Hock	1,186,000	0.75
14	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chu Kerd Yee (M01)	1,181,212	0.75
15	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chyi Boon	1,125,000	0.71
16	Koey Ching Hock	1,099,000	0.69
17	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Chun Shiong	1,000,000	0.63
18	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for A.S. Chin Hin Sdn Bhd	770,000	0.49
19	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chyi Boon (PNG)	750,000	0.47
20	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Sue Khe (E-BPT/EDU)	724,350	0.46
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Por Teong Eng	675,000	0.43
22	Maybank Nominees (Tempatan) Sdn Bhd Tan Sun Ping	641,400	0.40
23	Liew Foo Heen	479,212	0.30

# ANALYSIS OF WARRANT HOLDINGS

As at 30 July 2021  
(cont'd)

## LIST OF TOP 30 LARGEST WARRANT HOLDERS AS AT 30 JULY 2021 (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same registered holder)

		No. of Warrants	% of Warrants
24	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Principal Islamic Lifetime Balanced Growth Fund (230122)	465,525	0.29
25	Chan Phiak Chu	448,800	0.28
26	Yio Jee Win	416,900	0.26
27	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Mohd Salman @ Leong Yew Mun	400,000	0.25
28	Lua Ek Poh	399,900	0.25
29	Ronnie Ng Keng Ti	361,000	0.23
30	Ng Kah Gin	352,350	0.22
	Total	112,858,559	71.22

## LIST OF PROPERTIES

No.	Title No.	Description	Audited Net Book Value as at 31 March 2021 (RM)
1.	GM 799 (Lot 4166), GM 800 (Lot 4167), Mukim Derga, Daerah Kota Setar, Kedah.  GM 5979 (Lot 4168), GM 22573 (Lot 4169), H.S.(M) 17440 (PT 4685), Bandar Alor Setar, Daerah Kota Setar, Kedah.	Property Address: 4166-4170, Jalan Ganding 2, Taman Ganding, Jalan Langgar, 05460 Alor Setar Kedah  Tenure: Freehold  Description of Property/ Existing Use: 5 units of 3-storey shop office/ Branch office and warehouse  Category of Land Use/ Land Area/ Built-up Area: Building/ 1302 m <sup>2</sup> / 3906 m <sup>2</sup> (for each unit)  Revaluation Date: 8/9/2016  Approximate Age of Building: 7 years	2,707,260
2.	H.S.(D) 19110, Lot 992, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang.	Property Address: 26, Jalan Kikik, Taman Inderawasih, 13600 Prai, Pulau Pinang.  Tenure: Freehold  Description of Property/ Existing Use: Intermediate 1 ½ - storey light-industrial terrace factory/ Branch office and warehouse  Category of Land Use/ Land Area/ Built-up Area: Industrial/ 3186 m <sup>2</sup> / 4056 m <sup>2</sup>  Revaluation Date: 12/8/2015  Approximate Age of Building: 27 years	1,487,550
3.	PN 50495/M1-A/7/36, Lot 103 Seksyen 36, Bandar Petaling Jaya, Daerah Petaling, Selangor.	Property Address: A-30-05, 3 Two Square, Jalan 19/1, 46300 Petaling Jaya, Selangor  Tenure: Leasehold of 99 years expiring on 6 September 2106 (85 remaining years)  Description of Property/ Existing Use: 5th Floor office unit located in a 6-storey office building/ Office  Category of Land Use/ Land Area/ Built-up Area: Building/ Not applicable/ 1948 m <sup>2</sup>  Acquisition Date: 14/11/2014  Approximate Age of Building: 14 years	848,266

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fourth Annual General Meeting ("**4th AGM**") of Solarvest Holdings Berhad ("**the Company**") will be held as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Vote2U via online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on Thursday, 30 September 2021 at 10:00 a.m. for the following purposes:-

## A G E N D A

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Note 1]
2. To approve the payment of Directors' fees for an amount of up to RM246,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 1 October 2021 until the next Annual General Meeting of the Company. [Please refer to Explanatory Note 2]  
[Ordinary Resolution 1]
3. To approve the Directors' benefits for an amount of up to RM20,000.00 payable to the Non-Executive Directors of the Company for the period from 1 October 2021 until the next Annual General Meeting of the Company. [Please refer to Explanatory Note 2]  
[Ordinary Resolution 2]
4. To re-elect the following Directors who retire pursuant to Clause 83 of the Company's Constitution and being eligible, have offered themselves for re-election:-
  - (i) Mr. Tan Chyi Boon; and [Ordinary Resolution 3]
  - (ii) Mr. Chiau Haw Choon. [Ordinary Resolution 4]
5. To re-elect Ms. Azian Binti Mohd Yusof, the Director who retires pursuant to Clause 90 of the Company's Constitution and being eligible, has offered herself for re-election. [Ordinary Resolution 5]
6. To re-appoint Messrs. Ecovis Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. [Ordinary Resolution 6]

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

7. **ORDINARY RESOLUTION**  
- **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** [Please refer to Explanatory Note 3]

*"THAT subject always to the Companies Act 2016 ("**the Act**") , the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company at any time to such persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution must not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time; **AND THAT** the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued on Bursa Securities; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."*

[Ordinary Resolution 7]

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

(cont'd)

8. **SPECIAL RESOLUTION**  
- **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

[Please refer to  
Explanatory Note 4]

*"**THAT** approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in "**Appendix A**" to be despatched together with the Company's Annual Report 2021 be and is hereby adopted as the Constitution of the Company ("**Proposed Adoption**"); **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities (if any) and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption."*

[Special Resolution]

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act 2016.

BY ORDER OF THE BOARD

**TEO SOON MEI** (SSM PC No. 201908000235) (MAICSA 7018590)  
**NG SHU FERN** (SSM PC No. 201908001840) (MAICSA 7062881)  
Company Secretaries

Kuala Lumpur  
Dated: 30 August 2021

#### Explanatory Notes on Ordinary and Special Businesses:

1. **Item 1 of the Agenda**

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. As such, this Agenda item is not put forward for voting.

2. **Items 2 and 3 of the Agenda**

Section 230(1) of the Companies Act 2016 provides that the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Company is seeking the shareholders' approval for the payment of Directors' fees and benefits for an amount of up to RM246,000.00 and RM20,000.00 respectively, payable to the Non-Executive Directors of the Company for the period from 1 October 2021 until the next Annual General Meeting of the Company under Ordinary Resolutions 1 and 2. The estimated Directors' fees and benefits proposed for the period from 1 October 2021 until the next Annual General Meeting of the Company are derived based on the current Board size and number of scheduled Board and Board Committees meetings to be held. These Resolutions are to facilitate payment of Directors' fees and benefits for the financial year 2021/2022.

In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged Board size, the Company will seek shareholders' approval at the next Annual General Meeting of the Company for the additional Directors' fees and benefits payable to meet the shortfall.

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

(cont'd)

## 3. **Item 7 of the Agenda**

Ordinary Resolution 7 is to seek a renewal of the general mandate for issuance of shares by the Company pursuant to the Companies Act 2016 at the 4th AGM of the Company ("**General Mandate**"). The General Mandate will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of shares or convertible securities issued must not be more than 10% of the total number of issued shares. This General Mandate, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, the Company had issued 32,000,000 and 30,000,000 new ordinary shares at an issue price of RM1.21 and RM1.01 per ordinary share respectively pursuant to the Private Placement of up to 20% of the issued ordinary shares in the Company ("**Private Placement**") at the previous mandate granted to the Directors at the Third Annual General Meeting of the Company held on 28 September 2020. Details of the total proceeds raised from the Private Placement and its utilisation of proceeds are disclosed in the Company's Annual Report 2021.

## 4. **Item 8 of the Agenda**

Special Resolution under Item 8 of the Agenda is the proposed adoption of new Constitution, which if passed, will streamline the Company's Constitution with the prevailing statutory and regulatory requirements and to enhance administrative efficiency and provide greater clarity to the Constitution. The Board proposed that the existing Constitution be revoked in its entirety and the proposed new Constitution of the Company as set out in "Appendix A" to be despatched together with the Company's Annual Report 2021 be adopted as the new Constitution of the Company.

The Proposed Adoption shall take effect once the Special Resolution has been passed by a majority of not less than seventy-five per centum (75%) of the members who are entitled to vote and do vote in person or by proxy at the 4th AGM.

### **Notes:**

- (1) The 4th AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using RPV facilities provided by Vote2U via online meeting platform at <https://web.vote2u.my>. Please refer to the Administrative Guide for the 4th AGM which is available at the Company's website at <https://solarvest.my> for the procedures to register, participate and vote remotely at the 4th AGM through the RPV facilities.
- (2) A member who is entitled to attend and vote at the 4th AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the 4th AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the 4th AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.
- (3) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (5) The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the proxy form must be initialled.

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

(cont'd)

(6) *The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 4th AGM or at any adjournment thereof:-*

(i) *In Hardcopy Form*

*The Form of Proxy shall be deposited at the Share Registrar's office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*

(ii) *By Electronic Means*

*The Form of Proxy shall be electronically submitted via email at the Share Registrar's email address at HYPERLINK "mailto:is.enquiry@my.tricorglobal.com" is.enquiry@my.tricorglobal.com.*

(7) *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of 4th AGM will be put to vote by poll.*

(8) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 September 2021 (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the 4th AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.*

(9) *Those proxy forms which are indicated with "✓" in the spaces provided to show how the votes are to be cast will also be accepted.*

**Personal data privacy:**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the 4th AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of processing and the administration by the Company (or its agents) of proxies and representatives appointed for the 4th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 4th AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclose of the proxy(ies) and/or representative(s) personal data by the Company for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.

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# SOLARVEST<sup>®</sup>

**SOLARVEST HOLDINGS BERHAD**  
[Registration No. 201701033607 (1247778-U)]  
(Incorporated in Malaysia)

## FORM OF PROXY

(before completing this Form of Proxy, please refer to the notes below)

Number of Shares Held		CDS Account No.	
-----------------------	--	-----------------	--

\*I/We \_\_\_\_\_ NRIC No./Passport No./Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTER)

of \_\_\_\_\_  
(FULL ADDRESS)

with email \_\_\_\_\_ and mobile phone no. \_\_\_\_\_

, being a \*member/members of **SOLARVEST HOLDINGS BERHAD**, do hereby appoint(s):-

Full Name (in Block) [Proxy 1]	NRIC/Passport No.	Proportion of shareholding	
		No of shares	%
Address:			
Email Address:			
Mobile Phone No.:			

and

Full Name (in Block) [Proxy 2]	NRIC/Passport No.	Proportion of shareholding	
		No of shares	%
Address:			
Email Address:			
Mobile Phone No.:			

or failing whom, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Fourth Annual General Meeting ("**4th AGM**") of the Company to be held as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Vote2U via online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on Thursday, 30 September 2021 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy(ies) will vote or abstain for voting at his(her) discretion.

ORDINARY RESOLUTION		FOR	AGAINST
1.	Approval of the payment of Directors' fees for an amount of up to RM246,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 1 October 2021 until the next Annual General Meeting of the Company		
2.	Approval of the Directors' benefits for an amount of up to RM20,000.00 payable to the Non-Executive Directors of the Company for the period from 1 October 2021 until the next Annual General Meeting of the Company		
3.	Re-election of Mr. Tan Chyi Boon as Director pursuant to Clause 83 of the Company's Constitution		
4.	Re-election of Mr. Chiau Haw Choon as Director pursuant to Clause 83 of the Company's Constitution		
5.	Re-election of Ms. Azian Binti Mohd Yusof as Director pursuant to Clause 90 of the Company's Constitution		
6.	Re-appointment of Messrs. Ecovis Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
7.	Authority to issue shares pursuant to the Companies Act 2016		
SPECIAL RESOLUTION			
8.	Proposed Adoption of New Constitution of the Company		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature of Member/Common Seal

\* Strike out whichever is not desired.

Fold This Flap For Sealing

**Notes:**

- (1) The 4th AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using RPV facilities provided by Vote2U via online meeting platform at <https://web.vote2u.my>. Please refer to the Administrative Guide for the 4th AGM which is available at the Company's website at <https://solarvest.my> for the procedures to register, participate and vote remotely at the 4th AGM through the RPV facilities.
- (2) A member who is entitled to attend and vote at the 4th AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the 4th AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the 4th AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.
- (3) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (5) The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the proxy form must be initialled.
- (6) The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 4th AGM or at any adjournment thereof:
  - (i) In Hardcopy Form  
The Form of Proxy shall be deposited at the Share Registrar's office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Then Fold Here

AFFIX  
STAMP

The Share Registrar of  
**SOLARVEST HOLDINGS BERHAD** [Registration No. 201701033607 (1247778-U)]  
**c/o: Tricor Investor & Issuing House Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur,  
Wilayah Persekutuan

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(ii) By Electronic Means

The Form of Proxy shall be electronically submitted via email at the Share Registrar's email address at HYPERLINK "mailto:is.enquiry@my.tricorglobal.com" is.enquiry@my.tricorglobal.com.

- (7) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of 4th AGM will be put to vote by poll.
- (8) In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 September 2021 (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the 4th AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.
- (9) Those proxy forms which are indicated with "✓" in the spaces provided to show how the votes are to be cast will also be accepted.

**Personal data privacy:**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the 4th AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of 4th AGM dated 30 August 2021.

SOLARVEST HOLDINGS BERHAD  
[Registration No. 201701033607 (1247778-U)]

L1-01, Pacific 63 @ PJ Centre,  
No. 5, Jalan 13/6, Seksyen 13,  
46200 Petaling Jaya, Selangor, Malaysia.

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[www.solarvest.my](http://www.solarvest.my)