

PROSPECTUS



NORTHERN SOLAR HOLDINGS BERHAD
(Registration No. 202401001236 (1547087-X))
(Incorporated in Malaysia)

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

- (I) **PUBLIC ISSUE OF 67,252,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:**
- 19,780,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 7,912,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
 - 39,560,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY;
- AND
- (II) **OFFER FOR SALE OF 35,604,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT IN THE FOLLOWING MANNER:**
- 9,890,000 EXISTING SHARES TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND
 - 25,714,000 EXISTING SHARES TO SELECTED INVESTORS,

AT AN ISSUE/OFFER PRICE OF RM0.63 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent



M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 189.

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

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

THIS PROSPECTUS IS DATED 18 DECEMBER 2024

PROSPECTUS



NORTHERN SOLAR HOLDINGS BERHAD
(Registration No. 202401001236 (1547087-X))
(Incorporated in Malaysia)



NORTHERN SOLAR HOLDINGS BERHAD
(Registration No. 202401001236 (1547087-X))
Units 8-01 and 8-02, Level 8, Menara Legenda
No. 3, Jalan SS20/27
47400 Petaling Jaya, Selangor

+603-7839 8319

info@northernsolar.com.my

www.northernsolar.com.my

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

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

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

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

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

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 17 September 2024. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

The Securities Commission Malaysia ("**SC**") has on 23 September 2024 approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

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

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

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

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

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

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

ELECTRONIC PROSPECTUS

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

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

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

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

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

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

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

- (a) The Internet Participating Financial Institutions or Participating Securities Firms are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions or Participating Securities Firms and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions or

Participating Securities Firms and thereafter communicated or disseminated in any manner to you or other parties; and

- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

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

The rest of this page is intentionally left blank

INDICATIVE TIMETABLE

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

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

Events	Indicative date
Issuance of this Prospectus / Opening of Application	18 December 2024
Closing of Application	20 January 2025
Balloting of Application	22 January 2025
Allotment / Transfer of our IPO Shares to successful applicants	3 February 2025
Date of Listing	6 February 2025

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

The rest of this page is intentionally left blank

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

All references to "Company" in this Prospectus are to Northern Solar Holdings Berhad (Registration No: 202401001236 (1547087-X)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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

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

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

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

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

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

The rest of this page is intentionally left blank

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

The rest of this page is intentionally left blank

DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

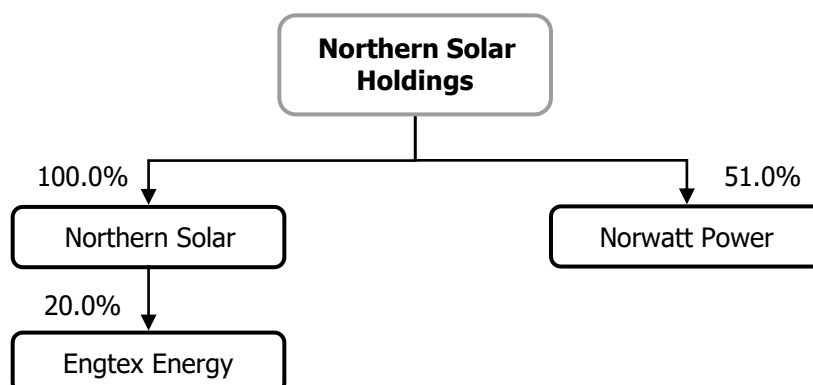
- "Northern Solar Holdings" or "Company" : Northern Solar Holdings Berhad (Registration No. 202401001236 (1547087-X))
- "Northern Solar Holdings Group" or "Group" : Northern Solar Holdings and its subsidiaries, collectively

Subsidiaries

- "Northern Solar" : Northern Solar Sdn Bhd (Registration No. 201901040021 (1349351-T))
- "Norwatt Power" : Norwatt Power Sdn Bhd (Registration No. 202101015779 (1416079-K))

Associated company

- "Engtex Energy" : Engtex Energy Sdn Bhd (Registration No. 200201017260 (584923-X))



GENERAL:

- "ACE Market" : ACE Market of Bursa Securities
- "Acquisitions" : Acquisition of Northern Solar and Acquisition of Norwatt Power, collectively
- "Acquisition of Northern Solar" : Acquisition by Northern Solar Holdings of the entire equity interest of Northern Solar from Lew Shoong Kai, Chew Win Hoe and Lagenda Properties for a purchase consideration of RM14,874,164, which was wholly satisfied by the issuance 328,347,999 new Shares at an issue price of RM0.0453 per share, which was completed on 11 October 2024
- "Acquisition of Norwatt Power" : Acquisition by Northern Solar Holdings of 51.0% equity interest of Norwatt Power from NS Powercare for a cash consideration of RM510,000, which was completed on 11 October 2024

DEFINITIONS (Cont'd)

"Act"	: Companies Act, 2016
"ADA"	: Authorised Depository Agent
"Adviser" or "Sponsor" or "Underwriter" or "Placement Agent"	: M&A Securities
"Application(s)"	: Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
"Application Form(s)"	: Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ATM"	: Automated teller machine
"BNM"	: Bank Negara Malaysia
"Board"	: Board of Directors of Northern Solar Holdings
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CDS"	: Central Depository System
"CDS Account"	: Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"CIDB"	: Construction Industry Development Board
"CIDB Act"	: Lembaga Pembangunan Industri Pembinaan Malaysia Act, 1994
"China"	: People's Republic of China
"Closing Date"	: Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
"CMSA"	: Capital Markets and Services Act, 2007
"Constitution"	: Our constitution
"COVID-19"	: Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Director(s)"	: An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"DOSH"	: Department of Occupational Safety and Health
"EBIT"	: Earnings before interest and tax
"EBITDA"	: Earnings before interest, tax, depreciation and amortisation

DEFINITIONS (Cont'd)

"Electronic Prospectus"	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	: Application(s) for IPO Shares through a Participating Financial Institution's ATM
"EMSH 1990"	: Employees' Minimum Standards of Housing, Accommodations and Amenities Act, 1990
"EPCC"	: Engineering, procurement, construction and commissioning
"EPS"	: Earnings per share
"FPE 2024"	: Financial period ended 30 September 2023
"FPE 2025"	: Financial period ended 30 September 2024
"FYE(s)"	: Financial year(s) ended/ending 31 March, as the case may be
"Government"	: Government of Malaysia
"GP"	: Gross profit
"Head Office"	: 2 office units located at Units 8-01 and 8-02, Level 8, Menara Lagenda, No. 3, Jalan SS20/27, 47400 Petaling Jaya, Selangor. Further details on the head office is set out in Section 6.9.2
"Hong Kong"	: Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	: International Financial Reporting Standards
"IMR" or "Providence"	: Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)), our Independent Market Researcher
"IMR Report"	: Independent Market Research Report titled "Outlook of the Solar Photovoltaic Engineering, Procurement, Construction and Commissioning Services Industry in Malaysia"
"Initial Public Offering" or "IPO"	: Our initial public offering comprising the Public Issue and Offer for Sale
"Internet Participating Financial Institution(s)" or "Participating Securities Firm(s)"	: Participating financial institution(s) or securities firm(s) for Internet Share Application(s) as listed in Section 16.6
"Internet Share Application(s)"	: Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s) or Participating Securities Firm(s)
"IPO Price"	: Issue/Offer price of RM0.63 per Share under our Public Issue and Offer for Sale

DEFINITIONS (Cont'd)

"IPO Share(s)"	: Issue Share(s) and Offer Share(s), collectively
"ISO"	: International Organisation for Standardisation
"Issue Share(s)"	: New Share(s) to be issued under the Public Issue
"Issuing House"	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"IT"	: Information Technology
"Johor Regional Office"	: 1 unit of business suite located at Unit #13-04, 13 th Floor, Austin 18, Jalan Austin Perdana 3, Taman Austin Perdana, 81100 Johor Bahru, Johor. Further details on the Johor Regional Office is set out in Section 6.9.2
"LAD"	: Liquidated ascertained damages
"Lagenda Properties"	: Lagenda Properties Berhad (Registration No. 200101000008 (535763-A)), a company listed on the Main Market of Bursa Securities
"Listing"	: Listing of and quotation for our entire enlarged share capital of RM57,242,925 comprising 395,600,000 Shares on the ACE Market
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	: Comprising the Public Issue, Offer for Sale and Listing, collectively
"LOA"	: Letter of award
"LPD"	: 19 November 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	: M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"Malaysian Public"	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia, but excluding the Group's Directors, substantial shareholders and persons associated with them (as defined by the Listing Requirements)
"Market Day"	: Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities. This may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"MCO"	: The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act, 1988 and the Police Act, 1967

DEFINITIONS (Cont'd)

"MFRS"	:	Malaysian Financial Reporting Standards
"MGTC"	:	Malaysian Green Technology and Climate Change Corporation
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of Investment, Trade and Industry
"NA"	:	Net assets
"NBV"	:	Net book value
"NS Powercare"	:	NS Powercare Sdn Bhd (Registration No. 201901019416 (1328745-W))
"Offer for Sale"	:	Offer for sale of 35,604,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered by our Selling Shareholders pursuant to the Offer for Sale
"Official List"	:	A list specifying all securities which have been admitted for listing on the ACE Market
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application(s) as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	Allocation of 7,912,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"Promoter(s)"	:	Lew Shoong Kai and Chew Win Hoe, collectively
"Prospectus"	:	This prospectus dated 18 December 2024 in relation to our IPO
"Public Issue"	:	Public issue of 67,252,000 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies
"Rules of Bursa Depository"	:	Rules of Bursa Depository as issued pursuant to the SICDA
"SC"	:	Securities Commission Malaysia
"SEDA"	:	Sustainable Energy Development Authority, Malaysia
"Selling Shareholder(s)"	:	Lew Shoong Kai and Chew Win Hoe, who are undertaking the Offer for Sale, collectively

DEFINITIONS (Cont'd)

"Share(s)" or "Northern Solar Holdings Share(s)"	:	Ordinary share(s) in Northern Solar Holdings
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"Specified Shareholder(s)"	:	Lew Shoong Kai and Chew Win Hoe, collectively
"SST"	:	Sales and service tax
"ST" or "Suruhanjaya Tenaga"	:	Energy Commission Malaysia
"TNB"	:	Tenaga Nasional Berhad (Registration No. 199001009294 (200866-W))
"Underwriting Agreement"	:	Underwriting agreement dated 21 November 2024 entered into between our Company and our Underwriter for the purpose of our IPO

CURRENCIES AND UNITS:

"kWh"	:	Kilowatt-hour
"kWp"	:	Kilowatt peak
"MW"	:	Megawatt
"MWp"	:	Megawatt peak
"RMB"	:	Renminbi
"RM" or "sen"	:	Ringgit Malaysia and sen respectively
"sq ft"	:	Square feet
"USD"	:	United States Dollar

The rest of this page is intentionally left blank

TECHNICAL GLOSSARY

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

- "air filters" : A device composed of fibrous, or porous materials which removes solid particulates such as dust, pollen, mould, and bacteria from the air
- "balance of system" : Encompasses all components of a solar PV system other than the solar PV panels. Balance of system includes, among others, mounting structures to hold the solar PV modules in place, cables and wiring systems, junction boxes with fuses and relays, electricity generation and bi-directional meters, energy management and monitoring system, and safety and grounding equipment
- "bi-directional meter" : A device used in grid-connected solar PV systems to measure and record the quantity of electricity drawn from the utility grid, and supplied to the utility grid
- "civil and structural construction" : Works relating to the design and build of building structures and infrastructure
- "combiner box" : A device that combines the output of numerous strings of solar PV modules for connection to the inverter
- "CGPP" : Corporate Green Power Programme. A mechanism of virtual power purchase agreement, which is implemented using the NEDA framework
- "displaced cost" : The average cost of generating and supplying 1 kWh of electricity from non-renewable resources up to the point of interconnection. The prevailing displaced cost is available on https://dev.seda.gov.my/seda_dev/prevaling_displaced_cost.html
- "Distribution Licensee" : TNB and Sabah Electricity Sdn Bhd being the holders of the licence to distribute electricity in Peninsular Malaysia and Sabah respectively, issued by Suruhanjaya Tenaga under Section 9 of the Electricity Supply Act, 1990
- "electricity" : A secondary energy source derived from electromagnetism, one of the natural forces. As a secondary energy source, the generation of electricity relies on primary energy sources such as solar, wind, fossil fuels, hydro, and radioactive materials
- In the context of this Prospectus, it is used synonymously with "power", unless indicated otherwise
- "energy management and monitoring system" : A system that regulates power generation from the connected sources (which may include solar PV panels, power generator set and/or battery), controls power usage by connected users and manages the flow of electricity into and out of a battery to prevent damage from over-charging or over-discharging (if one is connected)

TECHNICAL GLOSSARY (Cont'd)

"EPCC"	:	Engineering, procurement, construction and commissioning. A form of contract to undertake construction contracts where the contractor holds the responsibility towards the design, procurement, construction, commissioning and handover of a project
"feed-in approval holder"	:	Individuals or companies who hold a "feed-in approval" certificate issued by SEDA. Feed-in approval holders are eligible to sell renewable energy at the FiT rate
"FiT"	:	Feed-in-tariff
"FiT system"	:	Feed-in tariff system. The FiT system obliges Distribution Licensees to buy from feed-in approval holders the electricity produced from renewable resources (renewable energy) and sets the FiT rate. The Distribution Licensee will pay for renewable energy supplied to the utility grid for a specific duration. For the avoidance of doubt, the FiT system for solar PV systems is no longer being offered by SEDA
"interconnection"	:	Refers to where a solar PV system is connected to the utility grid, commonly within the premises of the facility
"inverter"	:	An electronic device or circuitry that changes direct current to alternating current. Electricity generated by solar PV systems is indirect, which has to be converted into alternating current using an inverter, before it can be used by most electrical appliances, machineries, and equipment, or transmitted over the utility grid
"levelised cost of energy"	:	The price at which the generated electricity should be sold for the system to break even at the end of its lifetime
"LSS"	:	Large scale solar. A competitive bidding programme to drive down the levelised cost of energy for the development of LSS plant and Suruhanjaya Tenaga is the implementing agency for this scheme
"M&E works"	:	Mechanical and electrical works. Works relating to electrical and electrical systems
"mounting system"	:	Solar module racking used for solar power plants
"NEDA"	:	New Enhanced Dispatch Arrangement. A programme which allows non-power purchase agreement/ service level agreement generators such as co-generators, renewable energy generators/producers, embedded generators and expired power purchase agreement/ service level agreement generators to operate as merchant generators to sell energy to the single buyer. NEDA allows these power generators to bid their variable costs (fuel cost and operation and maintenance cost) compared to those stated in the power purchase agreements and service level agreements. NEDA is designed to enhance competition and cost efficiency of the single buyer market

TECHNICAL GLOSSARY (Cont'd)

"NEM"	:	Net Energy Metering. A scheme whereby the energy produced from the solar PV system installed will first be used by the consumer for his own consumption. Any surplus of energy produced will be exported to the utility grid and sold to the Distribution Licensees at the displaced cost
"O&M"	:	Operations and maintenance. Routine operations and maintenance of an asset, including preventive maintenance and, when needed, unscheduled repairs
"on-grid"	:	A solar PV system that is connected to the utility grid
"PPA"	:	Power purchase agreement
"PV"	:	Photovoltaic, refers to the conversion of light into electricity using semiconducting materials
"renewable energy"	:	Energy from renewable resources that are naturally replenished. Examples of renewable energy sources include solar, wind, hydro, current, wave, and geothermal heat
"REPPA"	:	Renewable energy power purchase agreement. A legal contract entered into between a NEM / SELCO consumer and investor / asset owner. REPPA sets out details on the contract tenure, the solar price (sen / kWh), the covenants and obligations of each party
"rooftop solar PV system"	:	A solar PV system that has its electricity-generating solar panels mounted on the rooftop of a residential, commercial or industrial building or structure
"SARE"	:	Supply Agreement with Renewable Energy. A tripartite agreement between a NEM / SELCO consumer, Distribution Licensee and investor / asset owner. SARE sets out details on the contract years, the solar price (sen / kWh), the covenants and obligations of each party
"SELCO"	:	Self-Consumption. A scheme that allows consumers to install solar PV systems entirely for their own use, and in the event of excess of generation, the electricity is not allowed to be exported to the utility grid
"solar PV module"	:	An arrangement of multiple interconnected solar PV panels that are assembled together as a single unit encased within a frame
"solar PV panel"	:	Solar photovoltaic panels. A device that converts sunlight into electricity by using PV cells
"solar PV system"	:	Solar PV system comprises solar PV panels combined with inverters and other electrical and mechanical hardware that converts sunlight into electricity

TECHNICAL GLOSSARY (Cont'd)

- "substation" : A structure in the utility grid that performs functions such as changing the voltage from high to low (known as step-down), or from low to high (known as step-up), or distributing the power to other locations or for some other functions. It also provides the interconnection point between the utility grid and the power generator or distribution to users
- "transformer" : An electrical equipment that changes the voltage from high to low (known as step-down), or from low to high (known as step-up). For example, electricity generated by a solar PV power plant passes through a step-up transformer, where its voltage is stepped-up to the required voltage for transmission
- "utility grid" : An interconnected network for electricity delivery from producers to consumers. Electrical grids consist of power stations (often located near source of energy and away from heavily populated areas), electrical substations to step voltage up or down, electric power transmission to carry power long distances, and lastly electric power distribution to individual customers, where voltage is stepped down to the required service voltage(s)

The rest of this page is intentionally left blank

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY	1
2.	PROSPECTUS SUMMARY	
2.1	PRINCIPAL DETAILS OF IPO	4
2.2	GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS	5
2.3	IMPACT OF COVID-19 AND MCO.....	6
2.4	COMPETITIVE STRENGTHS	6
2.5	BUSINESS STRATEGIES.....	7
2.6	RISK FACTORS	8
2.7	DIRECTORS AND KEY SENIOR MANAGEMENT	9
2.8	PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS	10
2.9	UTILISATION OF PROCEEDS	10
2.10	FINANCIAL HIGHLIGHTS	11
2.11	DIVIDEND POLICY	13
3.	APPROVALS AND CONDITIONS	
3.1	APPROVALS AND CONDITIONS.....	14
3.2	MORATORIUM ON OUR SHARES	16
4.	DETAILS OF OUR IPO	
4.1	OPENING AND CLOSING OF APPLICATION PERIOD	19
4.2	INDICATIVE TIMETABLE	19
4.3	DETAILS OF OUR IPO	19
4.4	SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS	24
4.5	PURPOSES OF OUR IPO	25
4.6	BASIS OF ARRIVING AT OUR IPO PRICE	25
4.7	TOTAL MARKET CAPITALISATION UPON LISTING	26
4.8	DILUTION	26
4.9	UTILISATION OF PROCEEDS	27
4.10	BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION	34
4.11	SALIENT TERMS OF THE UNDERWRITING AGREEMENT	34
4.12	TRADING AND SETTLEMENT IN SECONDARY MARKET	38
5.	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT	
5.1	PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS	40
5.2	DIRECTORS	46
5.3	KEY SENIOR MANAGEMENT	64
5.4	BOARD PRACTICE	69
5.5	RELATIONSHIPS AND/OR ASSOCIATIONS	77
5.6	EXISTING OR PROPOSED SERVICE AGREEMENTS	77
5.7	DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT	77
6.	INFORMATION ON OUR GROUP	
6.1	INFORMATION ON OUR GROUP.....	78
6.2	DETAILS OF THE PRE-IPO INVESTMENT AND ACQUISITIONS	78
6.3	GROUP STRUCTURE.....	81
6.4	SUBSIDIARIES AND ASSOCIATED COMPANY	84
6.5	MATERIAL CONTRACTS.....	85
6.6	PUBLIC TAKE-OVERS	86
6.7	MAJOR APPROVALS AND LICENCES	87
6.8	TRADEMARK / INTELLECTUAL PROPERTIES	108
6.9	PROPERTY, PLANT AND EQUIPMENT	109
6.10	RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS	113
6.11	ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES	119
6.12	EMPLOYEES.....	121

TABLE OF CONTENTS (Cont'd)

7.	BUSINESS OVERVIEW	
7.1	OUR HISTORY	122
7.2	KEY ACHIEVEMENTS AND MILESTONES	125
7.3	DESCRIPTION OF OUR BUSINESS.....	127
7.4	BUSINESS PROCESSES	147
7.5	PRINCIPAL MARKETS AND SEGMENTS	153
7.6	BUSINESS DEVELOPMENT AND MARKETING STRATEGIES	154
7.7	MAJOR CUSTOMERS	156
7.8	TYPES, SOURCES AND AVAILABILITY OF INPUTS	161
7.9	MAJOR SUPPLIERS AND/OR SUBCONTRACTORS.....	163
7.10	TECHNOLOGY USED OR TO BE USED.....	167
7.11	INTERRUPTIONS TO BUSINESS	167
7.12	SEASONALITY.....	168
7.13	OPERATING CAPACITIES AND OUTPUT.....	168
7.14	QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES	168
7.15	RESEARCH AND DEVELOPMENT.....	170
7.16	DEPENDENCY ON CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS.....	170
7.17	COMPETITIVE STRENGTHS	170
7.18	BUSINESS STRATEGIES AND PROSPECTS	173
8.	IMR REPORT	178
9.	RISK FACTORS	
9.1	RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS	189
9.2	RISKS RELATING TO OUR INDUSTRY	195
9.3	RISKS RELATING TO THE INVESTMENT IN OUR SHARES.....	197
9.4	OTHER RISKS	198
10.	RELATED PARTY TRANSACTIONS	
10.1	RELATED PARTY TRANSACTIONS	199
10.2	OTHER TRANSACTIONS	208
11.	CONFLICT OF INTEREST	
11.1	INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS	210
11.2	DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS.....	212
12.	FINANCIAL INFORMATION	
12.1	HISTORICAL FINANCIAL INFORMATION	213
12.2	MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION	219
12.3	LIQUIDITY AND CAPITAL RESOURCES	255
12.4	BORROWINGS	256
12.5	TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES	261
12.6	MATERIAL CAPITAL COMMITMENTS	261
12.7	MATERIAL LITIGATION AND CONTINGENT LIABILITIES	261
12.8	KEY FINANCIAL RATIOS.....	262
12.9	SIGNIFICANT FACTORS AFFECTING OUR REVENUE.....	269
12.10	IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES.....	271
12.11	IMPACT OF INFLATION	271
12.12	IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS	271
12.13	ORDER BOOK	273
12.14	DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE	273
12.15	TREND INFORMATION	274
12.16	DIVIDEND POLICY	275
12.17	CAPITALISATION AND INDEBTEDNESS.....	276

TABLE OF CONTENTS (Cont'd)

13.	ACCOUNTANTS' REPORT	277
14.	REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION	352
15.	STATUTORY AND OTHER INFORMATION	
15.1	SHARE CAPITAL.....	365
15.2	SHARE CAPITAL OF OUR SUBSIDIARIES AND ASSOCIATED COMPANY	365
15.3	CONSTITUTION	367
15.4	GENERAL INFORMATION.....	373
15.5	CONSENTS	374
15.6	DOCUMENTS FOR INSPECTION	374
15.7	RESPONSIBILITY STATEMENTS	374
16.	SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE	
16.1	OPENING AND CLOSING OF APPLICATION PERIOD	375
16.2	METHODS OF APPLICATIONS	375
16.3	ELIGIBILITY	376
16.4	APPLICATION BY WAY OF APPLICATION FORMS	377
16.5	APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS	378
16.6	APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS	378
16.7	AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE	379
16.8	OVER / UNDER SUBSCRIPTION	379
16.9	UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS	380
16.10	SUCCESSFUL APPLICANTS.....	381
16.11	ENQUIRIES.....	382

The rest of this page is intentionally left blank

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality/ Profession	Gender
Amirul Azhar Bin Baharom	Independent Non-Executive Chairman	No. 41A Elitis Mentari Valencia 47000 Sungai Buloh Selangor	Malaysian / Director	Male
Lew Shoong Kai	Managing Director	No. 21 Jalan Daun Inai 2 Sunway SPK Damansara 52200 Kuala Lumpur	Malaysian / Director	Male
Chew Win Hoe	Executive Director	No. 13A-06 Residensi Mont 16 Jalan Kiara 5, Mont Kiara 50480 Kuala Lumpur	Malaysian / Director	Male
Tan Ai Ning	Independent Non-Executive Director	No. 7-8-1 Menara Hartamas Jalan Sri Hartamas 3 50480 Kuala Lumpur	Malaysian / Director	Female
Teh Muy Ch'ng	Independent Non-Executive Director	No. 6, Jalan Datuk Sulaiman 6 Taman Tun Dr Ismail 60000 Kuala Lumpur	Malaysian / Director	Female
Roselinda Binti Mohammad Hashim	Independent Non-Executive Director	No. 7, Serene Kiara Jalan Serene Kiara 2 Desa Sri Hartamas 50480 Kuala Lumpur	Malaysian / Director	Female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Teh Muy Ch'ng	Chairperson	Independent Non-Executive Director
Roselinda Binti Mohammad Hashim	Member	Independent Non-Executive Director
Tan Ai Ning	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Tan Ai Ning	Chairperson	Independent Non-Executive Director
Teh Muy Ch'ng	Member	Independent Non-Executive Director
Roselinda Binti Mohammad Hashim	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Roselinda Binti Mohammad Hashim	Chairperson	Independent Non-Executive Director
Teh Muy Ch'ng	Member	Independent Non-Executive Director
Tan Ai Ning	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : **Siew Suet Wei (MAICSA 7011254)**
SSM Practicing Certificate No.: 202008001690
(Chartered Secretary and Fellow of the Malaysian Institute of Chartered Secretaries and Administrators)
- Unit 7-01, Level 7, Menara Lagenda
No. 3, Jalan SS20/27
47400 Petaling Jaya
Selangor
- Telephone: +603-7727 0033
- REGISTERED OFFICE** : Unit 7-01, Level 7, Menara Lagenda
No. 3, Jalan SS20/27
47400 Petaling Jaya
Selangor
- Telephone: +603-7727 0033
- HEAD OFFICE** : Units 8-01 and 8-02, Level 8, Menara Lagenda
No. 3, Jalan SS20/27
47400 Petaling Jaya
Selangor
- Telephone: +603-7839 8319
- EMAIL ADDRESS AND WEBSITE** : Website: www.northernsolar.com.my
Email address: info@northernsolar.com.my
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : **BDO PLT**
(Registration No. 201906000013 (LLP0018825-LCA) & AF 0206)
- Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia
- Partner-in-charge : Pang Zhi Hao
Approval number : 03450/09/2025 J
Professional : Chartered Accountant of the Malaysian qualification Institute of Accountants
- Telephone: +603-2616 2888
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **M & A Securities Sdn Bhd**
(Registration No. 197301001503 (15017-H))
- 45 & 47, Levels 3 and 7
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- Telephone: +603-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

SOLICITORS FOR OUR LISTING

: **Ilham Lee**

C3-5-2, Solaris Dutamas
1, Jalan Dutamas 1
50480 Kuala Lumpur

Telephone: +603-6211 3221

ISSUING HOUSE AND SHARE REGISTRAR

: **Tricor Investor & Issuing House Services Sdn Bhd**
(Registration No. 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone: +603-2783 9299

INDEPENDENT MARKET RESEARCHER

: **Providence Strategic Partners Sdn Bhd**
(Registration No. 201701024744 (1238910-A))

67-1, Block D, Jaya One
Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor

Person-in-charge : Elizabeth Dhoss
Professional : Bachelor of Business Administration
qualification : from the University of Malaya

Telephone: +603-7625 1769

LISTING SOUGHT

: ACE Market of Bursa Securities

SHARIAH STATUS

: Approved by Shariah Advisory Council of SC

The rest of this page is intentionally left blank

2. PROSPECTUS SUMMARY

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

2.1 PRINCIPAL DETAILS OF OUR IPO

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

No. of Shares to be issued under Public Issue

- For application by the Malaysian Public	19,780,000
- For Pink Form Allocations	7,912,000
- For private placement to Bumiputera investors approved by MITI	39,560,000

No. of Shares to be offered under Offer for Sale

- For private placement to Bumiputera investors approved by MITI	9,890,000
- For private placement to selected investors	25,714,000

Enlarged no. of Shares upon Listing	395,600,000
IPO Price per Share (RM)	0.63
Market capitalisation (RM) (calculated based on our IPO Price and enlarged no. of Shares upon Listing)	249,228,000

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

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

In addition to the moratorium imposed on the Shares held by the Specified Shareholders, our key senior management, i.e. Lew Fui Shi, our Chief Financial Officer, and Hing Kee Vui, our Project Director, have both voluntarily provided their respective written undertaking not to sell, transfer or assign their entire shareholdings in our Company of 1,666,000 Shares and 1,000,000 Shares, respectively (being their individual allocation under the Pink Form Allocations), in a similar manner as our Specified Shareholders above.

Further, in accordance with Rule 3.19A of the Listing Requirements, Lagenda Properties, our substantial shareholder, shall place its entire shareholdings under moratorium. It has provided the written undertaking to Bursa Securities that it will not sell, transfer or assign its shareholdings under moratorium during the period of 6 months from our date of admission to the Official List.

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

The rest of this page is intentionally left blank

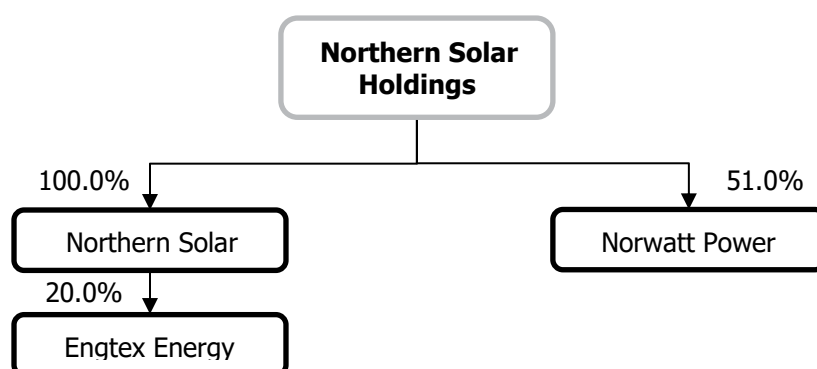
2. PROSPECTUS SUMMARY (Cont'd)

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 9 January 2024 as a private limited company under the name of Northern Solar Holdings Sdn Bhd. On 20 March 2024, our Company was converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. Through our subsidiaries, we are principally involved in the EPCC of solar PV systems, generation of renewable energy as well as O&M of solar PV equipment and systems. Our Group principally operates in the solar PV industry in Malaysia.

There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Our Group structure as at LPD is as follows:



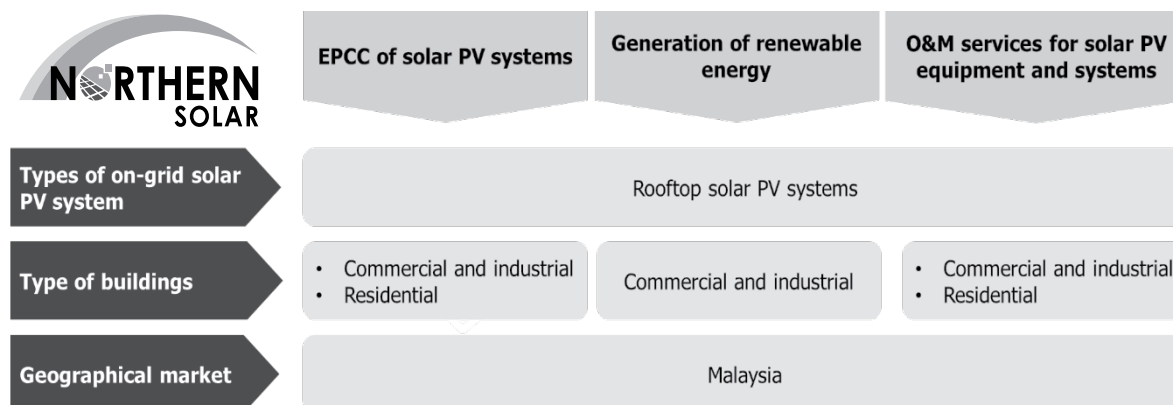
Company	Principal activities
Northern Solar Holdings	Investment holding
Subsidiaries	
Northern Solar	Provision of EPCC services for solar PV systems, O&M of solar PV equipment and systems, as well as generation of electricity
Norwatt Power	Dormant. Intended activity is solar PV systems developer for public sector ⁽¹⁾
Associated company of Northern Solar	
Engtex Energy	Specialist in solar PV industry, develop solar energy system and other renewable energy ⁽²⁾

Notes:

- (1) As at LPD, Norwatt Power has not initiated any discussions or planning for tendering public sector projects. However, Norwatt Power intends to pursue such opportunities in the future.
- (2) Engtex Energy commenced operations in 2023 as a solar PV asset developer under a joint venture between Engtex Group Berhad as asset owner and Northern Solar as EPCC contractor. As at LPD, the company is developing solar PV assets in Kuala Lumpur and Johor Bahru, which are also owned by the company.

2. PROSPECTUS SUMMARY (Cont'd)

Our business model is depicted in the following diagram:



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

2.3 IMPACT OF COVID-19 AND MCO

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 in the country, commencing on 18 March 2020. As a result of the implementation of MCO by the Government, we faced some disruptions in our subsidiaries' operations due to a temporary halt. Besides this, there was no material adverse impact on our business.

Further details of the impact of COVID-19 and MCO on our Group are set out in Section 7.11.

2.4 COMPETITIVE STRENGTHS

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

- (a) We have expertise and capability in providing customised solar PV solutions. We assign our technical personnel to design and execute projects that are customised around our customers' needs and that can maximise value by optimising the levelised cost of energy. Further, we also take into consideration other factors such as scale of generating system, permit requirements, specifications of solar equipment and components as well as O&M procedures when developing a detailed engineering design. Our familiarity with local regulations and authorities in the solar PV industry enables us to advise our customers on the different types of solar programmes.
- (b) We have a proven track record. Our subsidiary, Northern Solar is registered as Grade 7 contractor under CIDB, the highest accorded grade issued by CIDB which allows us to undertake projects of any size and unlimited value in Malaysia. As at LPD, we have installed a total capacity of 71.9 MWp across residential, commercial and industrial buildings. We have completed projects under the NEM and SELCO programmes. Each programme requires different aspects of technical-know how relating to design, development, installation, construction and post completion O&M services, which in turn provides us with the capacity to foster and nurture practical knowledge with day-to-day hands-on training experiences. Our project portfolio provides us with the platform to grow and sustain our business as a market player in the solar PV industry, while at the same time, serves as an important reference for new and potential customers.

2. PROSPECTUS SUMMARY (Cont'd)

- (c) We are committed to maintaining good quality across all our projects. Through systematic and effective control of our operations and our monitoring procedures over our workers and subcontractors, we strive to ensure compliance with quality requirements and ensure specifications and standards of projects are met. We believe that our customers place strong emphasis on quality, including workmanship, material quality, and thus, continuously delivering quality services and complying with customers' requirements will enhance our credibility and customers' confidence in us.
- (d) We have experienced Executive Directors and key senior management. Collectively, our Executive Directors and key senior management personnel have exposure across a broad spectrum of business activities, including engineering, operations, sales and marketing and finance. Some of them are technically experienced as they are qualified and professionally-trained engineers, and have knowledge in the solar PV industry. Our Executive Directors are supported by a strong key senior management team and the commitment and teamwork between them have provided impetus for the continuous growth of our Group.
- (e) We have collaborations with business partners. On 15 December 2023, in conjunction with their entry as shareholder of Northern Solar, Lagenda Properties granted a Right of First Refusal and Right to Match to Northern Solar in relation to the installation of any solar PV panels in premises fully owned or developed by Lagenda Properties group, or for any residential or commercial development projects which Lagenda Properties group is fully or substantially in control of, for which Northern Solar has a one-off right of first refusal to undertake such installation works based on competitive terms and fair market prices, and a further right to match third party offers whereby if there is an offer by a third party to undertake such installations on competitive terms, we have a further right to match the said third party offer. This right to match the said third party offer is in addition to the one-off right of first refusal to undertake the installation works. Separately, we collaborate with Engtex Group Berhad via Engtex Energy as a solar PV asset developer where Northern Solar may have more opportunities to undertake EPCC of solar PV projects secured by Engtex Energy.

Further details of our competitive strengths are set out in Section 7.17.

2.5 BUSINESS STRATEGIES AND PROSPECTS

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

- (a) In conjunction with our plan to scale up our operations to cater for increasing demand for our EPCC and O&M services and due to the fact that many of our customers are located in the central region such as Kuala Lumpur and Selangor, we moved into a new corporate office in the second half of November 2024 to better serve our customers in the central region of Malaysia. Our previous head office space was inadequate for our plans to expand and scale up operations, as it was fully utilised and did not have sufficient space for us to increase our headcount. The rental of our new corporate office is governed by a tenancy agreement with Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd), a subsidiary of Lagenda Properties, for the rental of the 2 office units measuring 8,620 sq ft, housing our new corporate office. Our corporate office also houses an engineering knowledge centre of approximately 1,000 sq ft that will comprise an enhanced command centre and engineering laboratory. The setting up of the new corporate office will enable our Group to centralise business operations and enhance our corporate image amongst customers, suppliers, employees and other stakeholders.

2. PROSPECTUS SUMMARY (Cont'd)

- (b) We intend to expand our workforce to capture more business opportunities for EPCC and O&M of solar PV systems in Johor and strengthen our market presence in the southern region of Peninsular Malaysia. This expansion will also allow us to target potential customers for our EPCC and O&M of solar PV systems in Melaka where there is also growth potential for solar PV systems. Further, we aspire to further expand geographically to the northern region of Peninsular Malaysia, primarily in the states of Pulau Pinang, Perak, Kedah and Perlis, to tap into its potential for EPCC and O&M of solar PV systems, through establishing a regional sales office.
- (c) We intend to expand our solar PV systems business to generate recurring revenue. As at LPD, we own, operate and maintain 17 solar PV systems under our Group and 4 solar PV systems under Engtex Energy which have enabled us to venture into the generation of renewable energy. This experience will provide us with a platform to further grow our generation of renewable energy business. Moving forward, we intend to pursue a model of developing, owning, and managing a portfolio of solar PV assets that sell the electricity generated to NEM and SELCO consumers, which will enable us to generate a stable inflow of revenue and diversify our sources of revenue.
- (d) We intend to increase our market share within the solar PV industry in Malaysia. We have therefore allocated RM29.2 million of the proceeds from the Public Issue for our working capital purposes, being the recruitment of engineering and business development employees and purchase of projects materials. By applying a portion of the proceeds from the Public Issue to satisfy the various working capital requirements associated with undertaking contract works, our Group will be in a better position to tender for and expand our portfolio in the EPCC of solar PV systems segment.

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

2.6 RISK FACTORS

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

- (a) Our revenue is project-based and our historical financial performance may not be indicative of our future financial performance. Our EPCC projects are non-recurring in nature and are secured on a project-by-project basis. Our Group's ability to compete for and secure sizeable contracts is one of the main contributors to our success as well as ongoing growth and future profitability. It is critical for our Group to secure new contracts which are similar or larger in value or number of projects on a continual basis to maintain competitiveness in the solar PV industry. In the event that we are unable to secure new contracts or obtain contract value or number comparable to existing ones, our financial performance and results of operations will be materially impacted.
- (b) Our business and financial performance may be affected in the event of delay or inability to complete projects on a timely basis. In the event of any delays in the timeline of a project, such delays would usually result in project cost overruns, which attract negative publicity and legal uncertainties such as potential LAD claims from our customers. Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing LAD claims on us as stipulated in our contracts and our reputation, financial performance and operational cash flows would be materially affected.

2. PROSPECTUS SUMMARY (Cont'd)

- (c) The nature of our business is subject to risks of defects liability claims by our customers due to defective workmanship for the EPCC of solar PV systems. In the event that there are any significant claims raised by our customers against us for defects liability or any default or failure in relation to our works, we may incur significant costs in rectifying such defects and in such event our reputation, financial position and profitability may be materially affected.
- (d) Our EPCC projects depend on the timely supply of solar equipment and components at acceptable prices and quality. For projects which require large quantities of solar equipment and components, we will enter into purchase and supply agreements with the specified manufacturers/suppliers for selected solar equipment and components, such as solar PV modules and inverters. In the case of solar PV modules, the price shall be maintained throughout the duration of the agreement if there is no change in the module pricing according to the published weekly overseas module spot price. In the event the price fluctuation is significant, we will pass the increased cost to our customers by applying for a variation order.
- (e) As a solar PV service provider, we are required to obtain and hold valid approvals, permits and licences such as the Registration of Solar Photovoltaic Service Provider and the Registration of Photovoltaic Investor issued by SEDA and other approvals, permits and licences as set out in Section 6.7. In the event we fail to comply with the applicable requirements or any required conditions, our registration, approvals, licenses and permits may be cancelled or suspended.
- (f) Our Group's continued success, future business growth and expansion will depend to a significant extent upon the abilities and continued efforts of our Managing Director, Executive Director, key senior management and employees. The loss of any of our Managing Director, Executive Director and key senior management simultaneously or within a short period of time may potentially create an unfavourable impact on our Group's business operations, if there is a lack of succession planning, timely replacement or inability to retain qualified personnel.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Amirul Azhar Bin Baharom	Independent Non-Executive Chairman
Lew Shoong Kai	Managing Director
Chew Win Hoe	Executive Director
Tan Ai Ning	Independent Non-Executive Director
Teh Muy Ch'ng	Independent Non-Executive Director
Roselinda Binti Mohammad Hashim	Independent Non-Executive Director
Key senior management	
Lew Shoong Kai	Managing Director
Chew Win Hoe	Executive Director
Lew Fui Shi	Chief Financial Officer
Hing Kee Vui	Project Director

Further details of our Directors and key senior management are set out in Section 5.

2. PROSPECTUS SUMMARY (Cont'd)

2.8 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

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

Name	Place of incorporation / Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial shareholders									
Lew Shoong Kai	Malaysian	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Chew Win Hoe	Malaysian	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Substantial shareholder									
Lagenda Properties	Malaysia	49,252,200	15.0	-	-	49,252,200	12.5	-	-

Notes:

- (1) Based on our share capital of 328,348,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 395,600,000 Shares after our IPO.

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

2.9 UTILISATION OF PROCEEDS

The estimated gross proceeds from our Public Issue of RM42.4 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	⁽¹⁾ Estimated timeframe for utilisation
Working capital	(a)	29,166	68.8	Within 24 months
Repayment of bank borrowings	(b)	5,500	13.0	Within 12 months
Business expansion	(c)	3,150	7.4	Within 24 months
Estimated listing expenses	(d)	4,553	10.8	Within 1 month
Total		42,369	100.0	

Note:

- (1) From the date of our Listing

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

A summary of our intended utilisation of proceeds is set out below:

- (a) We intend to utilise RM29.2 million towards bolstering our Group's working capital, which would aid in the expansion of our solar PV systems business to generate higher revenue for our Group's EPCC of solar PV systems business segment and increase our market share within the solar PV industry in Malaysia.

2. PROSPECTUS SUMMARY (Cont'd)

- (b) We intend to utilise RM5.5 million to repay our Group's outstanding borrowings, which includes hire purchases and a term loan which were used by the Group to fund, amongst others, the costs of on-going projects and the working capital of the Group.
- (c) Approximately RM3.2 million will be used for our business expansion, to strengthen our market presence regionally in Peninsular Malaysia. In particular, the funds are allocated to the establishment of a corporate office and engineering knowledge centre, the establishment of a new office in Pulau Pinang, and the expansion of our existing office in Johor.
- (d) Listing expenses relate to inter-alia, professional fees payable to, amongst others, the Adviser and Sponsor, Solicitors, Reporting Accountants, Independent Market Researcher and Issuing House for our Listing as well as underwriting and placement commission payable.

Any variations of the allocation in proceeds set out above shall be adjusted towards or against the proceeds allocated towards our working capital as set out in item (a), and any further shortfall is to be funded from our internally-generated funds and/or bank borrowings.

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

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

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

The following table sets out the financial highlights based on our combined statements of comprehensive income for FYE 2022, FYE 2023, FYE 2024, FPE 2024 and FPE 2025:

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,232	44,672	77,974	38,243	40,156
GP	5,054	11,305	21,586	8,713	15,989
PBT	3,333	7,158	12,715	5,206	9,840
Total comprehensive income for the financial year	3,106	6,115	10,089	4,303	7,430
PAT attributable to owners of the Company	3,106	6,115	10,089	4,303	7,430
GP margin (%) ⁽¹⁾	22.7	25.3	27.7	22.8	39.8
PAT margin (%) ⁽²⁾	14.0	13.7	12.9	11.3	18.5
EPS (sen) ⁽³⁾	0.8	1.5	2.6	1.1	1.9

Notes:

- (1) Calculated based on GP over revenue.
- (2) Calculated based on PAT attributable to owners of the Company over revenue.
- (3) Calculated based on PAT attributable to owners of the Company over our enlarged share capital of 395,600,000 Shares after IPO.

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

2. PROSPECTUS SUMMARY (Cont'd)**2.10.2 Pro forma statements of financial position**

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

	I	II
As at 30 September 2024	After Acquisitions	After I, Public Issue and utilisation of proceeds
RM'000	RM'000	RM'000
ASSETS		
Total non-current assets	-	13,183
Total current assets	1,720	50,369
TOTAL ASSETS	1,720	63,552
EQUITY AND LIABILITIES		
Share capital	(1)	14,874
Merger reserve	-	(13,874)
(Accumulated loss)/ Retained earnings	(16)	22,084
Non-controlling interests	-	475
TOTAL EQUITY	(16)	23,559
Total non-current liabilities	-	13,185
Total current liabilities	1,736	26,808
TOTAL LIABILITIES	1,736	39,993
TOTAL EQUITY AND LIABILITIES	1,720	63,552
No. of Shares in issue ('000)	(2)	328,348
NA per Share (RM)	(3)n/a	0.07
Borrowings	-	19,884
Gearing (times)	-	0.8

Notes:

- (1) Representing RM1.
- (2) Representing 1 share.
- (3) Not applicable as the Company was in a net liability position as at 30 September 2024.

The rest of this page is intentionally left blank

2. PROSPECTUS SUMMARY (Cont'd)**2.11 DIVIDEND POLICY**

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

Dividends declared and paid by our subsidiary, namely Northern Solar during FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD were as follows:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025	1 October 2024 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	-	-	-	(1)5,000	-

Note:

- (1) The final dividend of RM5.0 million in respect of FYE 2024 was declared on 6 May 2024 and paid on 31 May 2024.

Save for the above, there were no further dividends declared and/or paid up to LPD. In addition, we do not intend to declare or pay any dividends from LPD up to our Listing.

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

The rest of this page is intentionally left blank

3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 17 September 2024, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Submit the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Malaysia Depository Sdn Bhd: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares. 	Complied
(b)	Confirm that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(c)	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	Complied
(d)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(e)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Northern Solar Holdings on the first day of Listing;	To be complied
(f)	In relation to the Public Issue to be undertaken by Northern Solar Holdings, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of Northern Solar Holdings arising from the public offering, if any. 	To be complied

3. APPROVALS AND CONDITIONS (Cont'd)

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

3.1.2 SC approval

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

The SC had, vide its letter dated 23 September 2024, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies.

The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Northern Solar Holdings to allocate 12.5% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by MITI.	To be complied
(b)	Northern Solar Holdings to make available at least 50.0% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

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

Category of shareholders	As at LPD		After our Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	⁽¹⁾ 59,340,000	15.0
Non-Bumiputera	3	100.0	336,260,000	85.0
Malaysian	3	100.0	395,600,000	100.0
Foreigners	-	-	-	-
	3	100.0	395,600,000	100.0

Note:

(1) Based on the assumption that the Shares allocated to the Bumiputera public investors via balloting and Bumiputera investors approved by MITI by way of private placement are subscribed as follows:

Category	No. of Shares	%
Bumiputera public investor via balloting	9,890,000	2.5
Private placement to identified Bumiputera investors approved by MITI	49,450,000	12.5
	59,340,000	15.0

In addition, the Shariah Advisory Council of SC had on 6 August 2024, classified our Shares as Shariah-compliant.

3. APPROVALS AND CONDITIONS (Cont'd)

3.1.3 MITI approval

The MITI had, vide its letter dated 23 October 2024, taken note and has no objection to our IPO.

3.2 MORATORIUM ON OUR SHARES

3.2.1 Moratorium on shareholdings of Specified Shareholders and key senior management

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

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

The rest of this page is intentionally left blank

3. APPROVALS AND CONDITIONS (Cont'd)

In addition to the moratorium imposed on the Shares held by the Specified Shareholders, our key senior management, i.e. Lew Fui Shi, our Chief Financial Officer, and Hing Kee Vui, our Project Director, have both voluntarily provided their respective written undertaking not to sell, transfer or assign their entire shareholdings in our Company of 1,666,000 Shares and 1,000,000 Shares, respectively (being their individual allocation under the Pink Form Allocations), in a similar manner as our Specified Shareholders. Details of our Specified Shareholders and key senior management, and their Shares which will be subject to the abovementioned moratorium, are set out below:

Shareholders	Year 1				Year 2		Year 3	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%
Specified Shareholders								
Lew Shoong Kai	121,745,900	30.8	89,010,000	22.5	59,340,000	15.0	29,670,000	7.5
Chew Win Hoe	121,745,900	30.8	89,010,000	22.5	59,340,000	15.0	29,670,000	7.5
	243,491,800	61.6	178,020,000	45.0	118,680,000	30.0	59,340,000	15.0
Key senior management								
Lew Fui Shi	1,666,000	0.4	⁽³⁾ 749,700	0.2	499,800	0.1	249,900	0.1
Hing Kee Vui	1,000,000	0.3	⁽³⁾ 450,000	0.1	300,000	0.1	150,000	<0.1
	2,666,000	0.7	1,199,700	0.3	799,800	0.2	399,900	0.1

Notes:

- (1) After Offer for Sale.
- (2) Based on the enlarged share capital of 395,600,000 Shares after our IPO.
- (3) Lew Fui Shi and Hing Kee Vui have both voluntarily agreed for the moratorium to be imposed on 45.0% of their 1,666,000 Shares and 1,000,000 Shares, respectively for the Second 6-Month Moratorium.

The moratorium has been fully accepted by our Specified Shareholders and key senior management, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period. The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the abovementioned Specified Shareholders and key senior management to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

3. APPROVALS AND CONDITIONS (Cont'd)

3.2.2 Moratorium on shareholdings of Lagenda Properties

In accordance with Rule 3.19A of the Listing Requirements, Lagenda Properties, our substantial shareholder, shall place its entire shareholding under moratorium. It has provided the written undertaking to Bursa Securities that it will not sell, transfer or assign its shareholdings under moratorium during the period of 6 months from our date of admission to the Official List.

Details of Lagenda Properties and its Shares which will be subject to the moratorium are set out below:

<u>Substantial shareholder</u>	<u>No. of Shares</u>	<u>(1)%</u>
Lagenda Properties	49,252,000	12.5

Note:

(1) Based on the enlarged share capital of 395,600,000 Shares.

The rest of this page is intentionally left blank

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 18 December 2024 and will remain open until 5.00 p.m. on 20 January 2025. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus / Opening of Application	18 December 2024
Closing of Application	20 January 2025
Balloting of Application	22 January 2025
Allotment / Transfer of our IPO Shares to successful applicants	3 February 2025
Date of Listing	6 February 2025

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

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(a) Public Issue

A total of 67,252,000 Issue Shares, representing approximately 17.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

19,780,000 Issue Shares, representing approximately 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

- (a) 9,890,000 Issue Shares, representing 2.5% of our enlarged share capital, made available to public investors; and
- (b) 9,890,000 Issue Shares, representing 2.5% of our enlarged share capital, made available to Bumiputera public investors.

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

7,912,000 Issue Shares, representing approximately 2.0% of our enlarged share capital, are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

(iii) Private placement to Bumiputera investors approved by MITI

39,560,000 Issue Shares, representing approximately 10.0% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

4. DETAILS OF OUR IPO (Cont'd)

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

Upon completion of our Public Issue, our share capital will increase from RM14,874,165 comprising 328,348,000 Shares to RM57,242,925 comprising 395,600,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

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

(b) Offer for Sale

A total of 35,604,000 Offer Shares, representing 9.0% of our enlarged share capital, are offered by our Selling Shareholders at our IPO Price in the following manner:

- (i) 9,890,000 Offer Shares, representing approximately 2.5% of the enlarged share capital, to Bumiputera investors approved by MITI by way of private placement; and
- (ii) 25,714,000 Offer Shares, representing approximately 6.5% of the enlarged share capital, to selected investors by way of private placement.

Our Offer for Sale is subject to the terms and conditions of this Prospectus. The details of our Selling Shareholders and their relationship with our Group are as follows:

Name/ Residential address	Material relationship with our Group	⁽¹⁾ As at LPD / Before IPO		Offer Shares offered			After IPO	
		No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %	⁽³⁾ %	No. of Shares	⁽³⁾ %
Lew Shoong Kai / No. 21 Jalan Daun Inai 2 Sunway SPK Damansara 52200 Kuala Lumpur	Managing Director	139,547,900	42.5	17,802,000	5.4	4.5	121,745,900	30.8
Chew Win Hoe / No. 13A-06 Residensi Mont 16 Jalan Kiara 5 Mont Kiara 50480 Kuala Lumpur	Executive Director	139,547,900	42.5	17,802,000	5.4	4.5	121,745,900	30.8

Notes:

- (1) After completion of the Acquisitions and includes 1 subscriber share issued upon the incorporation of the Company but before our IPO.
- (2) Based on our share capital of 328,348,000 Shares before our IPO.
- (3) Based on our enlarged share capital of 395,600,000 Shares after our IPO.

4. DETAILS OF OUR IPO (Cont'd)

(c) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM57,242,925 comprising 395,600,000 Shares shall be listed on the ACE Market.

4.3.2 Pink Form Allocations

We have allocated 7,912,000 Issue Shares under the Pink Form Allocations to our eligible Directors, employees and persons who have contributed to the success of our Group as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Eligible Directors	4	1,175,100
Eligible employees	46	4,202,500
Persons who have contributed to the success of our Group	10	2,534,400
	60	7,912,000

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

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Lew Shoong Kai (our Managing Director) and Chew Win Hoe (our Executive Director) have opted not to participate in the Pink Form Allocations as they already undertaking the Offer for Sale.

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

Name	Designation	No. of Issue Shares allocated
Amirul Azhar bin Baharom	Independent Non-Executive Chairman	571,400
Tan Ai Ning	Independent Non-Executive Director	158,000
Teh Muy Ch'ng	Independent Non-Executive Director	160,000
Roselinda Binti Mohammad Hashim	Independent Non-Executive Director	285,700
		1,175,100

The rest of this page is intentionally left blank

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

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

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

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

<u>Name</u>	<u>Designation</u>	<u>No. of Issue Shares allocated</u>
Lew Fui Shi	Chief Financial Officer	1,666,000
Hing Kee Vui	Project Director	1,000,000
		2,666,000

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

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

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

4.3.3 Placement and underwriting arrangement

Our Underwriter will underwrite 27,692,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 39,560,000 Issue Shares available for application by Bumiputera investors approved by MITI and 35,604,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and will be placed out by our Placement Agent.

Our IPO Shares shall be subject to the following clawback and reallocation provisions:

- (a) Any IPO Shares not subscribed for under the Pink Form Allocations (if any), will be made available for application by the Malaysian Public; and
- (b) Any remaining IPO Shares including those from (a) which are not subscribed by the Malaysian Public will then be made available to selected investors via private placement.

Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement. In the event of under-subscription of the IPO Shares made available to selected investors via private placement and subject to the corresponding over-subscription by the Malaysian Public, the remaining portion will be clawed-back and placed to the Malaysian Public.

4. DETAILS OF OUR IPO (Cont'd)

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

- (a) Any unsubscribed IPO Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still IPO Shares not taken up, the said unsubscribed IPO Shares shall then be offered to Bumiputera public investors via public balloting in the event of oversubscription.
- (b) After (a) above, the remaining portion will be made available for:
 - (i) Malaysian Public, in the event of an oversubscription; or
 - (ii) application by way of private placement to selected investors to be identified, the proportion of which will be determined by our Board and Placement Agent.

4.3.4 Minimum requirements and over-subscription

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

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

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

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

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

The rest of this page is intentionally left blank

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

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

Details	No. of Shares	RM
Share capital		
As at date of incorporation	1	1
Issued pursuant to the Acquisitions	328,347,999	14,874,164
As at date of this Prospectus	328,348,000	14,874,165
To be issued under our Public Issue	67,252,000	⁽¹⁾ 42,368,760
Enlarged share capital upon our Listing	395,600,000	57,242,925

Note:

- (1) Calculated based on the IPO Price and before adjusting against our share capital, the estimated listing expenses assumed to be directly attributable to the Public Issue.

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

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

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

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

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

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

The rest of this page is intentionally left blank

4. DETAILS OF OUR IPO (Cont'd)

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9;
- (b) To gain recognition through our listing status to enhance our reputation and to retain and attract new and skilled employees from the solar PV industry;
- (c) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

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

- (a) Our pro forma NA per Share of RM0.15, calculated based on our pro forma NA after IPO and utilisation of proceeds as at 30 September 2024 of approximately RM60.9 million (after the Acquisitions, Public Issue and utilisation of IPO proceeds) and our enlarged share capital of 395,600,000 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of approximately 24.7 times based on our EPS of approximately 2.6 sen for FYE 2024, calculated based on our PAT attributable to owners of the Company of RM10.1 million and enlarged share capital of 395,600,000 Shares upon Listing;
- (c) The PE Multiple of our IPO Price of approximately 16.8 times based on our annualised EPS of approximately 3.8 sen for FPE 2025, calculated based on our PAT attributable to owners of the Company of RM14.9 million (extrapolated to 12 months based on the PAT attributable to owners of the Company for FPE 2025) and enlarged share capital of 395,600,000 Shares upon Listing;
- (d) Our historical financial track record for FYE 2022 to FYE 2024 as well as FPE 2024 and FPE 2025, summarised as follows:

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,232	44,672	77,974	38,243	40,156
GP	5,054	11,305	21,586	8,713	15,989
PAT attributable to:					
- Owners of the Company	3,106	6,115	10,089	4,303	7,430
- Non-controlling interests	-	-	*	*	-
EPS (sen) ⁽¹⁾	0.8	1.5	2.6	1.1	1.9

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

- * Represents less than RM500.
- (1) Calculated based on our PAT attributable to owners of the Company and enlarged share capital of 395,600,000 Shares before our IPO.
- (e) Our competitive strengths as set out in Section 7.17; and
- (f) Our business strategies and prospects as set out in Section 7.18.

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

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 395,600,000 Shares upon Listing, our total market capitalisation upon Listing will be RM249.2 million.

4.8 DILUTION

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

	RM
IPO Price	0.63
Pro forma NA per Share as at 30 September 2024 after the Acquisitions but before IPO and utilisation of proceeds	0.07
Pro forma NA per Share as at 30 September 2024 after the Acquisitions, IPO and utilisation of proceeds	0.15
Increase in pro forma NA per Share attributable to existing shareholders	0.08
Dilution in pro forma NA per Share to our new public investors pursuant to our IPO	(0.48)
Dilution in pro forma NA per Share as a percentage of our IPO Price	76.2%

Further details of our pro forma NA per Share as at 30 September 2024 is set out in Section 14.

The rest of this page is intentionally left blank

4. DETAILS OF OUR IPO (Cont'd)

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

Shareholders	(¹)No. of Shares	(²)Total	Average
		consideration	effective cost
		RM	per Share
		RM	RM
Lew Shoong Kai	139,547,900	6,321,520	0.0453
Chew Win Hoe	139,547,900	6,321,520	0.0453
Lagenda Properties	49,252,200	2,231,125	0.0453
Total	328,348,000	14,874,165	

Notes:

(1) Issued pursuant to the Acquisition of Northern Solar and including 1 subscriber share issued upon the incorporation of our Company, registered in the name of Lew Shoong Kai.

(2) Being the consideration for the Acquisition of Northern Solar.

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

4.9 UTILISATION OF PROCEEDS**4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM42.4 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	(¹)Estimated timeframe for utilisation
Working capital	(a)	29,166	68.8	Within 24 months
Repayment of bank borrowings	(b)	5,500	13.0	Within 12 months
Business expansion	(c)	3,150	7.4	Within 24 months
Estimated listing expenses	(d)	4,553	10.8	Within 1 month
Total		42,369	100.0	

Note:

(1) From the date of our Listing.

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

The rest of this page is intentionally left blank

4. DETAILS OF OUR IPO (Cont'd)

(a) Working capital

We intend to utilise RM29.2 million towards bolstering our Group's working capital, which would aid in the expansion of our solar PV systems business to generate higher revenue for our Group's EPCC of solar PV systems business segment and increase our market share within the solar PV industry in Malaysia.

As part of our future plans, we intend to increase our market share by tendering for more projects. As at LPD, we have also submitted 387 tenders with a total tender sum of RM1.8 billion, which are still pending decision from clients. These tendered projects, if awarded to us, will further increase our order book. For the avoidance of doubt, our Group does not intend to tender for LSS projects at this juncture.

The proposed breakdown of the RM29.2 million utilised for this purpose, is as follows:

- (i) RM1.8 million is allocated for the expected 24 months salaries for the recruitment of additional 20 engineering and business development employees comprising project engineers, O&M engineers and technicians as well as business development executives, in line with our geographical expansion plans as set out at note (c) below; and
- (ii) the remaining RM27.4 million is allocated for the purchase of project materials, which are mainly solar PV panels and inverters, being the key components required for our projects. This will allow us to be better positioned to undertake more projects in terms of scale and volume as our business continues to grow.

By applying a portion of the proceeds from the Public Issue to satisfy the various working capital requirements associated with undertaking contract works, our Group will be in a better position to tender and expand our portfolio in the EPCC of solar PV systems segment. Moving forward, we will continue to replenish and grow our order book from the EPCC of solar PV systems segment which will further enhance our revenue and increase our market share in the industry.

Further details of our business expansion are set out at Section 7.18.3.

The rest of this page is intentionally left blank

4. DETAILS OF OUR IPO (Cont'd)**(b) Repayment of bank borrowings**

We intend to utilise RM5.5 million to repay our Group's outstanding borrowings, which includes hire purchases and term loans which were used by the Group to fund, amongst others, the costs of on-going projects and our working capital. The details of the bank borrowings are as follows:

Financial institution/ Type of facility	Purpose	Interest rate (%)	Maturity date	Balance as at LPD RM'000	Amount to be repaid from gross proceeds RM'000
Pac Lease Berhad / Hire purchase	Fund solar PV project development costs	3.7	March 2029	1,299	1,200
Pac Lease Berhad / Hire purchase	Fund solar PV project development costs	3.4	November 2029	1,269	1,200
Malayan Banking Berhad / Hire purchase	Fund solar PV project development costs	3.0	February 2028	181	170
Malayan Banking Berhad / Hire purchase	Fund solar PV project development costs	3.3	June 2027	573	500
Malayan Banking Berhad / Hire purchase	Fund solar PV project development costs	3.3	June 2027	215	200
Alliance Bank Malaysia Berhad / Term loan	Fund working capital of the Group	BLR + 1%	October 2027	645	600
CIMB Islamic Bank Berhad / Term loan	Fund working capital of the Group	4.0	December 2028	1,694	1,630
Total				5,876	5,500

In determining the type of bank borrowings to be repaid and the quantum of repayment, our Group considered, among others, the impending maturity and the potential interest savings.

The repayments will renew our Group's borrowing capabilities which will allow for better financing strength in submitting tender proposals for projects. If the balance of the abovementioned borrowings as at the time of repayment is less than the amount allocated, the excess amount allocated will be utilised for our working capital requirements.

As at LPD, our outstanding bank borrowings amounts to RM13.6 million. The expected interest savings from the repayment of RM3.3 million hire purchase facilities will depend on the negotiations with each respective financier for early settlement. For reference, we have negotiated an early settlement of RM3.5 million for the hire purchase facilities under Pac Lease Berhad and Malayan Banking Berhad, which will accord them a rebate of RM0.4 million (inclusive of principal and interest saved on the outstanding instalments to be paid).

The rest of this page is intentionally left blank

4. DETAILS OF OUR IPO (Cont'd)

Separately, for illustrative purposes, based on the effective interest rates of the term loans for FPE 2025, the annual interest savings from the repayment of RM2.2 million will amount to RM0.1 million. However, the actual interest savings may vary depending on the then applicable interest rates. Our pro forma gearing ratio is expected to decrease from 0.9 times (before the Public Issue) to 0.2 times (after the Public Issue and the utilisation of proceeds). Nonetheless, we expect to drawdown further trade facilities to support our working capital requirements as our business continues to grow.

As at LPD, the early full repayment of the term loan for CIMB Islamic Bank Berhad will incur a one-off early settlement fee of approximately RM0.03 million. There are no other early settlement fees applicable to our repayment of bank borrowings as set out above. Our Group intends to repay the said term loan approximately 12 months from the Listing. Our Group will reassess the early settlement fee payable at the material time, subject to further negotiation with the bank. Save for the early repayment of the term loan for CIMB Islamic Bank Berhad, our Group is not subject to any early settlement fee from the repayment of bank borrowings.

Further to the above, our Group had on 20 May 2024 drawdown a term loan amounted to RM8.0 million for our working capital requirements to concurrently undertake more EPCC of solar PV system projects. In relation thereto, the abovementioned proposed allocation of IPO proceeds of RM29.2 million towards the Group's working capital will further enable the Group to undertake additional EPCC of solar PV system projects simultaneously, as our Group's business is expected to grow further.

If the balance of the borrowings as at the time of repayment is less than the amount allocated, the excess amount allocated will be utilised for our working capital requirements.

The rest of this page is intentionally left blank

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

Approximately RM3.2 million will be used for our business expansion, to strengthen our market presence regionally in Peninsular Malaysia, as follows:

(i) Establishment of corporate office and command centre

RM2.0 million is allocated to establish a new corporate office with an estimated built-up area of up to approximately 8,620 sq ft. On 15 March 2024, we have entered into a tenancy agreement with Lagenda Harta Sdn Bhd, a subsidiary of Lagenda Properties, for the rental of an office unit measuring 8,620 sq ft, which houses our new corporate office, engineering command centre and laboratory.

We commenced renovation of our new corporate office with the engineering knowledge centre and laboratory in mid-August 2024, which was completed in mid-November 2024. We moved into the new corporate office in the second half of November 2024. The said allocated RM2.0 million from the proceeds of our Public Issue for renovation and interior fit-out works will be used to replenish the internally generated funds which was used to pay the following, pending the receipt of proceeds from our Public Issue:

Description	Estimated expenditure RM'000
Preliminaries	100
Interior design fitting-out	1,075
Mechanical, electrical and plumbing works	797
Submission to authorities	28
Total	2,000

Our corporate office houses an engineering knowledge centre of approximately 1,000 sq ft that will comprise a command centre and engineering laboratory. This command centre functions as a remote monitoring centre for our employees to monitor the status of the solar PV system performance for all our completed projects that are still within the defects liability period as well as solar PV systems that are under our O&M services. We leverage on solar PV manufacturers' systems to collect and process parameters of the installed solar PV systems. Thus, approximately RM0.6 million is being used to equip our engineering knowledge centre and support the further development of our EPCC and O&M businesses. As at LPD, approximately RM0.1 million of the RM0.6 million has been utilised, funded from our internally generated funds. These funds will be replenished pending the receipt of proceeds from our Public Issue.

Such equipment comprises, amongst others, a complete solar PV system comprising solar PV panels, inverters, mounting structures, switchboards, engineering hardware and testing tools. Our engineering knowledge centre will also function as a showroom for potential customers.

The rest of this page is intentionally left blank

4. DETAILS OF OUR IPO (Cont'd)

The breakdown of allocation of funds for the abovementioned RM0.6 million is as follows:

Description	Estimated expenditure RM'000
Engineering command centre equipment (monitors, computers, adapter and cables, server and professional services)	50
Complete solar PV system comprising solar PV panels, inverter, mounting structure and switchboard	150
O&M tools comprising (drone, air fans, tool kits, wrenches, allen keys, work lights, water pumps, air blower, voltage detectors, clamp earth testers and insulation testers)	150
Software licenses comprising:	70
a) 4 units of AutoCAD	
b) 4 units of PVsyst	
c) 1 unit of Helioscope	
Workflow digitisation and customisation for sales order application	130
Total	550

The setting up of the new corporate office enables our Group to centralise business operations and enhance our corporate image amongst customers, suppliers, employees and other stakeholders. In second half of November 2024, we have relocated to the new corporate office, and our existing tenancy agreement for the previous head office lapsed on 30 November 2024.

Pending the receipt of proceeds from our Public Issue, we have funded part of the abovementioned items with our internally generally funds and may be required to fund the remaining abovementioned items with internally generated funds and/or bank borrowings. In such case, the proceeds from our Public Issue, upon receipt, shall be used to replenish the said funds used.

The rest of this page is intentionally left blank

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

RM0.60 million of the proceeds from our Public Issue will be used to fund the establishment of an expanded office in Johor and an additional office in Pulau Pinang within the next 24 months upon Listing, details of which are as follows:

<u>Description</u>	<u>Estimated expenditure RM'000</u>
Expanded Johor regional office (including office and showroom):	
- Renovation expenses	300
New Pulau Pinang regional office (including office and showroom):	
- Renovation expenses	300
	<u>600</u>

As at LPD, we are in the midst of identifying suitable premises with built-up area of 2,000 – 4,000 sq ft in Johor and Pulau Pinang. We intend to enter into a tenancy agreement within 24 months from our Group's IPO.

Further details of our business expansion are set out at Sections 7.18.1 and 7.18.2.

(d) Estimated listing expenses

An amount of RM4.6 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<u>Description</u>	<u>Estimated cost (RM'000)</u>
Professional fees ⁽¹⁾	2,786
Underwriting, placement and brokerage fees	1,373
Printing, advertising fees and contingencies ⁽²⁾	283
Fees payable to the authorities	111
	<u>4,553</u>

Notes:

(1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR, independent internal control review consultant and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

Any variations of the allocation in proceeds set out above shall be adjusted towards or against the proceeds allocated towards our working capital as set out in item (a), and any further shortfall is to be funded from our internally-generated funds and/or bank borrowings. Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

4. DETAILS OF OUR IPO (Cont'd)

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM22.4 million which will accrue entirely to the Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.6 million.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

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

4.10.2 Placement fees

Our Placement Agent will place out a total of 39,560,000 Issue Shares to Bumiputera investors approved by MITI and 35,604,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

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

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

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 27,692,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 27,692,000 Issue Shares ("**Underwritten Shares**") in the manner as set out in Section 4.3.3.

The salient terms in the Underwriting Agreement are as follows:

4.11.1 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon:

- (a) the Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:
 - (i) no material adverse change, or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group from the date of the Underwriting Agreement; or

4. DETAILS OF OUR IPO (Cont'd)

- (ii) there has not occurred any event or the discovery of any facts of circumstances which would render any representations, warranties or undertakings by our Company contained in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
- (b) the Underwriter receiving a certificate dated the Closing Date signed by the duly authorised officers of our Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in the Underwriting Agreement;
- (c) the Underwriter receiving copies certified by a director or the company secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the directors and the shareholders in general meeting: -
 - (i) approving the issue of the Issue Shares;
 - (ii) approving the Prospectus and the application forms, the Listing, the Public Issue, Offer for Sale, the Underwriting Agreement and the transactions contemplated by it; and
 - (iii) authorising a person(s) to sign and deliver the Underwriting Agreement on behalf of our Company and the issuance of the Prospectus;
- (d) the issue, offer and subscription of the Issue Shares is not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having the force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and Offer Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the Public Issue, Offer for Sale and Listing have been obtained, complied with and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
- (e) the offering of, listing of and quotation for the Issue Shares / issued and paid-up share capital of our Company on the ACE Market of Bursa Securities having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the Retail Offering has been completed) have been complied with or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn;
- (f) the launching of Prospectus taking place within three (3) months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing;
- (g) the Prospectus having been lodged with the CCM and registered with the Bursa Securities together with all the required documents in accordance with the Companies Act and Listing Requirements and the relevant laws and regulations;
- (h) the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;

4. DETAILS OF OUR IPO (Cont'd)

- (i) the Underwriting Agreement and the required agreements/letters of undertaking in relation to the Offer for Sale in the form acceptable to the Underwriter have been duly executed by all relevant parties and are in full force and effect, valid and enforceable (and not amended or supplemented, save as agreed in writing by the Underwriter), there shall not have occurred any breach or non-compliance by any of the parties thereto of their obligations and agreements under such documents and each of the conditions precedent (save for this condition precedent) in each of these agreement and the other documents shall have been satisfied or waived (in accordance with the provisions in the Underwriting Agreement or thereto);
- (j) the Listing occurs within one (1) month from the Closing Date or any later date as may be approved by the authorities and agreed in writing by the Underwriter; and
- (k) upon the Underwriter's (in this regard, in its capacity as the placement agent for the Placement Shares) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares.

4.11.2 If after the Conditions Precedent have been complied with and our Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations and the Underwriting Agreement shall terminate and be of no further force or effect provided that our Company shall remain liable, subject always to the Underwriting Agreement for the payment of the sum stated therein and of all other costs and expenses including but not limited to those referred to in the Underwriting Agreement.

4.11.3 In the event any of the conditions set out in the Underwriting Agreement are not satisfied on or before the Closing Date, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice given to our Company not later than the Closing Date and upon such termination, our Company and the Underwriter shall be released and discharged from their respective obligations under the Underwriting Agreement provided that our Company shall remain liable, subject always to the Underwriting Agreement for the payment of the sum stated therein and of all other costs and expenses including but not limited to those referred to in the Underwriting Agreement. The Underwriter reserves the right to waive or modify all or any of the conditions aforesaid (except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement) and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

4.11.4 Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if: -

- (a) any of the Conditions Precedent as contained in the Underwriting Agreement is not duly satisfied by the Closing Date;
- (b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within ten (10) Market Days from the date our Company is notified by the Underwriter of such breach;
- (c) there is withholding of material information by our Company which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Issue Shares;

4. DETAILS OF OUR IPO (Cont'd)

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

4. DETAILS OF OUR IPO (Cont'd)

- (vi) any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of government, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lockouts, fire, explosion, earthquake, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which would have, or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (vii) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) Market Days;
- (h) there is any failure on the part of our Company to perform any of its material obligations under the Underwriting Agreement.

4.11.5 In the event that the Underwriting Agreement is terminated pursuant to the terms and conditions of the Underwriting Agreement, the Underwriter and our Company may confer with a view to deferring the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor our Company shall be under any obligation to enter into a fresh agreement.

4.11.6 If the Underwriter terminates its obligation pursuant to Section 4.11.4 above, the parties shall be released and discharged from their respective obligations hereunder save for the Underwriter's rights to the following:

- (a) the payment of underwriting commission in accordance with terms of the Underwriting Agreement;
- (b) costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable); and
- (c) right to be indemnified by our Company.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

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

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

4. DETAILS OF OUR IPO (Cont'd)

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

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

The rest of this page is intentionally left blank

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

5.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and/or substantial shareholders' shareholdings

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

Name	Place of Incorporation / Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Lew Shoong Kai	Malaysian	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Chew Win Hoe	Malaysian	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Substantial shareholders									
Lagenda Properties	Malaysia	49,252,200	15.0	-	-	49,252,200	12.5	-	-
Lagenda Land Sdn Bhd ⁽³⁾	Malaysia	-	-	49,252,200	15.0	-	-	49,252,200	12.5
Dato' Doh Jee Ming ⁽⁴⁾	Malaysian	-	-	49,252,200	15.0	-	-	49,252,200	12.5
Dato' Doh Tee Leong ⁽⁴⁾	Malaysian	-	-	49,252,200	15.0	-	-	49,252,200	12.5
Dato' Doh Jee Chai ⁽⁴⁾	Malaysian	-	-	49,252,200	15.0	-	-	49,252,200	12.5

Notes:

- (1) Based on our share capital of 328,348,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 395,600,000 Shares after our IPO.
- (3) Deemed interested pursuant to Section 8(4) of the Act by virtue of its direct shareholdings in Lagenda Properties.
- (4) Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in Lagenda Land Sdn Bhd and Setia Awan Plantation Sdn Bhd, which in turn holds 100% equity interest in Doh Capital Sdn Bhd, collectively owning 57.8% interest in Lagenda Properties.

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

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

5.1.2 Profiles of Promoters and/or substantial shareholders

The profile of our other Promoters and/or substantial shareholders are set out below.

(a) Lew Shoong Kai

Lew Shoong Kai, a Malaysian male aged 36, is our co-founder and Managing Director. He was appointed to our Board on 9 January 2024. As our Managing Director, he is primarily responsible for crafting our Group's business model, strategic planning of our corporate direction as well as developing growth strategies.

He graduated with a Bachelor of Engineering in Electrical and Electronic Engineering from Sheffield Hallam University, United Kingdom in 2010.

Upon graduation, he began his career in 2011 with Dpstar Thermo Electric Sdn Bhd, an electronics parts supplier, as a Project Engineer. During his tenure in the company, he assisted with project management aspects such as project planning, design, programming and commissioning as well as resource allocation. This position enabled him to gain exposure and develop experience in project planning and site management from participating in electrical engineering projects as well as factory automation projects undertaken by the company.

In 2012, he resigned from Dpstar Thermo Electric Sdn Bhd to join ABB Malaysia Sdn Bhd, an engineering consultancy firm, as Business Development Engineer where his role was focused on identifying potential customers to promote low voltage electrical components produced by the company and secure sales.

In 2014, he left ABB Malaysia Sdn Bhd and co-founded KSI Automation Sdn Bhd with his sister, Lew Fui Shi, where he also assumed the role of director. In 2016, while he was managing KSI Automation Sdn Bhd, he co-founded KSI Electcon Sdn Bhd with his friend, Chew Shean Eng and was also concurrently appointed as its director. KSI Automation Sdn Bhd was principally involved in undertaking automation and controls system projects and trading of electrical components, while KSI Electcon Sdn Bhd was principally involved in undertaking electrical engineering contracts and electrical systems integration projects. He was responsible for managing the daily operations of KSI Automation Sdn Bhd and KSI Electcon Sdn Bhd, including leading business development and forging business relationships with customers and suppliers.

In 2019, he co-founded Northern Solar together with his friends, Chew Win Hoe, Chew Ann Bee, and Chew Shean Eng and was concurrently appointed as a director, after which he gradually ceased the abovementioned business activities of KSI Automation Sdn Bhd in August 2021 and subsequently KSI Electcon Sdn Bhd in August 2023 to focus on the business of Northern Solar. As at LPD, KSI Automation Sdn Bhd is dormant, whereas KSI Electcon Sdn Bhd is only involved in investment of property.

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

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

(b) Chew Win Hoe

Chew Win Hoe, a Malaysian male aged 36, is our co-founder and Executive Director. He was appointed to our Board on 21 February 2024. As our Executive Director, he is responsible for implementing business strategies and spearheading our business development activities, cultivating and maintaining business relationships with customers and suppliers. He also oversees the daily operations of our Group, with a focus on our operational and financial sustainability.

He graduated with a Bachelor of Science in Electronic Engineering from Sheffield Hallam University, United Kingdom in 2010.

Upon graduation, he began his career in 2011 with PAC & Rakan-Rakan Sdn Bhd, an M&E engineering consulting firm, as a Junior Engineer. During his tenure in the company, he was involved in M&E engineering and building automation projects for commercial and residential properties in Klang Valley. His role included managing project schedules by monitoring project progress, coordinating activities of subcontractors at project sites, resolving issues onsite, resource allocation, quality control, M&E system testing and commissioning. His tenure at PAC & Rakan-Rakan Sdn Bhd provided him with a foundation in engineering project management and monitoring.

In 2012, he resigned from PAC & Rakan-Rakan Sdn Bhd and joined Malaysian Solar Resources Sdn Bhd, a company involved in solar PV asset ownership and development, EPCC as well as O&M, as an Assistant Technical Engineer. His role as Assistant Technical Engineer included identifying the technical requirements of solar PV plants in EPCC projects, supervising and monitoring construction site activities in relation to equipment and system installation, testing, commissioning, documentation of system operating procedures, conducting root-cause analysis for system interruption and establishing preventive measures.

In 2015, he resigned from Malaysian Solar Resources Sdn Bhd. He then became a shareholder and was concurrently appointed as a director of MST Multi Construction Sdn Bhd, which was involved in general construction activities. His role was to oversee the day-to-day operations of the company. He ceased managing the company in 2018 and resigned as a director of MST Multi Construction Sdn Bhd in 2019.

In 2018, he incorporated Flow Dimensions Sdn Bhd (formerly known as EZ Con & Engineering Sdn Bhd), which was intending to venture into civil and structural construction subcontracting projects. He was responsible for setting up the business and supervising projects undertaken by the company.

In 2019, he co-founded Northern Solar together with his sibling, Chew Ann Bee and friends, namely Lew Shoong Kai and Chew Shean Eng. He was concurrently appointed as a director of the company. In 2020, he decided to focus on managing Flow Dimensions Sdn Bhd. Upon his resignation as a director of Northern Solar on 11 June 2020 and disposal of his entire equity stake in Northern Solar to his sister, Chew Ann Bee in July 2020, he remained as an employee of the company and continued to assist in project design and business development activities.

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

On 10 November 2022, he resigned as a director of Flow Dimensions Sdn Bhd, as his involvement was no longer required in the company. At the same time, he transferred his entire equity stake to his sister, Chew Ann Bee. Thereafter, he redirected his focus and commitment towards Northern Solar and became actively engaged in developing the company's business strategies and overseeing key projects. Subsequently, on 1 December 2023, Chew Ann Bee transferred her entire stake in Northern Solar to him and he was re-appointed as a director of Northern Solar on 15 December 2023.

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

(c) Lagenda Properties

Lagenda Properties was incorporated as a private limited company under the Act on 2 January 2001 under the name D.B.E. Gurney Resources Sdn Bhd and was subsequently converted into a public limited company on 6 February 2003. Subsequently, Lagenda Properties adopted its present name on 16 July 2020. Lagenda Properties was listed on the Second Board of Malaysia Securities Exchange Berhad (now known as the Main Market of Bursa Securities) on 11 February 2004.

Lagenda Properties is principally an investment holding company and also undertakes the provision of management consultancy services. The core business of its subsidiaries is in property development, with a focus on affordable housing townships for the lower and middle income homebuyers. For reference, as reported in their annual report 2023, Lagenda Properties launched approximately 3,500 units of homes with a total gross development value of RM722.0 million. As at LPD, Lagenda Properties has a share capital of RM636,005,550 comprising 837,327,181 ordinary shares.

As at LPD, the directors in Lagenda Properties are as follows:

Name	Designation	
Admiral Tan Sri Dato' Seri Panglima Dr. Ahmad Kamarulzaman Bin Hj. Ahmad Badaruddin	Independent Chairman	Non-Executive
Dato' Doh Jee Ming	Managing Director	
Dr. Lim Pang Kiam	Independent Director	Non-Executive
Looi Sze Shing	Independent Director	Non-Executive
Myrzela Binti Sabtu	Independent Director	Non-Executive
Dato' Mohamed Sharil Bin Mohamed Tarmizi	Independent Director	Non-Executive

The rest of this page is intentionally left blank

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

5.1.3 Changes in Promoters' and/or substantial shareholders' shareholdings

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

Name	As at incorporation				⁽¹⁾ Before IPO				⁽²⁾ After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial shareholders												
Lew Shoong Kai	1	100.0	-	-	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Chew Win Hoe	-	-	-	-	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Substantial shareholders												
Lagenda Properties	-	-	-	-	49,252,200	15.0	-	-	49,252,200	12.5	-	-
Lagenda Land Sdn Bhd ⁽³⁾	-	-	-	-	-	-	49,252,200	15.0	-	-	49,252,200	12.5
Dato' Doh Jee Ming ⁽⁴⁾	-	-	-	-	-	-	49,252,200	15.0	-	-	49,252,200	12.5
Dato' Doh Tee Leong ⁽⁴⁾	-	-	-	-	-	-	49,252,200	15.0	-	-	49,252,200	12.5
Dato' Doh Jee Chai ⁽⁴⁾	-	-	-	-	-	-	49,252,200	15.0	-	-	49,252,200	12.5

Notes:

- (1) Based on our share capital of 328,348,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 395,600,000 Shares after our IPO.
- (3) Deemed interested pursuant to Section 8(4) of the Act by virtue of its direct shareholdings in Lagenda Properties.
- (4) Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in Lagenda Land Sdn Bhd and Setia Awan Plantation Sdn Bhd which in turn holds 100% equity interest in Doh Capital Sdn Bhd, collectively owning 57.8% interest in Lagenda Properties.

The rest of this page is intentionally left blank

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

5.1.4 Persons exercising control over the corporation

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

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

Save for the issuance of our Shares as consideration for the Acquisition of Northern Solar, the dividends as set out in Section 12.16 and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

The rest of this page is intentionally left blank

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

5.2 DIRECTORS

5.2.1 Directors' shareholdings

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

Name	Designation/ Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Amirul Azhar Bin Baharom	Independent Non-Executive Chairman / Malaysian	-	-	-	-	571,400	0.14	-	-
Lew Shoong Kai	Managing Director / Malaysian	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Chew Win Hoe	Executive Director / Malaysian	139,547,900	42.5	-	-	121,745,900	30.8	-	-
Tan Ai Ning	Independent Non-Executive Director / Malaysian	-	-	-	-	158,000	0.04	-	-
Teh Muy Ch'ng	Independent Non-Executive Director / Malaysian	-	-	-	-	160,000	0.04	-	-
Roselinda Binti Mohammad Hashim	Independent Non-Executive Director / Malaysian	-	-	-	-	285,700	0.07	-	-

Notes:

- (1) Based on our share capital of 328,348,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 395,600,000 Shares after our IPO.

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

5.2.2 Profiles of Directors

The profiles of Lew Shoong Kai and Chew Win Hoe are set out in Section 5.1.2. The profiles of our other Directors are as follows:

(a) Amirul Azhar Bin Baharom

Amirul Azhar Bin Baharom, a Malaysian, aged 51, is our Independent Non-Executive Chairman. He was appointed to our Board on 21 February 2024.

He graduated with a Bachelor of Laws from Staffordshire University, United Kingdom in 1996.

Upon graduation, he began his career in 1997 as a Research Analyst at Cazenove & Co (Malaysia) Sdn Bhd where he was tasked to analyse economic and market trends as well as the financial performance of companies in his research portfolio. He resigned from the company in 1998.

In 1999, he joined the SC as Executive in the Licensing Department and was tasked to provide legal support for licensing matters. In 2003, he resigned from the SC.

Upon resigning from the SC, he joined BDO Capital Consultants Sdn Bhd in the same year as a Manager. In 2004, he was promoted to the position of Executive Director, a position he held until his resignation in 2006. During his tenure at the company, he was responsible for leading corporate advisory engagements in the areas of restructuring, fund raising, valuation and due diligence.

In 2006, he became the Managing Director of Solution Entity Sdn Bhd, a business consultancy services firm that he co-founded in 2005 and was appointed as a director. He was responsible for managing the daily operations of the company, providing business consultancy services to clients of the firm and sourcing for new clients. He ceased to be a Managing Director of the company in 2009.

He then joined KAF Fund Management Sdn Bhd in 2009 in an advisory capacity for the setting up of a private equity fund and subsequently, sourcing for potential deals for the private equity fund to invest in. Between January to May 2010, he was seconded by KAF Fund Management Sdn Bhd to Vastalux Energy Berhad (previously listed on the Main Market of Bursa Securities), being the former's investee company, where he held the position of Group Managing Director and Chief Executive Officer. After the end of his secondment in May 2010, his position at Vastalux Energy Berhad was redesignated to Non-Independent Non-Executive Director, and he remained in that capacity until February 2011.

Upon resigning from KAF Fund Management Sdn Bhd in June 2011, he returned to Solution Entity Sdn Bhd in July 2011 as Managing Director and reprised his previous responsibilities in the company. He resigned as Managing Director of the company in 2015.

In 2015, he was appointed as an Independent Non-Executive Director of Avillion Berhad (then known as Reliance Pacific Berhad before adopting its present name in 2017) which is listed on the Main Market of Bursa Securities. In 2016, he resigned as an Independent Non-Executive Director and was re-designated to the position of Deputy Chief Executive. In 2017, he was appointed as the Acting Group Chief Executive Officer. During his tenure in the company, he was responsible for setting and executing the company's strategic direction and growth plans. He resigned from the company in 2018.

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

Upon resigning from Avillion Berhad, he took a career break where he was only involved in providing business consulting services on an ad-hoc basis.

In 2020, he was appointed as an Executive Director and Chief Executive Officer of Scomi Energy Services Bhd where he was responsible for managing the company's business with a focus on restructuring its financial position and developing growth strategies. He resigned as Chief Executive Officer in February 2024 but remains as an Executive Director of the company to carry out the implementation of its regularisation plan up to date.

In March 2024, he was appointed as a Group Chief Executive Officer of Rohas Technic Berhad. As Group Chief Executive Officer, he is responsible for and manages the overall operations of the business, coordinating the development and implementation of policies and business strategies.

Kindly refer to Section 5.2.3 for his involvement in business activities outside our Group.

(b) Tan Ai Ning

Tan Ai Ning, a Malaysian, aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 21 February 2024.

She obtained her qualification with the Institute of Chartered Secretaries and Administrators in 1994, upon which she became an Associate member in 1997 and Fellow member in 2018. In 2002, she graduated with a Bachelor of Laws from the University of London, United Kingdom.

Upon obtaining her qualification with the Institute of Chartered Secretaries and Administrators, she began her career in 1994 as an Assistant at M & C Services Sdn Bhd (now known as Boardroom Corporate Services Sdn Bhd) where she was involved in the provision of corporate secretarial support services to clients of the firm. She resigned from the company in January 1996.

Upon resigning from M & C Services Sdn Bhd, she joined The Pacific Bank Berhad (now part of Malayan Banking Berhad) in the same month as an Executive where she continued to be involved in the provision of corporate secretarial support services to the management of the company. She resigned from the bank in 1999.

In 2000, she joined Signet & Co. Sdn Bhd (now known as Symphony Incorporations Sdn Bhd) as a Manager and oversaw the delivery of corporate secretarial support services to a portfolio of clients assigned to her by the firm.

She resigned from Signet & Co. Sdn Bhd in January 2003 and joined Securities Services (Holdings) Sdn Bhd in May 2003 as a Manager where she continued to manage the delivery of corporate secretarial support services to a portfolio of clients assigned to her by the firm. She resigned from the company in March 2010.

In April 2010, she then joined Boardroom Corporate Services Sdn Bhd as Associate Director. She was promoted to the post of Director in 2013 and continues to hold this position until today. As Director, she leads and manages a team of company secretaries that deliver corporate secretarial support services to a portfolio of clients.

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

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

(c) Teh Muy Ch'ng

Teh Muy Ch'ng, a Malaysian, aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 21 February 2024.

She graduated with a Bachelor of Commerce in Accounting from Curtin University of Technology, Australia in 1994. She has been a Certified Practising Accountant with CPA Australia since 1997 and Chartered Accountant with the Malaysian Institute of Accountants since 1999.

Upon graduation, she began her career in 1994 with KPMG Peat Marwick (now known as KPMG PLT) as an Audit Assistant in the Audit division where she participated in audit engagements on clients of the firm. She was promoted to the position of Audit Semi-Senior in 1997 and subsequently to the position of Audit Senior in 1999, where she supported her manager in leading and managing the audit team on audit assignments. She was then transferred to KPMG Corporate Services Sdn Bhd (now known as KPMG Deal Advisory Sdn Bhd) in 2000 as Senior Consultant and subsequently promoted to Managing Consultant in 2003 and as Associate Director in 2005, where she led and managed matters relating to corporate finance, corporate advisory, cross border transactions as well as mergers and acquisitions.

She resigned from KPMG Corporate Services Sdn Bhd in October 2005 and joined Horwath (now known as Crowe Malaysia PLT) in November 2005 as a Corporate Advisory Services Consultant, where her services were engaged on a consultancy basis. In this role, she continued to specialise in corporate finance, corporate advisory, cross border transactions as well as mergers and acquisitions.

She resigned from Horwath in June 2007 and set up MCT Management Associates in July 2007, an accounting firm where she was the sole proprietor practising as a Chartered Accountant. She left practice and joined KPMG Corporate Services Sdn Bhd (now known as KPMG Deal Advisory Sdn Bhd) in 2010 as a Director before being transferred to KPMG Corporate Advisory Sdn Bhd in 2012 in the same capacity, where she continued to advise clients of the company on corporate advisory matters.

She resigned from KPMG Corporate Advisory Sdn Bhd in March 2022 and joined Midascom Network Sdn Bhd as Executive Director in the same month, where she was responsible for overseeing the accounting and finance, as well as the daily operations of the company. She resigned from the company in 2023.

She was appointed as an Independent Non-Executive Director of Unisem (M) Berhad in 2022 and is a member of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Sustainability Committee.

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

The rest of this page is intentionally left blank

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

(d) Roselinda Binti Mohammad Hashim

Roselinda Binti Mohammad Hashim, a Malaysian, aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 21 February 2024.

She graduated from the School of Oriental & African Studies, University of London, United Kingdom with a Bachelor of Laws (Honours) and Masters in Law in 1992 and 1994 respectively. She was called to the Bar of England and Wales, United Kingdom in 1994 and was admitted as an Advocate and Solicitor to the Malaysian Bar in 1996. She subsequently received her licence to act as a Company Secretary from the Companies Commission of Malaysia in 2005.

Upon graduation, she began her career in 1995 with Shearn Delamore & Co as a Legal Assistant, where she supported senior lawyers in providing legal advice on various laws. She resigned from Shearn Delamore & Co in 1998.

Upon leaving Shearn Delamore & Co, she co-founded Hong, Roselinda Hashim & Co, a legal firm where she was appointed as Partner in 1998. As Partner, she was responsible for providing legal advisory services to clients of the firm, business development as well as overseeing the daily operations of the legal firm. She left the firm in 1999 and joined Raslan Loong (now known as Raslan Loong, Shen & Eow) as a Legal Assistant where she was part of the legal team that provided legal advice to clients in the areas of initial public offerings, reverse takeovers, mergers and acquisitions as well as capital market matters. She was promoted to Partner in 2002 and led a mergers and acquisitions team in the firm. She resigned from the firm in 2005.

Upon her resignation from Raslan Loong in 2005, she joined Media Prima Berhad in the same year as Group General Manager of Legal & Secretarial Department. Her role in the company involved providing legal and company secretarial support to the Media Prima Berhad group of companies, ensuring compliance with the Main Market Listing Requirements and coordinating the meetings of the board of directors as well as various committee meetings. She resigned from the company in September 2009.

She then joined Ekuiti Nasional Berhad in October 2009 as Chief Legal Counsel where she was responsible for advising the company on legal matters arising from their investments in investee companies, leading feasibility studies and identifying risks of potential investments, as well as divestments of investments in investee companies. She was promoted to the position of Director of Legal & Corporate Affairs in 2015 and subsequently Senior Director of Legal & Corporate Affairs in 2016. As Senior Director of Legal & Corporate Affairs, she is responsible for strategising and leading the company's legal team on legal compliance matters, overseeing legal governance and compliance among investee companies, company secretarial as well as heading the corporate communications department encompassing the issuance of press releases, managing media, organising press conferences and issuance of annual reports.

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

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

5.2.3 Principal business performed outside our Group

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

(a) Amirul Azhar Bin Baharom

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Avid Success Sdn Bhd ⁽²⁾	Investment holding company relating to investment in shares of Vietnamese company	Executive Director	21 June 2023	-	-	-
Galvanising Engineering and Services Sdn Bhd ⁽⁶⁾	Operation of a hot-dip galvanising plant	Executive Director	15 March 2024	-	-	-
Global Tower Corporation Pty Ltd ⁽⁶⁾	Provision of telecommunication system and infra network installation service	Executive Director	31 March 2024	-	-	-
HG Transmission Limited ⁽⁶⁾	Contractor for installing electrical transmission lines and provision of other related services	Executive Director	31 March 2024	-	-	-
HG Transmission Sdn Bhd ⁽⁶⁾	Contractor for installing electrical transmission lines	Executive Director	15 March 2024	-	-	-
Hydro Haven Sdn Bhd ⁽⁶⁾	Investment holding company relating to investment in shares of an Indonesian subsidiary	Executive Director	15 March 2024	-	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Ophir Production Sdn Bhd ⁽³⁾	Dormant. Previously engaged in independent upstream oil and gas exploration and production ⁽⁵⁾	Executive Director	5 June 2020	-	-	-
PT REI Abadi Indonesia ⁽⁶⁾	Investment holding of shares in an Indonesian subsidiary and provision of management services	Executive Director	27 May 2024	-	-	-
RBC Water Sdn Bhd ⁽⁶⁾	Contractor in the implementation of potable and water treatment project	Executive Director	15 March 2024	-	-	-
REI International Holdings Company Limited ⁽⁶⁾	Investment holding of shares in an Indonesian subsidiary	Executive Director	27 March 2024	-	-	-
REI OOE Consortium Sdn Bhd ⁽⁶⁾	Purification and distribution of water for water supply purposes; sewerage and similar activities; water main and line construction	Executive Director	16 October 2024	-	-	-
Richfield Construction (M) Sdn Bhd ⁽²⁾	Construction and development properties	Executive Director	10 January 2024	-	-	-
RT Telecom Sdn Bhd ⁽⁶⁾	Engage in general contractor, network & information technology service activities, and telecommunication service activities	Executive Director	15 March 2024	-	-	-
Scomi Energy Services Bhd (listed on the Main Market of Bursa Securities)	Investment holdings and provision of management services to its subsidiaries	Executive Director ⁽¹⁾	18 May 2020	-	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Southern Petroleum Transportation Joint Stock Company ⁽³⁾	Engages in the transport of petroleum, gas, and other petrochemical products through its fleet of crude oil and product tankers and offshore support vessels	Executive Director	16 February 2022	-	-	-
Past involvement						
Gemini Sprint Sdn Bhd ⁽²⁾	Dissolved on 22 April 2024.	Executive Director	5 June 2020	22 April 2024	-	-
IAC Electricals (M) Sdn Bhd ⁽⁷⁾	Transmission Tower	Executive Director	1 April 2024	13 August 2024	-	-
KMCOB Berhad ⁽²⁾	Capital Undertake the issuance of private debt securities in such classes, series, form or denomination and to secure the redemption thereof and the utilisation of proceeds from such issuance and to undertake any refinancing exercise in respect of such private debt securities	Executive Director	5 June 2020	14 October 2022	-	-
Melrose Ventures Sdn Bhd	Global General trading	Non-Executive Director	18 July 2019	31 July 2023	-	-
PT Rig Tenders Indonesia Tbk (company incorporated in Indonesia) ⁽²⁾	Engaged in activities that involve chartering of vessels and accommodation of work barges to offshore oil & gas companies and coal transportation services	Commissioner	19 August 2020	16 November 2021	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Rohas Tecnic Berhad	Investment holding company, involved in utility infrastructure markets primarily in power and energy, telecommunication and water and sewage.	Independent Non-Executive Director & Non-Independent Executive Director ⁽⁴⁾	15 March 2013	31 December 2022	-	-
Scomi D & P Sdn Bhd ⁽²⁾	Investment holding company in the business to undertake turnkey services for projects within the marine, oil and gas industries	Executive Director	5 June 2020	7 August 2023	-	-
Scomi Group Bhd	Investment holding and provision of management services relating to hotels, resorts and property management, property and resort development, marina, spa, travel and tour operations, advertising and media services	Independent Non-Executive Director	4 September 2019	31 July 2020	-	-
Scomi Sosma Sdn Bhd ⁽²⁾	Wholesale distribution of chemicals and allied products	Executive Director	5 June 2020	7 August 2023	-	-
UMS-Neiken Group Berhad	Investment holding company with its subsidiaries engaging in the manufacturing, marketing and trading of electrical wiring accessories, power cord sets, cable reels, as well as electrical products, accessories and appliances.	Independent Non-Executive Chairman	13 April 2015	30 April 2024	-	-
Zazh Unggul Sdn Bhd	Dissolved on 13 November 2020	Executive Director	29 June 2012	13 November 2020	10.0%	-

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

Notes:

- (1) He was appointed as an Executive Director on 18 May 2020. Effective 1 July 2020, he served as the Chief Executive Officer until his resignation on 29 February 2024. Notwithstanding his resignation as Chief Executive Officer, he remains as an Executive Director of the company.
- (2) Subsidiaries of Scomi Energy Services Bhd.
- (3) Associate company of Scomi Energy Services Bhd.
- (4) He was appointed as an Independent Non-Executive Director on 15 March 2013. His position was re-designated from Independent Non-Executive Director to Non-Independent Executive Director with effect from 14 April 2022 and he served in that capacity until his resignation on 31 December 2022. Presently, he is the Group Chief Executive Officer effective 1 March 2024.
- (5) In the midst of dissolving.
- (6) Subsidiaries of Rohas Technic Berhad.
- (7) Was a subsidiary of Rohas Technic Berhad during the period he was a director.

The rest of this page is intentionally left blank

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

(b) Low Shoong Kai

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
KSI Automation Sdn Bhd	Currently inactive. Previously involved in dealing in automation and control system	Executive Director / Shareholder	5 November 2014	-	99.99	-
KSI Electcon Sdn Bhd	Investment of property	Executive Director / Shareholder	5 January 2016	-	100.0	-
<u>Past involvement</u>						
Implemente Sdn Bhd	Engineering services; wholesale of electrical component and wiring accessories; other architectural and engineering activities and related technical consultancy	Non-Executive Director	10 September 2020	19 March 2021	-	-
Teluk Intan Solar Bhd	Dissolved on 18 April 2024	Executive Director	17 February 2023	18 April 2024	-	-
Temerloh Solar Bhd	Previously intended for CGPP tender	Executive Director	9 February 2023	15 December 2023	-	-

The rest of this page is intentionally left blank

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

(c) Chew Win Hoe

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
MST Multi Construction Sdn Bhd	Building construction works	Shareholder	26 June 2015	26 September 2019 ⁽¹⁾	50.0	-
<u>Past involvement</u>						
D & R Solar Sdn Bhd	Dissolved on 14 March 2022	Non-Executive Director	3 February 2020	12 October 2020	-	-
ED Dimension Engineering	Trading of solar PV components	Sole Proprietor	1 April 2019	7 April 2020	-	-
Flow Dimensions Sdn Bhd	Export and import of construction materials, and construction of buildings ⁽²⁾	Executive Director	13 April 2018	10 November 2022	-	-
NS Powercare	Currently inactive. Previously involved in the provision of O&M services for solar PV equipment	Non-Executive Director	30 May 2019	17 February 2021	-	-
PVI Tech Sdn Bhd	Wholesale of electrical and electronic goods	Non-Executive Director	31 December 2019	8 December 2020	-	-
Teluk Intan Solar Sdn Bhd	Dissolved on 18 April 2024	Executive Director	17 February 2023	18 April 2024	-	-
Temerloh Solar Sdn Bhd	Previously intended for CGPP tender	Executive Director	9 February 2023	15 December 2023	-	-
Virent Energy Sdn Bhd	Business of solar renewables and provision of energy solutions	Non-Executive Director	28 January 2019	6 December 2019	-	-

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

Notes:

- (1) Upon his resignation as an Executive Director in MST Multi Construction Sdn Bhd, Chew Win Hoe is only a shareholder of MST Multi Construction Sdn Bhd as at LPD.
- (2) In the midst of dissolving.

The rest of this page is intentionally left blank

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

(d) Tan Ai Ning

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Boardroom Business Solutions Sdn Bhd	Providing corporate secretarial, accounting and payroll services	Non-Executive Director	28 August 2018	-	-	-
Boardroom Corporate Services Sdn Bhd	Principally provide company secretarial corporate governance, due diligence, training, consultancy services	Executive Director	3 September 2018	-	-	-
Boardroom Corporate Services (Johor) Sdn Bhd	Management consultancy	Non-Executive Director	4 July 2022	-	-	-
Sky Corporate Services Sdn Bhd	Management consultancy	Non-Executive Director	28 August 2018	-	-	-
<u>Past involvement</u>						
Computime (Malaysia) Sdn Bhd	Research and development on engineering and technology; manufacture of other components for electronic applications; activities of holding companies	Non-Executive Director	14 August 2019	29 January 2020	-	-
VM Andaman Sdn Bhd	Development, holding, and leasing logistics and warehouse properties for long term investment	Non-Executive Director	23 July 2015	31 July 2021	-	-

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

(e) Teh Muy Ch'ng

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
New Ban Loong Holdings Sdn Bhd	Investment holding in unquoted shares	Indirect Shareholder	-	-	-	49.99 ⁽¹⁾
Teh Siew Hooi & Sons Sdn Bhd	Investment holding in property development and provision of transport service	Executive Director	12 January 2007	-	-	-
Unisem (M) Berhad (listed on Main Market of Bursa Securities)	Manufacturing of semiconductor devices	Independent Non-Executive Director	9 December 2022	-	-	-
Vacuum Pack Industries Trading Sdn Bhd	Rental of its factory building	Executive Director / Shareholder	12 January 1995	-	23.46	-
<u>Past involvement</u>						
Teh Muy Ch'ng	Consultancy, management, business support and other related services	Sole Proprietor	16 October 2023	15 October 2024	-	-

Note:

- (1) Deemed interested pursuant to Section 8 of the Act by virtue of her interest in Vacuum Pack Industries Trading Sdn Bhd, which in turn holds 49.99% direct interest in New Ban Loong Holdings Sdn Bhd.

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

(f) Roselinda Binti Mohammad Hashim

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
E-Cap (External) One Sdn Bhd ⁽¹⁾	Private equity investments	Non-Executive Director	18 January 2019	-	-	-
E-Cap (External) Two Sdn Bhd ⁽¹⁾	Private equity investments	Non-Executive Director	18 January 2019	-	-	-
E-Cap (Internal) Two Sdn Bhd ⁽¹⁾	Private equity investments	Non-Executive Director	18 January 2019	-	-	-
E-Cap (Internal) Three Sdn Bhd ⁽¹⁾	Private equity investments	Non-Executive Director	18 January 2019	-	-	-
Ekuias Capital Sdn Bhd	Private equity investments	Non-Executive Director	9 September 2024	-	-	-
Sempena Fokus Bhd ⁽¹⁾	Investment holding in shares	Non-Executive Director	2 March 2016	-	-	-

Note:

(1) Being wholly owned subsidiaries of Ekuias Capital Sdn Bhd, a related company of Ekuiti Nasional Berhad.

The rest of this page is intentionally left blank

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

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as they do not hold more than 5 directorships in public listed companies on Bursa Securities. The involvement of our Directors in those business activities outside our Group and their respective directorships (whichever applicable) outside our Group do not give rise to any conflict of interest situation with our business and do not affect their abilities and commitments to carry out their respective roles in our Group, as:

- (i) Our Independent Non-Executive Directors are not involved in the day-to-day operations of our Group. Their respective involvements in other business activities outside our Group will not affect their contributions to our Group as the activities of those companies are not similar to our Group's business; and
- (ii) Our Managing Director and Executive Director are not involved in the management and day-to-day operations of other businesses outside our Group. Their involvements, if any, will not affect their abilities to perform their roles and responsibilities as well as their contributions to our Group.

The rest of this page is intentionally left blank

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

5.2.4 Directors' remuneration and benefits

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

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2024 and FYE 2025 are as follows:

	<u>Directors' fees</u>	<u>Salaries</u>	<u>Bonuses</u>	<u>Other emoluments⁽¹⁾</u>	<u>Benefits-in-kind</u>	<u>Total</u>
	<u>RM'000</u>					
FYE 2024 (Paid)						
Amirul Azhar Bin Baharom	-	-	-	-	-	-
Lew Shoong Kai	-	216	26	105	-	347
Chew Win Hoe	-	216	26	75	-	317
Tan Ai Ning	-	-	-	-	-	-
Teh Muy Ch'ng	-	-	-	-	-	-
Roselinda Binti Mohammad Hashim	-	-	-	-	-	-
FYE 2025 (Proposed)						
Amirul Azhar Bin Baharom	42	-	-	-	-	42
Lew Shoong Kai	-	300	54	-	-	354
Chew Win Hoe	-	300	54	-	-	354
Tan Ai Ning	28	-	-	-	-	28
Teh Muy Ch'ng	28	-	-	-	-	28
Roselinda Binti Mohammad Hashim	28	-	-	-	-	28

Note:

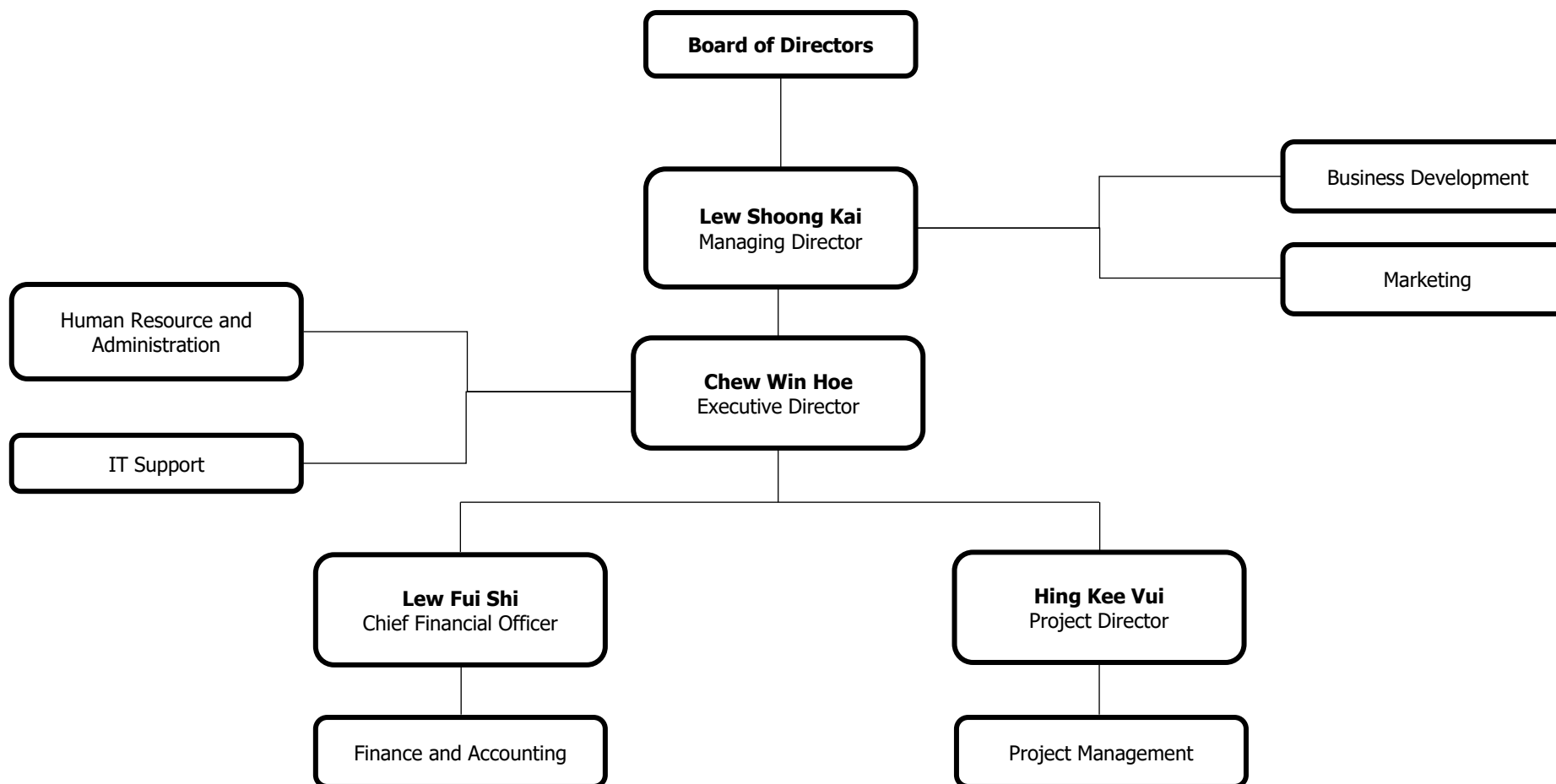
- (1) Includes commission paid by our Group. As at LPD, our Group continues to implement the commission scheme payable to our Directors. The commission rate payable to our Directors varies based on the sales they secure, ranging from 0.2% to 2.0% of the sales value. For avoidance of doubt, this commission scheme is separate from the referral fee programme of the Group which rewards existing customers, other employees, and third parties, as disclosed in Section 12.2.2 (a).

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

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



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

5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after our IPO, save for Lew Shoong Kai and Chew Win Hoe, which are disclosed in Sections 5.1.1 and 5.2.1, assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lew Fui Shi	Chief Financial Officer / Malaysian	-	-	-	-	1,666,000	0.4	-	-
Hing Kee Vui	Project Director / Malaysian	-	-	-	-	1,000,000	0.3	-	-

Notes:

- (1) Based on our share capital of 328,348,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 395,600,000 Shares after our IPO.

The rest of this page is intentionally left blank

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

5.3.3 Profiles of key senior management

Save for the profiles of Lew Shoong Kai and Chew Win Hoe, which are set out in Section 5.2.2, the profiles of the other key senior management of our Group are as follows:

(a) Lew Fui Shi

Lew Fui Shi, a Malaysian female aged 38, is our Chief Financial Officer. She is responsible for our Group's overall accounting and financial matters including financial reporting and planning, corporate finance, taxation, treasury management and internal audit.

She graduated with a Bachelor of Accounting in Information System from Universiti Utara Malaysia in 2009. She was admitted as a Chartered Accountant of the Malaysian Institute of Accountants in 2012.

She began her career in 2009 with J K Huan & Co as an Audit Assistant and was later promoted to Audit Semi-Senior in 2010. During her tenure in the firm, her responsibilities included assisting in planning and organising audit work, as well as undertaking audit procedures for clients in a wide range of industries, such as manufacturing, trading and construction.

In 2011, she resigned from J K Huan & Co and joined Taiko Marketing Sdn Bhd (now known as TMK Chemical Bhd) as a Corporate Service Executive where she was responsible for performing foreign exchange hedging, unit trust, money market deposits, fixed deposits, monitoring group financial cash flow and audit compliance.

Following her resignation from Taiko Marketing Sdn Bhd in March 2013, she joined Ann Joo Management Services Centre Sdn Bhd, a subsidiary of Ann Joo Berhad which is listed on the Main Market of Bursa Securities, as a Senior Treasury where she was similarly tasked to perform foreign exchange hedging, unit trust, money market deposits, fixed deposits, monitoring group cash flow and audit compliance.

She resigned from Ann Joo Management Services Centre Sdn Bhd in September 2013 to join Maxter Glove Manufacturing Sdn Bhd, a subsidiary of Supermax Corporation Berhad, which is listed on the Main Market of Bursa Securities, as an Accounts Executive where she was responsible for preparing monthly management accounts, bank reconciliations, cash positioning reporting, processing payments and reconciliation of monthly closing stocks position. She resigned in 2016.

Subsequent to her resignation from Maxter Glove Manufacturing Sdn Bhd, she began offering her accounting services on a freelance basis and was engaged by several private companies to prepare and manage their full set of accounts. She gradually ceased her freelance services in 2019 before joining Northern Solar.

In 2019, she joined Northern Solar as Finance and Accounts Manager where she was responsible for preparing monthly management accounts, cash flow planning, financial analysis, managing bank borrowings, monitoring project costing, as well as coordinating with auditors, tax agents and financial institutions. While she was attached to Northern Solar, in 2021, she became a shareholder and director of NS Powercare, a company that provided O&M services to Northern Solar. As at LPD, NS Powercare is inactive.

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

In 2024, she was promoted to the position of Chief Financial Officer of our Group. As at LPD, she remains a director of KSI Automation Sdn Bhd, which she helped set up with Lew Shoong Kai in 2014. She was not involved in the operations of KSI Automation Sdn Bhd.

Kindly refer to Section 5.3.4 for her involvement in other business activities outside our Group.

(b) Hing Kee Vui

Hing Kee Vui, a Malaysian male aged 37, is our Project Director. He is responsible for project planning and management, O&M service management, solar PV system design development, procurement and resource allocation, monitoring site construction activities, contracts management and liaising with the relevant authorities for approvals and permits.

He graduated with a Bachelor of Engineering in Electrical and Electronic Engineering from Sheffield Hallam University, United Kingdom in 2010.

Upon graduation, he began his career in 2010 as a Process Engineer for Toshiba Electronics Sdn Bhd where he was responsible for monitoring the semiconductor process line to ensure that the semiconductors produced met the adopted quality control criteria.

In 2011, he resigned from Toshiba Electronics Sdn Bhd and co-founded Fancy Bugs Sdn Bhd, where he was concurrently appointed as a director. He was responsible for promoting the decorative wall paper and sticker products distributed by the company, product development and branding activities.

Following his resignation from Fancy Bugs Sdn Bhd, in 2013, he joined Icon Energy Solutions Sdn Bhd, a solar PV EPCC firm, as a Project Engineer. He was subsequently promoted to the position of Project Manager in 2016. During his tenure at the company, he was involved in solar PV installation projects and was responsible for project management, site surveys to assess its feasibility and suitability for solar PV system installation, ensuring compliance with local authority requirements and industry standards, solar PV system design development, as well as coordinating with the relevant authorities for approvals and permits. He resigned from the firm in 2017.

Subsequently in 2017, he joined Atlantic Blue Sdn Bhd, a subsidiary of Solarvest Holdings Berhad which is listed on the Main Market of Bursa Securities, as Senior Project Development Manager responsible to handle LSS projects. Subsequently he assumed the role of Senior Development Manager to oversee the establishment of the project development department. The department was tasked with managing solar project tenders in the commercial and industrial sector, as well as handling LSS projects in Malaysia and overseas. In his capacity as Senior Project Development Manager, he was responsible for managing project tenders, project budgets and timelines, risk management as well as coordinating between subcontractors, main contractors, consultants, clients and the relevant authorities on project-related matters.

In 2022, he resigned from Atlantic Blue Sdn Bhd to join Northern Solar as Project Director, a position that he continues to hold to date.

As at LPD, he has no involvements in other business activities outside our Group.

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

5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group within the last 5 years up to LPD.

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

(a) Low Fui Shi

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation / cessation</u>	<u>% of shareholding held</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
KSI Automation Sdn Bhd	Currently inactive. Previously involved in dealing in automation and control system	Non-Executive Director / Shareholder	5 November 2014	-	0.01	-
NS Powercare	Currently inactive. Previously involved in provision of O&M services for solar PV equipment	Executive Director / Shareholder	17 February 2021	-	50.00	-

The rest of this page is intentionally left blank

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

5.3.5 Key senior management remuneration and benefits

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

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2024 to 2025, are as follows:

	Remuneration band ⁽¹⁾	
	FYE 2024 (Paid)	FYE 2025 (Proposed) ⁽²⁾
	RM'000	
Lew Fui Shi	150 - 200	300 - 350
Hing Kee Vui	200 - 250	200 - 250

Notes:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.
- (2) The proposed remuneration of our key senior management for FYE 2025 was determined based on, amongst others, their length of service and past performance/contributions to our Group. Any revision to our key senior management's remuneration in the future will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.4 BOARD PRACTICE

5.4.1 Board

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

- (a) setting the corporate values and promoting together with the senior management, good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour and ensure that its obligations to shareholders and other stakeholders are met.
- (b) reviewing and adopting strategic plan for our Group:
 - (i) review, challenge and decide on management's proposal on a strategic plan for our Group by bringing objectivity and breadth of judgment to the strategic planning process;
 - (ii) review and oversee the implementation of the strategic business plan for our Group to ensure that it supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability;
 - (iii) together with management, take responsibility for the governance of sustainability in our Group including setting our Group's sustainability strategies, priorities and targets; and
 - (iv) monitor the implementation of the strategic plan by the management.

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

- (c) overseeing the conduct of our Group's business:
 - (i) oversee the conduct of our Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
 - (ii) approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures;
 - (iii) supervise and assess the performance of the management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which the management's performance can be assessed;
 - (iv) review, challenge and decide on the management's proposals for our Group and monitor its implementation by the management; and
 - (v) monitor compliance with established policies and procedures.
- (d) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures:
 - (i) understand the principal risks of our Group's businesses and recognise that business decisions involve the taking of appropriate risks;
 - (ii) fulfil statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of our Group and ensuring that internal control procedures are in place;
 - (iii) set the risk appetite within which our Board expects the management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and
 - (iv) comply with environment, safety and health legislation by understanding the operations being carried out by employees and the hazards and risks associated with such operations.
- (e) succession planning:
 - (i) ensure the senior management has the necessary skills and experience; and
 - (ii) ensure measures are in place to provide for orderly succession planning of our Board and senior management, including appointing, training, fixing the compensation of and, where appropriate, replacing the senior management.
- (f) overseeing the development and implementation of a stakeholder communications policy for our Group:
 - (i) ensure that our Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by our Group when making business and other decisions; and

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

- (ii) ensure that our Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
- (g) reviewing the adequacy and the integrity of the management information and internal control systems of our Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines:
 - (i) ensure that there is a sound framework of reporting on internal controls and regulatory compliance;
 - (ii) review the efficiency and quality of our Group's financial reporting process and systems of accounting and internal controls; and
 - (iii) ensure the integrity of our Group's financial and non-financial reporting and ensure that all our Directors are able to understand financial statements and form a view on the information presented.

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

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

Name	Date of appointment	Date of expiration of the current term in office	Approximate no. of months in office as at LPD
Amirul Azhar Bin Baharom	21 February 2024	At our second AGM to be held in 2025	9
Lew Shoong Kai	9 January 2024	At our second AGM to be held in 2025	11
Chew Win Hoe	21 February 2024	At our third AGM to be held in 2026	9
Tan Ai Ning	21 February 2024	At our third AGM to be held in 2026	9
Teh Muy Ch'ng	21 February 2024	At our fourth AGM to be held in 2027	9
Roselinda Binti Mohammad Hashim	21 February 2024	At our fourth AGM to be held in 2027	9

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

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("**MCCG**") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

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

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCGG that at least half of the Board comprises Independent Non-Executive Directors, that our chairman of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% women directors on our Board.

5.4.2 Audit and Risk Management Committee

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

Name	Designation	Directorship
Teh Muy Ch'ng	Chairperson	Independent Non-Executive Director
Roselinda Binti Mohammad Hashim	Member	Independent Non-Executive Director
Tan Ai Ning	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities. Our Audit and Risk Management Committee has full access to internal and external auditors who in turn have access at all times to the Chairperson of our Audit and Risk Management Committee.

The key duties and responsibilities of our Audit and Risk Management Committee include, amongst others, the following:

- (a) to review the following and report the same to our Board with the external auditors:
 - (i) the audit plan and audit report and the extend of assistance rendered by the employees of our Company;
 - (ii) their evaluation of the system of internal controls;
 - (iii) the audit fee and on matter regarding their suitability for nomination, appointment and re-appointment and any issue regarding resignation or dismissal;
 - (iv) issues and matters arising from the audit;
 - (v) the management letter and the management's response; and
 - (vi) to perform annual assessment on their competencies, objectivity and independence.
- (b) to review the following and report the same to our Board with the internal auditors:
 - (i) to review the adequacy of the scope, the function, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (ii) the internal audit plan, processes, the results of the internal audit assessment including the recommendations and appropriateness of the actions taken;
 - (iii) the extend of assistance rendered by the employees of our Company; and
 - (iv) to review any appraisal or assessment of the performance of members of the internal audit function.

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

- (c) to review and approve our quarterly results and annual financial statements for recommendation to our Board, focusing in particular on:
 - (i) any changes in or implementation of major accounting policies;
 - (ii) significant and unusual events or transactions, significant adjustments arising from the audit and how these matters are addressed;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards and other regulatory or legal requirements.
- (d) the related party transaction and conflict of interest situation that arose, persist or may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts.
- (e) to oversee and recommend the risk management policies and procedures of our Group.
- (f) to review the principal risks of our Group and recommend and ensure the implementation of an appropriate risk management framework and policies for our Group to mitigate / manage such risks.
- (g) to assess the quality, effectiveness and efficiency of our internal controls and advise our Board on setting appropriate policies on internal control.
- (h) to review and deliberate on reports on significant risk findings and recommendations.
- (i) to determine the level of risk tolerance and actively identify, assess and monitor key business risks to safeguard the shareholders' investments and our Company's assets.
- (j) to ensure that our Board conducts an annual review and periodic testing of our internal control and risk management.
- (k) to review the Audit and Risk Management Committee's reporting and the statement with regard to the state of internal controls and risk management of our Group for inclusion in the annual report for the relevant financial year and report the same to our Board.
- (l) to discuss problems and reservations arising from the interim and final audits, and any matter that the external auditor may wish to raise (in the absence of management, where necessary).
- (m) to review and recommend for our Board's approval, the provision of non-audit services by the external auditors and to ensure that adequate safeguard in place so that the provision for non-audit services does not create conflicts of interest with the independent judgement of the external auditors.

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

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

5.4.3 Nomination Committee

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

Name	Designation	Directorship
Tan Ai Ning	Chairperson	Independent Non-Executive Director
Teh Muy Ch'ng	Member	Independent Non-Executive Director
Roselinda Binti Mohammad Hashim	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, among others, the following functions:

- (a) Assessment of board composition
 - (i) establish a policy formalising our Group's approach to boardroom diversity (including diversity in gender, nationality, age, culture and socio-economic backgrounds);
 - (ii) annually review and recommend to our Board the appropriate size, structure, balance and composition of our Board, required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to our Board to ensure that they are in line with our Company and our Group's requirements and is in compliance with the Listing Requirements;
 - (iii) consider and recommend any policy regarding the period of service of Non-Executive Directors, and the term of office of Board Committee members, including Chairmen of Board Committees; and
 - (iv) ensure periodic reviews of the term of office, and terms of reference of all Board Committees assisted by our Company Secretary.
- (b) Appointments
 - (i) consider and recommend to our Board the selection criteria for new appointment as Directors of our Company which may include:
 - required skills, knowledge, expertise and experience;
 - time commitment, character, professionalism and integrity (probity, financial integrity and personal integrity);
 - ability to work cohesively with other members of our Board;
 - specialist knowledge or technical skills in line with our Group's strategy;
 - diversity in age, gender, skills, experience, cultural background and other factor(s) that will best qualify a nominee to serve on our Board;
 - number of directorships in companies outside our Group; and
 - ability to discharge such responsibilities/functions as expected, particularly for independent non-executive Directors.
 - (ii) consider and recommend to our Board the composition of our Board which must comprise at least 2 Directors or one-third (1/3) of our Board, whichever is higher, are Independent Directors;
 - (iii) consider and recommend suitable persons to be appointed as Directors of our Company and members of our Board Committees; and

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

- (iv) appointment of key management positions:
 - review and if deemed appropriate, endorse for our Board's approval on the appointment, evaluation, promotion, resignation, disciplinary actions and termination of the key positions of our Company.

- (c) Retirement and re-election
 - (i) ensure that every Director, including the Executive Directors, shall be subject to retirement at least once every 3 years. A retiring Director shall be eligible for re-election; and
 - (ii) recommend to our Board, re-election of Directors by shareholders. In instances where an Independent Non-Executive Directors is to be retained beyond 9 years, our Nomination Committee shall conduct an assessment of our Independent Non-Executive Director(s) and recommend to our Board whether they shall remain Independent or be re-designated as a Non-Independent Non- Executive Director.

- (d) Succession planning
 - (i) our Chairman shall assist our Nomination Committee in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of the Chairman and key positions, and be appraised of the progress of the programme on a regular basis, and at least once a year; and
 - (ii) oversee succession planning for our Chairman and Directors.

- (e) Annual performance assessment
 - (i) assist our Board in establishing procedures and processes towards an annual assessment of the effectiveness of our Board as a whole and each Board Committee (including its size and composition), as well as the contribution of each individual Director. Results of evaluation shall be properly documented and disclosed in the annual report;
 - (ii) consider and recommend to our Board an annual assessment of the Independent Directors of our Company;
 - (iii) develop, maintain and review the criteria for evaluating Board and Board Committees' and each individual Director's performance; and
 - (iv) ensure that appropriate actions are taken based on the results of the annual assessments, to continuously enhance our Board's overall performance and identify opportunities for improvement.

- (f) Training and development
 - (i) recommend suitable orientation and training programmes to continuously train and equip existing Directors, where necessary;
 - (ii) arrange, with management, induction programmes for newly appointed Directors to familiarise themselves with the operations, products and services of our Group through briefings by the relevant management teams; and

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

- (iii) ensure a statement is made by our Board in our Company's annual report, containing a brief description on the type of training attended by Directors during the financial year.

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

5.4.4 Remuneration Committee

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

Name	Designation	Directorship
Roselinda Binti Mohammad Hashim	Chairperson	Independent Non-Executive Director
Teh Muy Ch'ng	Member	Independent Non-Executive Director
Tan Ai Ning	Member	Independent Non-Executive Director

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

- (a) to assist our Board in determining the remuneration of our Executive Directors and key senior management. In fulfilling this responsibility, our Remuneration Committee is to ensure that our Executive Directors and our key senior management:
- (i) are fairly rewarded for their individual contributions to overall performance;
 - (ii) that the compensation is reasonable in light of our business strategy and long-term objectives; and
 - (iii) that the compensation is similar to other companies of similar size in the same industry.
- (b) to review and recommend on an annual basis, the performance of our Directors and our senior management, and recommend to our Board specific adjustments in remuneration and/or reward payments to be passed at a general meeting.
- (c) to establish our Executive Director's goals, objectives and key performance indicators.
- (d) to review our Executive Director's performance against the goals, objectives and key performance indicators set.
- (e) to ensure that the remuneration packages and benefits for Independent Non-Executive Directors do not conflict with their obligations to bring objective and independent judgement to our Board. Independent Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.
- (f) to assist our Board in discharging their responsibilities to, amongst others, compensation strategy, management development and other compensation arrangements.

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

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

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save for Lew Shoong Kai and Lew Fui Shi who are brother and sister, there are no other family relationships and/or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management which provide for benefits upon termination of employment.

5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

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

The rest of this page is intentionally left blank

6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR GROUP

Our Company was incorporated in Malaysia under the Act on 9 January 2024 as a private limited company under the name of Northern Solar Holdings Sdn Bhd. On 20 March 2024, our Company was converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Through our subsidiaries, we are principally involved in the EPCC of solar PV systems, generation of renewable energy as well as O&M of solar PV equipment and systems. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM14,874,165 comprising 328,348,000 Shares, which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
9 January 2024	1	RM1 / Subscriber's share in cash	1
11 October 2024	328,347,999	RM14,874,164 / Consideration for the Acquisition of Northern Solar	14,874,165

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

Upon completion of our IPO, our enlarged share capital will increase to RM57,242,925 comprising 395,600,000 Shares.

Submission of previous material corporate proposal

In March 2024, we submitted an application to Bursa Securities on the admission to the Official List of ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market ("**Previous Submission**"). However, in April 2024, Bursa Securities had returned the Previous Submission in view of, among others, the Company and the Sponsor had yet to obtain the requisite approval from other sectoral regulator, namely ST, in relation to the changes in shareholdings arising from the Acquisition of Northern Solar.

6.2 DETAILS OF THE PRE-IPO INVESTMENT AND ACQUISITIONS

6.2.1 Pre-IPO changes in the shareholdings of Northern Solar

Prior to 1 December 2023, the shareholders of Northern Solar were Lew Shoong Kai and Chew Ann Bee (each holding 500,000 Northern Solar shares or 50.0% equity interest).

On 1 December 2023, Chew Ann Bee transferred 425,000 Northern Solar shares to Chew Win Hoe and retained the remaining 75,000 Northern Solar shares. On 1 December 2023, Lew Shoong Kai and Chew Ann Bee also entered into a share sale agreement to dispose a total of 150,000 Northern Solar shares (each disposing 75,000 Northern Solar shares), representing an aggregate of 15.0% equity interest in Northern Solar to Lagenda Properties for a total disposal consideration of RM15.1 million, which was completed on 15 December 2023.

6. INFORMATION ON OUR GROUP (Cont'd)

The resulting shareholdings in Northern Solar are as follows:

Shareholders	No. of Northern Solar shares	%
Lew Shoong Kai	425,000	42.5
Chew Win Hoe	425,000	42.5
Lagenda Properties	150,000	15.0
	1,000,000	100.0

6.2.2 Details of the Acquisitions

In preparation for our Listing, we have undertaken the Acquisitions as follows:

(a) Acquisition of Northern Solar

On 18 March 2024, we entered into a conditional share sale agreement with Lew Shoong Kai, Chew Win Hoe and Lagenda Properties to acquire the entire equity interest in Northern Solar comprising 1,000,000 ordinary shares for a purchase consideration of RM14.9 million which was satisfied by the issuance of 328,347,999 new Shares to Lew Shoong Kai, Chew Win Hoe and Lagenda Properties at an issue price of approximately RM0.0453 each.

Vendors	Shareholdings in Northern Solar		Purchase consideration RM	No. of Shares issued
	No. of shares acquired	% of share capital		
Lew Shoong Kai	425,000	42.5	6,321,520	139,547,899
Chew Win Hoe	425,000	42.5	6,321,520	139,547,900
Lagenda Properties	150,000	15.0	2,231,124	49,252,200
	1,000,000	100.0	14,874,164	328,347,999

The purchase consideration of RM14.9 million for the Acquisition of Northern Solar was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NA of Northern Solar of RM14.9 million as at 30 September 2023.

(b) Acquisition of Norwatt Power

On 18 March 2024, we entered into a conditional share sale agreement with NS Powercare to acquire 51.0% equity interest in Norwatt Power comprising 510,000 ordinary shares for a cash consideration of RM510,000. The purchase consideration for the Acquisition of Norwatt Power was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited net liabilities of Norwatt Power of RM17,551 as at 31 March 2023 and the subsequent issuance of share capital amounting to RM1.0 million.

The Acquisitions are subject to the following conditions precedent, as stipulated under the respective conditional share sale agreements:

- Bursa Securities' approval for the Listing being obtained;
- approval/ confirmation of no objection from ST in respect of the change in shareholdings of Northern Solar and the Listing; and
- other approvals required in relation to the Acquisitions being obtained, if any.

ST had, vide its letter dated 30 May 2024, approved the change in shareholdings of Northern Solar pursuant to the Listing.

6. INFORMATION ON OUR GROUP (Cont'd)

The Acquisitions were completed on 11 October 2024. Thereafter, Northern Solar became our wholly-owned subsidiary and Norwatt Power became our 51.0%-owned subsidiary. Accordingly, Engtex Energy became our 20.0%-owned associate company through Northern Solar.

The new Shares issued pursuant to the Acquisition of Northern Solar shall rank equally in all respects with our existing Shares including voting rights and are entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of allotment of the new Shares.

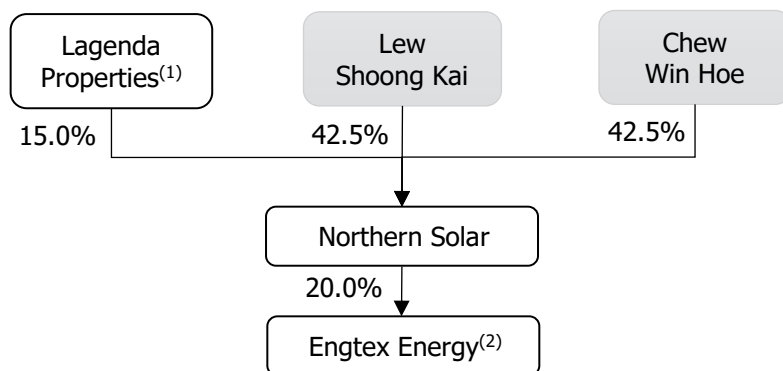
The rest of this page is intentionally left blank

6. INFORMATION ON OUR GROUP (Cont'd)

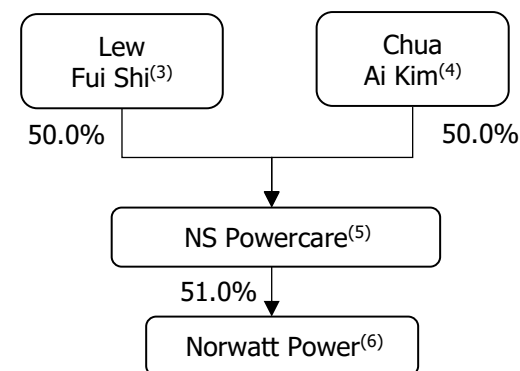
6.3 GROUP STRUCTURE

Before the Acquisitions

(a) Northern Solar Group Structure



(b) Norwatt Power Group Structure



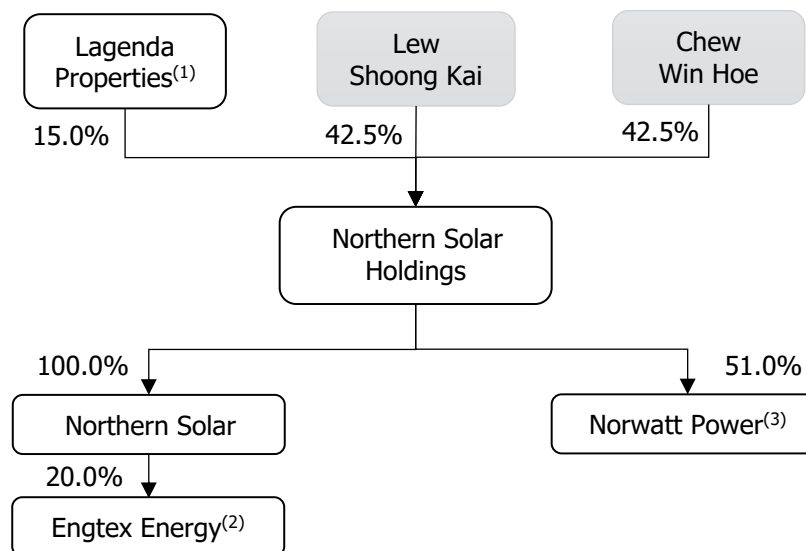
Notes:

 Promoters.

- (1) The substantial shareholders of Lagenda Properties as at LPD are Lagenda Land Sdn Bhd, Dato' Doh Jee Ming, Dato' Doh Tee Leong and Dato' Doh Jee Chai.
- (2) The remaining 80.0% shareholdings in Engtex Energy are held by Engtex Group Berhad, a company listed on the Main Market of Bursa Securities. The substantial shareholders of Engtex Group Berhad as at LPD are NH Holdings Sdn Bhd, NKG Resources Sdn Bhd, Tan Sri Dato' Ng Hook, Puan Sri Datin Yap Seng Kuan and Dato' Lim Kiam Lam.
- (3) Being the sister of Lew Shoong Kai.
- (4) Being the mother of Chew Win Hoe.
- (5) Inactive.
- (6) The remaining 49.0% shareholdings in Norwatt Power are held by Tew Liang Tze (24.0%) and Hawthorne Solar Sdn Bhd (formerly known as Rocky Builders Construction Sdn Bhd) (25.0%). As at LPD, the sole shareholder and sole director of Hawthorne Solar Sdn Bhd is Hawthorne Capital Sdn Bhd and Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah respectively. As at LPD, the sole shareholder of Hawthorne Capital Sdn Bhd is Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah and the directors of Hawthorne Capital Sdn Bhd are Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah and Tengku Aidy Ahmad Shah Bin Tengku Kamil Ismail.

6. INFORMATION ON OUR GROUP (Cont'd)

After the Acquisitions but before our IPO



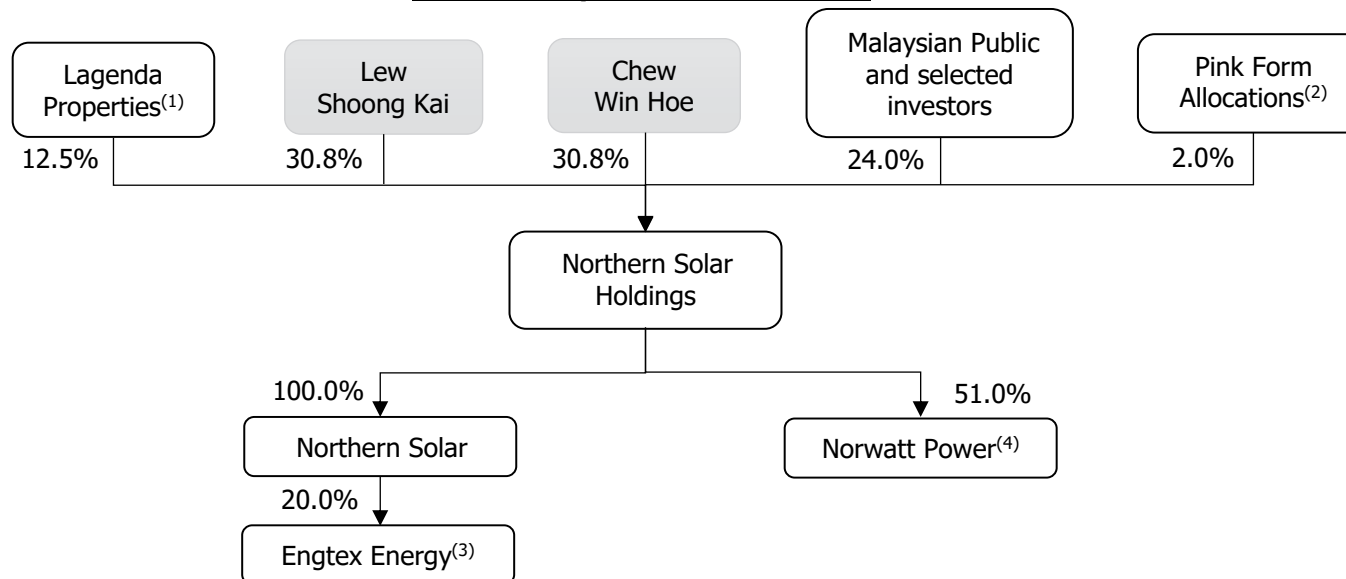
Notes:

Promoters.

- (1) The substantial shareholders of Lagenda Properties as at LPD are Lagenda Land Sdn Bhd, Dato' Doh Jee Ming, Dato' Doh Tee Leong and Dato' Doh Jee Chai.
- (2) The remaining 80.0% shareholdings in Engtex Energy are held by Engtex Group Berhad, a company listed on the Main Market of Bursa Securities. The substantial shareholders of Engtex Group Berhad as at LPD are NH Holdings Sdn Bhd, NKG Resources Sdn Bhd, Tan Sri Dato' Ng Hook, Puan Sri Datin Yap Seng Kuan and Dato' Lim Kiam Lam.
- (3) The remaining 49.0% shareholdings in Norwatt Power are held by Tew Liang Tze (24.0%) and Hawthorne Solar Sdn Bhd (formerly known as Rocky Builders Construction Sdn Bhd) (25.0%). As at LPD, the sole shareholder and sole director of Hawthorne Solar Sdn Bhd is Hawthorne Capital Sdn Bhd and Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah respectively. As at LPD, the sole shareholder of Hawthorne Capital Sdn Bhd is Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah and the directors of Hawthorne Capital Sdn Bhd are Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah and Tengku Aidy Ahmad Shah Bin Tengku Kamil Ismail.

6. INFORMATION ON OUR GROUP (Cont'd)

After the Acquisitions and our IPO



Notes:

Promoters.

- (1) The substantial shareholders of Lagenda Properties as at LPD are Lagenda Land Sdn Bhd, Dato' Doh Jee Ming, Dato' Doh Tee Leong and Dato' Doh Jee Chai.
- (2) Assuming that all eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations.
- (3) The remaining 80.0% shareholdings in Engtex Energy are held by Engtex Group Berhad, a company listed on the Main Market of Bursa Securities. The substantial shareholders of Engtex Group Berhad as at LPD are NH Holdings Sdn Bhd, NKG Resources Sdn Bhd, Tan Sri Dato' Ng Hook, Puan Sri Datin Yap Seng Kuan and Dato' Lim Kiam Lam.
- (4) The remaining 49.0% shareholdings in Norwatt Power are held by Tew Liang Tze (24.0%) and Hawthorne Solar Sdn Bhd (formerly known as Rocky Builders Construction Sdn Bhd) (25.0%). As at LPD, the sole shareholder and sole director of Hawthorne Solar Sdn Bhd is Hawthorne Capital Sdn Bhd and Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah respectively. As at LPD, the sole shareholder of Hawthorne Capital Sdn Bhd is Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah and the directors of Hawthorne Capital Sdn Bhd are Y.A.M. Tengku Fahad Mua'Adzam Shah Ibni Sultan Haji Ahmad Shah and Tengku Aidy Ahmad Shah Bin Tengku Kamil Ismail.

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

Details of our subsidiaries and associated company as at LPD are set out below:

6.4.1 Subsidiaries

Company/ Registration No.	Date/ Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
			RM	%	
Northern Solar/ 201901040021 (1349351-T)	5 November 2019/ Malaysia	Malaysia	1,000,000	100.0	Provision of EPCC services for solar PV systems, O&M of solar PV equipment and systems, as well as generation of electricity
Norwatt Power/ 202101015779 (1416079-K)	27 April 2021/ Malaysia	Malaysia	1,000,000	51.0	Dormant. Intended activity is solar PV systems developer for public sector ⁽¹⁾

6.4.2 Associated company

Company/ Registration No.	Date/ Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
			RM	%	
Associated company of Northern Solar					
Engtex Energy/ 200201017260 (584923-X)	2 July 2002/ Malaysia	Malaysia	1,000,000	20.0	Specialist in solar PV industry, develop solar energy system and other renewable energy ⁽²⁾

Notes:

- (1) As at LPD, Norwatt Power has not initiated any discussions or planning for tendering public sector projects. However, Norwatt Power intends to pursue such opportunities in the future.
- (2) Engtex Energy commenced operations in 2023 as a solar PV asset developer under a joint venture between Engtex Group Berhad as asset owner and Northern Solar as the EPCC contractor. As at LPD, the company is developing solar PV assets in Kuala Lumpur and Johor Bahru, which are also owned by the company.

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

The rest of this page is intentionally left blank

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

6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to the date of this Prospectus:

- (a) Shareholders' Agreement dated 10 July 2023 between Engtex Group Berhad, Northern Solar and Engtex Energy ("**SHA**") entered into by the parties to record the arrangements agreed to between them in relation to their participation in the business affairs of Engtex Energy. The parties have subsequently entered into the first supplemental agreement dated 9 November 2023 and the second supplemental agreement dated 14 November 2023 to vary and amend certain terms of the SHA;
- (b) Share sale and purchase agreement dated 15 December 2023 between Northern Solar (as vendor) and Praise Acres Sdn Bhd ("**Praise Acres**") (as purchaser) in relation to the disposal of 50 ordinary shares in Temerloh Solar Sdn Bhd ("**Temerloh Solar**"), representing 50% equity interest in Temerloh Solar Sdn Bhd for the sale consideration of RM50. The agreement was completed on 15 December 2023.

Praise Acres was incorporated in Malaysia under the Companies Act 1965 on 13 December 2011 and deemed registered under the Act. Praise Acres is principally involved in dealing in logging and timber trading based in Pahang. Further, Praise Acres is not a related party to our Group.

Temerloh Solar was incorporated in Malaysia under the Act on 9 February 2023 as a special purpose vehicle company between Northern Solar and Praise Acres with the intention to undertake CGPP projects. Subsequently, Northern Solar decided to dispose its entire equity interest in Temerloh Solar as there was no progress in obtaining any CGPP projects by Temerloh Solar;

- (c) Letter dated 15 December 2023 from Lagenda Properties to Northern Solar granting Northern Solar a right of first refusal to undertake installation services of solar panels in premises fully owned or developed by Lagenda Properties group of companies or for any residential or commercial development projects which Lagenda Properties group of companies is fully or substantially in control, based on competitive terms and fair market price and further right to match if Lagenda Properties receives from third party a better offer. The offer is valid for 5 years from 15 December 2023, or when Lagenda Properties is no longer a shareholder of Northern Solar or the Company, whichever is later;
- (d) Conditional share sale agreement dated 18 March 2024 entered into between our Company, Lew Shoong Kai, Chew Win Hoe and Lagenda Properties in relation to the Acquisition of Northern Solar, which was completed on 11 October 2024;
- (e) Conditional share sale agreement dated 18 March 2024 entered into between our Company and NS Powercare in relation to the Acquisition of Norwatt Power, which was completed on 11 October 2024;
- (f) Shareholders' Agreement dated 11 October 2024 entered into between our Company, Tew Liang Tze and Hawthorne Solar Sdn Bhd to regulate our relationship as shareholders of Norwatt Power; and
- (g) Underwriting agreement dated 21 November 2024 between our Company and M&A Securities for the underwriting of 27,692,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

6. INFORMATION ON OUR GROUP (Cont'd)

6.6 PUBLIC TAKE-OVERS

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

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

The rest of this page is intentionally left blank

6. INFORMATION ON OUR GROUP (Cont'd)

6.7 MAJOR APPROVALS AND LICENCES

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

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(a)	Northern Solar	Majlis Bandaraya Petaling Jaya Licence Account No: L2540000671521	27 December 2023 / 31 December 2024 ⁽¹⁾	Trade, business and industries licence for management office at B-1-01, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor	N/A	N/A
(b)	Northern Solar	Majlis Bandaraya Petaling Jaya Licence Account No: L2540000671970	10 January 2024 / 31 December 2024 ⁽¹⁾	Trade, business and industries licence for management office at B-1-03, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor	N/A	N/A
(c)	Northern Solar	Majlis Bandaraya Petaling Jaya Licence Account No: L2540000675911	13 May 2024 / 31 December 2024 ⁽¹⁾	Trade, business and industries licence for management office at B-1-09, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor	N/A	N/A
(d)	Northern Solar	Majlis Bandaraya Petaling Jaya Licence Account No: L2540000680465	7 November 2024 / 31 December 2025	Trade, business and industries licence for management office at Units 8-01 and 8-02, Level 8, Menara Lagenda, No. 3, Jalan SS20/27, 47400 Petaling Jaya, Selangor	N/A	N/A

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(e)	Northern Solar	Majlis Bandaraya Johor Bahru Licence Account No: L2023LI04721	11 June 2024 / 11 July 2025	Business and advertisement licence for management office at Unit #13-04, 13 th Floor, Austin 18, Jalan Austin Perdana 3, Taman Austin Perdana, 81100 Johor Bahru, Johor	N/A	N/A
(f)	Northern Solar	CIDB Registration No.: 0120200119- SL040799	7 September 2022 / 5 September 2025	Certificate of Registration issued to Northern Solar as contractor pursuant to Part VI of CIDB Act in respect of: <ul style="list-style-type: none"> • Grade 7, Category B, Specialisation B04, • Grade 7, Category CE, Specialisation CE21 • Grade 7, Category ME, Specialisation E34, E35, M15 	<p>1. General conditions</p> <p>(a) This certificate is non-transferable.</p> <p>(b) CIDB reserves the right to review the registration grade of the registered contractor from time to time.</p> <p>2. Responsibility and Obligations of the Contractor</p> <p>(a) The contractor shall comply with the provisions of the CIDB Act, the regulations made thereunder and any term, condition or restriction imposed by CIDB from time to time.</p> <p>(b) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed.</p>	<p>Noted</p> <p>Noted</p> <p>Complied</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					(c) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies).	Complied
					(d) The contractor shall submit information regarding any new construction works or contract(s) within 14 days of the award or prior to commencement of works, whichever the earlier.	Complied
					(e) The contractor shall submit any information required by CIDB from time to time.	Noted
					(f) The contractor shall display the certificate of registration issued by CIDB or a certified true copy of the same by CIDB at the place of business.	Complied
					(g) The contractor shall display its registration number on the signboard at each construction site.	Complied
					(h) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate.	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					(i) The contractor shall comply with all requirements in the contractor's Code of Ethics.	Complied
					(j) The contractor shall employ skilled construction workers and site supervisors who are accredited and certified by CIDB.	Complied
					(k) All employees at the site must have valid construction personnel identification.	Complied
					3. Disciplinary Actions	
					The contractor's registration shall be cancelled, suspended or revoked if:	
					(a) The contractor fails to comply with the requirement of any other written law.	Noted
					(b) The contractor has been adjudicated bankrupt.	Noted
					(c) A winding-up petition in relation to the contractor has been presented.	Noted
					(d) The contractor contravenes or fails to comply with any provision of the CIDB Act.	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					(e) The contractor has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise.	Noted
					(f) The contractor has abandoned any construction works undertaken without good reason.	Noted
					(g) The contractor is found negligent by the court of any board of enquiry established under any written law in connection with any construction works undertaken.	Noted
					(h) The contractor contravenes or fails to fulfil any of the contractor's responsibilities and obligations as specified in item 2 above.	Noted
					4. Pursuant to Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995, a registered contractor shall notify CIDB of any change in its capital, ownership or its board of directors or management within 30 days of the change.	Complied

Registration No.: 202401001236 (1547087-X)

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(g)	Northern Solar	CIDB Registration No.: 0120200119- SL040799	3 November 2023 / 5 September 2025	<p>Certificate of Government Work Procurement (<i>Sijil Perolehan Kerja Kerajaan</i>) ("SPKK")</p> <p>Certificate of Registration issued to Northern Solar as Government contractor in respect of:</p> <ul style="list-style-type: none"> • Grade 7, Category B (building construction) • Grade 7, Category CE (civil engineering construction) • Grade 7, Category ME (mechanical and electrical) 	<p>1. General Conditions</p> <p>(a) This certificate is issued based on the information provided by the applicant/company.</p> <p>(b) This certificate shall not be used as acknowledgement for initiating or undertaking to execute construction work. This certificate shall be used to participate in government procurement or any work with government agencies only.</p> <p>(c) This certificate will be revoked automatically if the certificate of registration as contractor has expired or is cancelled/revoked/suspended in accordance with Regulation 15 of the Registration of Contractors (Construction Industry) 1995.</p> <p>(d) This certificate must be submitted together with the certificate of registration as contractor during the tender for government procurement work or any work with government agencies.</p> <p>(e) This acknowledgement of registration certificate shall be renewed together with the certificate of registration as contractor issued by CIDB.</p>	<p>Noted</p> <p>Complied</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					2. Responsibilities of the company/holder of the certificate:	
					(a) The company/holder of the certificate shall not lend, lease, transfer, permit or cause the certificate to be used by someone who has not been named to use this certificate for the purpose of procuring government work.	Complied
					(b) The contractor shall not participate in any tender or execute any works after the expiry of this certificate until it has been renewed.	Noted
					(c) Only officers of the company who are named in this certificate are authorised to sign the company contract documents and take tender document as well as attending to work site for voting, price calling and tender. The company shall not authorise any other officer for the aforesaid.	Complied
					(d) The company/holder of the certificate shall ensure all terms and conditions to obtain this certificate are complied with at all times during the period validity of this certificate.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					(e) The company/holder of the certificate shall inform CIDB of any change of information within 30 days from the date of occurrence of the said change.	Complied
					(f) The company/holder of the certificate shall comply with all instructions and resolutions of the government via treasury instructions, CIDB circular from time to time.	Complied
					3. Disciplinary Actions	
					(a) The company/holder of the certificate shall be subject to such disciplinary actions set out in Regulation 15 of the Registration of Contractors (Construction Industry) Regulations 1995 in the event of failure to comply with item 2 above.	Noted
					(b) CIDB has the right to take disciplinary action and impose any punishment on the registered contractor.	Noted
					(c) The company/holder of the certificate who has been suspended or where this certificate has been revoked due to disciplinary proceedings shall not participate in any tender or government procurement work during the suspension period.	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					(d) The company/holder of the certificate whose certificate has been revoked/withdrawn will be removed from the register of CIDB. Such company who wishes to obtain a SPKK shall comply with the terms and conditions for the issuance of SPKK for new applications. A blacklisted key management personnel is prohibited from obtaining SPKK for a period of 3 years.	Noted
					(e) The company/holder of the certificate who has been blacklisted and suspended through disciplinary proceedings will be removed from the register of CIDB. The said company/holder of the certificate will be allowed to participate in the tender or government procurement work only after the expiry of the blacklisting or suspension period.	Noted
					4. Financial Limits	
					(a) SPKK registered contractor shall only participate in tender allowed under the registration grade it is registered under.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(h)	Northern Solar	Ministry of Finance, Malaysia ("MOF") Registration No.: 357-0002343270 Licence No.: K10104417653118748	6 January 2022 / 5 January 2025 ⁽²⁾	Certificate of Registration of Northern Solar as a supplier/service provider in the sector, field and sub-field under the following sector codes: 140101, 140202, 140302, 140502, 222801 The authority is given to the following persons for managing the government procurement works: Lew Shoong Kai Yee Soon Quan	1. General conditions (a) The approval is granted based on the information provided by the company. (b) Any change to the details of the company shall be updated online at www.eperolehan.gov.my within 21 days from the effective date of change, failing which the company shall be penalised as per item (e) below. (c) The company shall submit any information required by MOF within the prescribed period, failing which the company shall be penalised as per item (e) below. (d) The company must ensure that the registered sector in the certificate shall not overlap with the sectors approved for other companies which has the same shareholders, members of board of directors, management and staff or companies that are operating from the same premise.	Noted Complied Noted Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					(e) MOF has the right to conduct an inspection or audit at any time without prior notification. Failure to comply with the conditions of registration and/or sector code may result in the registration of the company being suspended/cancelled and the company, its shareholders and directors may be subject to disciplinary proceedings or blacklisted without any notice being given if it is determined that the information provided is false.	Noted
					(f) A company that is newly registered is not allowed to make any changes to its shareholders or directors within a period of 6 months from the date of registration.	Complied
					(g) Failure of the company to renew its registration after 1 year from the expiry of its registration may result in the company's registration with the MOF being cancelled and automatically removed from the <i>ePerolehan System</i> . In such circumstances, the company is required to make a new application.	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					2. Suspension or Cancellation of Registration	
					The registration shall be suspended/cancelled in the event the company commits the following offences:	
					(a) The company/ shareholders/ partners/ directors/ other management personnel has committed a crime and is found guilty in a court of law in Malaysia or outside Malaysia or is subject to any civil liability.	Noted
					(b) The company withdraws an offer before the tender is being considered or rejects an offer that has been made.	Noted
					(c) The company fails to perform its contractual obligations entered into with the Government.	Noted
					(d) The company is found to have amended the certificate with the intention to deceive or for whatsoever reasons.	Noted
					(e) The company allows the certificate to be misused by any individual / companies.	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					(f) The company is found to have been involved in price fixing with other companies when entering into a government tender or granted ay sub-contract without obtaining prior valid consent from the relevant government agencies.	Noted
					3. Renewal	
					(a) The company is required to submit the renewal application 3 months prior to the expiry of the registration.	Noted
					(b) Any application received after the expiry of the registration is considered to be a new registration.	Noted
(i)	Northern Solar	ST Registration No.: ST(TKL)SGR/C/KE/0 3378/2020 Licence No.: 2023/02634	18 August 2023 / 17 August 2025	Certificate of Registration as electrical contractor issued pursuant to Regulation 75 of the Electric Regulations 1994 which authorises Northern Solar to carry out the business of electrical work as electrical contractor under Class C for a period of 2 years	1. Comply with all conditions applicable to the registration throughout the validity period of this certificate as set out in Electricity Supply Act 1990 and all regulations made thereunder, as well as all orders and guidelines issued by ST from time to time. 2. Renewal application for this certificate must be submitted to ST no later than 14 days from the date of its expiry.	Complied Noted

The rest of this page is intentionally left blank

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					<p>2. The licensee undertakes to the Government that the present shareholders and shareholding structure shall remain the same throughout the licence period. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approvals of ST.</p> <p>3. Notwithstanding the above and subject to the prior written approval of ST and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Securities.</p> <p>4. The creation of any charge, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST.</p>	<p>Complied</p> <p>Noted</p> <p>Noted</p>
(I)	Northern Solar	ST Licence No: LA 12/1/14/390 NOVA (SARE)	24 August 2022 / 23 August 2032	Licence for public installation (of the solar PV system which we own and operate) within the boundary of part of No. Lot PTD 20372, Mukim Ulu Benut, Daerah Kluang, 86200 Negeri Johor	<p>1. The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the licensee upon submission of licence application.</p> <p>2. The licensee undertakes to the Government that the present shareholders and shareholding structure shall remain the same throughout the licence period. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approvals of ST.</p>	<p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					3. Notwithstanding the above and subject to the prior written approval of ST and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Securities.	Noted
					4. The creation of any charge, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST.	Noted
(m)	Northern Solar	ST Licence No: LA 12/1/14/189 (PV-NOVA)	16 March 2022 / 15 March 2032	Licence for public installation (of the solar PV system which we own and operate) at Lot 9784, Mukim Bukit Baru, Daerah Melaka Tengah, Negeri Melaka	1. The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this licence including its conditions except with the prior written consent of ST. 2. The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of ST. 3. The creation of any charge, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST.	Complied Noted Noted

The rest of this page is intentionally left blank

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(n)	Northern Solar	ST Licence No: LA 12/1/14/188 (PV- NOVA)	16 March 2022 / 15 March 2032	Licence for public installation (of the solar PV system which we own and operate) at Lot 9784, Mukim Bukit Baru, Daerah Melaka Tengah, Negeri Melaka	<ol style="list-style-type: none"> 1. The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this licence including its conditions except with the prior written consent of ST. 2. The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of ST. 3. The creation of any change, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST. 	Complied
(o)	Northern Solar	ST Licence No: LA 12/1/14/303 (PV- NOVA)	16 June 2022 / 15 June 2032	Licence for public installation (of the solar PV system which we own and operate) at Lot PT 11568, Mukim Mentakab, Daerah Temerloh, Negeri Pahang	<ol style="list-style-type: none"> 1. The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this licence including its conditions except with the prior written consent of ST. 2. The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of ST. 3. The creation of any change, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST. 	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(p)	Northern Solar	ST Licence No: LA 12/1/14/1382 (NOVA Leasing)	27 February 2024/ 26 February 2034	Licence for public installation (of the solar PV system which we own and operate) within the boundary of part of PT 706, Seksyen 6, Mukim Bandar Kuah, 07000 Langkawi, Kedah	<ol style="list-style-type: none"> 1. The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the licensee upon submission of licence application. 2. The licensee undertakes to the Government that the present shareholders and shareholding structure shall remain the same throughout the licence period. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approvals of ST. 3. Notwithstanding the above and subject to the prior written approval of ST and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Securities. 4. The creation of any charge, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST. 	<p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Noted</p>
(q)	Northern Solar	ST Licence No: LA 12/1/13/296 (Solar Leasing)	19 June 2024 / 18 June 2034	Licence for public installation (of the solar PV system which we own and operate) within the boundary of part of PT 6737, Mukim Bandar Gurun, 08300 Daerah Kuala Muda Kedah	<ol style="list-style-type: none"> 1. The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the licensee upon submission of licence application. 	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					<p>2. The licensee undertakes to the Government that the present shareholders and shareholding structure shall remain the same throughout the licence period. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approvals of ST.</p> <p>3. Notwithstanding the above and subject to the prior written approval of ST and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Securities.</p> <p>4. The creation of any charge, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST.</p>	<p>Complied</p> <p>Noted</p> <p>Noted</p>
(r)	Northern Solar	ST Licence No: LA 12/1/14/1733 NOVA (SARE)	20 September 2024 / 19 September 2034	Licence for public installation (of the solar PV system which we own and operate) within the boundary of Lot 8265, Mukim Tanjong Sembrong, Daerah Batu Pahat, 86609, Johor	<p>1. The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the licensee upon submission of licence application.</p> <p>2. The licensee undertakes to the Government that the present shareholders and shareholding structure shall remain the same throughout the licence period. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approvals of ST.</p>	<p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					3. Notwithstanding the above and subject to the prior written approval of ST and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Securities.	Noted
					4. The creation of any charge, mortgage, pledge, lien or other security over the land used for the solar PV system and any associated facilities are prohibited unless with the prior written consent of ST.	Noted
(s)	Northern Solar	SEDA Registration No.: SEDA-RPVSP-2024/093	10 January 2024 / 31 December 2024 ⁽³⁾	Northern Solar is registered with SEDA as a Registered Photovoltaic Service Provider ⁽⁴⁾ that is qualified to participate in FIT programme, NEM programme or any programme administered by SEDA under the Renewable Energy Act 2011.	1. The registration must be renewed at least 30 days before the expiry date. 2. The company must appoint a person who has passed the 'Grid-Connected PV (GCPV) Systems Design' course conducted by SEDA as a full time employee. 3. The company must appoint any person who has obtained a Certificate of Electrical Wireman (at least PW2) and has passed the 'Grid-Connected PV (GCPV) Systems Wireman or Chargeman' course conducted by SEDA to be involved in PV installation project under any renewable energy mechanism and programme. 4. The company must comply with the provisions of Renewable Energy Act 2011 and all subsidiary legislations, guidelines and related laws made thereunder.	Noted Complied Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing authority/ Country	Date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					5. The company must meet the achievement targets set by SEDA, if any, and contribute towards the NEM programme development or any other related renewable energy programme under SEDA.	Complied
(t)	Northern Solar	SEDA Registration No.: SEDA-RPVI- 2024/082	10 January 2024 / 31 December 2024	Northern Solar is registered with SEDA as a Registered Photovoltaic Investor ⁽¹⁾ under the NEM programme.	1. The registration must be renewed at least 30 days before the expiry date.	Noted
(u)	Norwatt Power	SEDA Registration No.: SEDA-RPVI- 2024/070	15 January 2024 / 31 December 2024	Norwatt Power is registered with SEDA as a Registered Photovoltaic Investor under the NEM programme with SEDA.	1. The registration must be renewed at least 30 days before the expiry date.	Noted

Notes:

- (1) We will not renew the trade, business and industries licenses issued by MBPJ for our previous head office at B-1-01, B-1-03 and B-1-09, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor, as we relocated to the new Head Office at Units 8-01 and 8-02, Level 8, Menara Lagenda, No. 3, Jalan SS20/27, 47400 Petaling Jaya, Selangor, in the second half of November 2024.
- (2) We have submitted the renewal application to the MOF for the certificate of registration and are currently awaiting the issuance of the renewed certificate, which is expected by the end of December 2024.
- (3) We initiated the submission of renewal application to SEDA in early November 2024. However, we were informed by SEDA to submit the renewal applications from 1 December 2024 onwards. As such, we intend to submit the renewal applications on 1 December 2024.

6. INFORMATION ON OUR GROUP (Cont'd)

(4) The difference between the SEDA certifications for a Registered Solar Photovoltaic Service Provider and a Registered Solar Photovoltaic Investor is as follows:


- As a Registered Photovoltaic Investor, Northern Solar invests in solar PV systems by owning and financing them and is authorised to participate in PPAs or feed-in tariff schemes.
- As a Registered Solar Photovoltaic Service Provider, Northern Solar provides technical and operational services related to solar PV systems, which includes supply, design, installation, testing, maintenance, and operation.

SEDA is the statutory body for the NEM programme, as such the Group is required to register with SEDA under the NEM programme, whereas there is no requirement for the SELCO programme participants to register with SEDA.

Save for our trade, business and industries licenses for our previous head office at B-1-01, B-1-03 and B-1-09, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor, we will renew all our approvals, licenses and permits as disclosed above prior to their expiry in accordance with the conditions imposed. As at LPD, our Group has obtained all the requisite approvals, licenses and permits for our business operations and in the past, our Group has not faced any issues in relation to the renewal of our approvals, licenses and permits.

6.8 TRADEMARKS

As at LPD, our Group does not own and has not applied for the registration for any other intellectual properties other than those disclosed below:

No.	Trademark	Company	Authority/ Application or Trademark No./ Application date	Class/ Description	Status/ Validity Date
(i)		Northern Solar	Authority: MyIPO Application No: TM2024015586 Application Date: 30 May 2024	Class: Class 35 Description: Operation of company retailing, installing and servicing solar panels and solar panel parts, all included in Class 35	Status: Under substantive examination ⁽¹⁾ Validity Date: Not applicable

Note:

(1) Northern Solar has submitted this application on 30 May 2024 and the application is under substantive examination by the authority. Barring any unforeseen circumstances, the registration of trademark is estimated to be approved within 12 to 18 months from the date of application.

6. INFORMATION ON OUR GROUP (Cont'd)

6.9 PROPERTY, PLANT AND EQUIPMENT

6.9.1 Properties owned by our Group

As at LPD, the Group does not own any property.

6.9.2 Properties rented by our Group

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

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Approximate land area/ Approximate built-up area sq ft	Date of issuance of certificate of completion and compliance	Period of tenancy/ Rental per annum
(a)	B-1-01, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor ⁽¹⁾	Lee Yoke Chun/ Northern Solar	An office unit in a 10-storey commercial building/ Head Office	Not applicable/ 1,223	5 April 2010	1 December 2023 to 30 November 2024/ RM34,800
(b)	B-1-03, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor ⁽¹⁾	Chong Kim Chan/ Northern Solar	An office unit in a 10-storey commercial building/ Head Office	Not applicable/ 927	5 April 2010	1 December 2023 to 30 November 2024/ RM25,200
(c)	B-1-09, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor ⁽¹⁾	Snowball Capital Ventures Sdn Bhd/ Northern Solar	An office unit in a 10-storey commercial building/ Office	Not applicable/ 987	5 April 2010	16 March 2024 to 30 November 2024/ RM25,200
(d)	Unit #13-04, 13 th Floor, Austin 18, Jalan Austin Perdana 3, Taman Austin Perdana, 81100 Johor Bahru, Johor	Rainbow Entity Sdn Bhd/ Northern Solar	A business suite in a 25-storey commercial building/ Johor Regional Office	Not applicable/ 673	23 May 2017	16 March 2024 to 15 March 2025/ RM15,600

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Approximate land area/ Approximate built-up area sq ft	Date of issuance of certificate of completion and compliance	Period of tenancy/ Rental per annum
(e)	Units 8-01 and 8-02, Menara Lagenda, No. 3, Jalan SS20/27, 47400 Petaling Jaya, Selangor ⁽²⁾	Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd)/ Northern Solar	An office unit in a 12-storey commercial building/ Vacant	Not applicable/ 8,620	16 November 2009	1 July 2024 to 30 June 2027/ RM320,664

Notes:

- (1) Our Group has entered into a tenancy agreement with Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd), a subsidiary of Lagenda Properties, for the rental of an office unit measuring 8,620 sq ft at Units 8-01 and 8-02, Menara Lagenda, No. 3, Jalan SS20/27, 47400 Petaling Jaya, Selangor. Our Group has completed the renovations and obtained the necessary business licences and has relocated to this new office in the second half of November 2024. Thus, the tenancies under (a), (b) and (c) will not be renewed upon their expiry on 30 November 2024.
- (2) Save for this tenancy agreement, our rented properties as at LPD are from non-related parties.

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

The rest of this page is intentionally left blank

6. INFORMATION ON OUR GROUP (Cont'd)

6.9.3 Acquisition of properties

Our Group has not acquired nor entered into any agreements to acquire any properties during FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD.

6.9.4 Material capital expenditures and divestitures

(a) Material capital expenditures

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025	1 October 2024 up to LPD
Capital expenditures	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:					
Air conditioner	-	6	3	1	-
Computer system	44	50	80	143	46
Electrical and fittings	-	2	-	-	2
Furniture and fittings	10	16	23	138	25
Motor vehicles	-	-	-	180	117
Office equipment	12	53	33	4	-
Operating equipment	22	-	24	-	-
Construction in progress	-	-	5,477	8	-
– Solar PV systems					
Solar PV systems ⁽¹⁾	-	-	1,287	-	-
Renovation	-	8	33	1,092	51
Website	-	20	40	-	-
	88	155	7,000	1,566	241
Rights-of-use assets comprising:					
Motor vehicles	135	163	-	-	-
Solar PV systems ⁽²⁾	-	2,902	-	-	-
Office building	255	-	185	2,400	-
	390	3,065	185	2,400	-

Notes:

- (1) Being solar PV systems funded via our Group's working capital.
- (2) Being solar PV systems funded via our Group's hire purchase facilities.

FYE 2022

In FYE 2022, our capital expenditures were mainly related to the purchase of motor vehicle amounting to RM0.1 million comprising 1 unit of van for our business operations.

FYE 2023

In FYE 2023, our capital expenditures were mainly related to the purchase of:

- (i) motor vehicle amounting to RM0.2 million comprising 1 unit of car for our business operations; and

6. INFORMATION ON OUR GROUP (Cont'd)

- (ii) 10 units of solar PV system under REPPA/ SARE amounting to RM2.9 million for investment purposes.

FYE 2024

In FYE 2024, our capital expenditures were mainly related to the construction of 18 units of solar PV system under REPPA / SARE amounting to RM6.7 million for investment purposes.

FPE 2025

In FPE 2025, our capital expenditures were mainly related to the following:

- (i) renovation works carried out in our new corporate office at Menara Lagenda, Selangor, amounting to RM1.1 million; and
- (ii) tenancy agreement entered with Lagenda Harta Sdn Bhd, a subsidiary of Lagenda Properties, for the rental of our new corporate office at Menara Lagenda, Selangor, amounting to RM2.4 million.

1 October 2024 up to LPD

From 1 October 2024 up to LPD, our capital expenditures were mainly related to the purchase of motor vehicle amounting to RM0.1 million comprising 1 unit of car for our business operations.

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth.

(b) Material capital divestitures

Save as disclosed below, there were no capital divestitures made by us for FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD.

During FYE 2023, we completed the disposal of 75.0% equity interest in Norwatt Power to NS Powercare for the purchase consideration of RM750,000. Please refer to Section 10.1 for more details.

As at LPD, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1 and the material capital commitment as set out in Section 12.6, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.9.5 Material machinery and equipment

There are no material machinery and equipment utilised by us for FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD.

6.9.6 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO to finance the expansion and capital expenditure as set out in Section 4.9.1 and the capital commitment as set out in Section 12.6, our Group does not have any other immediate material plans to construct, expand or improve our facilities as at LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

(a) Renewable Energy Act, 2011

The Renewable Energy Act 2011 ("**REA 2011**") provides for most matters relating to the generation of renewable energy in Malaysia, including specifying (i) the criteria and process for obtaining a feed-in approval and implementation of a special tariff system, (ii) the technical and operational requirements of renewable energy projects and (iii) the qualifying criteria for renewable energy sources. The SEDA is tasked with overseeing matters relating to renewable energy falling within the scope of the REA 2011.

Pursuant to Rule 23 and Schedule 5 of Renewable Energy (Technical and Operational Requirements) Rules, 2011 ("**RETOR Rules 2011**"), a person who carries out the works in connection with PV installations under the FiT programme should possess the requisite qualifications, such as having a certificate of competency issued by ST under the Electricity Supply Act, 1990, being registered with the Board of Engineers Malaysia as a professional electrical engineer, having certificate of training on solar PV systems issued by SEDA and/or certificate in solar PV system design from any institution that is recognised by SEDA. Any person who commits an offence under the RETOR Rules 2011 shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 3 years, or both. If a body corporate commits an offence, the person who at the time of the offence was a director, chief executive officer, chief operating officer, manager, secretary or other similar officer of the body corporate or one purporting to act in any such capacity or was responsible for the management of any of the affairs of the company, may be charged severally or jointly in the same proceedings as the company, and if the company is found guilty, the said person shall be deemed guilty of that offence unless he proves that the offence was committed without his knowledge, consent or connivance and that all reasonable precautions and due diligence were exercised to prevent the offence.

ST had also issued the Guidelines on Solar Photovoltaic Installation on NEM Scheme under the Electricity Supply Act, 1990 for the implementation of the solar PV installation on the NEM program ("**NEM Guidelines**"). The NEM Guidelines set out, amongst others, the design criteria and requirements, types of installation, capacity limit and application process of solar PV installations under NEM programmes.

As at LPD, Northern Solar is certified by SEDA as a PV service provider to participate in any programme under the REA 2011 and as a PV service investor under NEM programme. Further, as at LPD, Northern Solar has 2 qualified persons to carry out the works relating to the PV installations, as described in Rule 23 and Schedule 5 of RETOR Rules 2011.

As at LPD, Norwatt Power is also certified as a PV service investor under NEM programme. For avoidance of doubt, Norwatt Power will not require certification by SEDA as a PV service provider, as such works will be undertaken by Northern Solar.

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

The CIDB Act and the regulations made thereunder, govern the establishment of the CIDB and provide for its function in relation to the construction industry and all matters in connection therewith.

The CIDB Act prescribes that a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to comply with the above shall render a person liable to a fine of not less than RM10,000 but not more than RM100,000. Additionally, pursuant to CIDB Act, for every contract, whether stamped or not, having a contract sum of above RM500,000, the contractor shall be liable to pay to CIDB a levy at the rate of 0.25% of the contract sum.

The CIDB Act also prescribes that every contractor shall declare and submit to CIDB any contract which it has been awarded. Failure to do so shall render a contractor liable, upon conviction, to a fine not exceeding RM50,000. Where a contractor fails to pay any levy due within the prescribed period by CIDB, the contractor shall, on conviction, be liable to a fine not exceeding RM50,000 or 4 times the amount of levy payable, whichever is higher.

The CIDB Act further provides that where an offence against the CIDB Act has been committed by a body corporate, firm, society or other body of persons, any person who at the time of committing the offence is a director, manager, secretary or other similar officer of the body corporate, firm, society or other body of persons or was purporting to act in such capacity, or is in any manner or to any extent responsible for its management may be charged severally or jointly in the same proceedings and where the body corporate, firm, society or other body of persons is found guilty of the offence, shall be deemed to be guilty of that offence unless, having regard to the nature of his functions in that capacity and to all the circumstances, he proves that the offence was committed without his knowledge, consent or connivance and that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.

Under the provisions of CIDB Act relating to non-registration of a contractor with the CIDB and/or the non-declaration and non-submission of contracts with the CIDB, a director of a body corporate will be subject to penalties similar to those imposed on the body corporate, none of which include any term of imprisonment.

Northern Solar had previously failed to declare and submit to CIDB within the prescribed period a total of 590 construction contracts awarded since its inception on 5 November 2019 and up to 28 February 2024, as required under Section 34(1) of the CIDB Act, which sets out that every contractor shall declare and submit to CIDB any construction work contract that has been awarded to the contractor and thus had committed a breach of the CIDB Act. Northern Solar had subsequently declared and submitted all construction contracts to CIDB over a period from 25 January 2024 until 21 February 2024. Northern Solar has since set up standard operating procedures to ensure compliance with all relevant laws and regulations including the CIDB Act. In particular, a dedicated team of 3 employees as at LPD has been set up to monitor compliance with the standard operating procedures. The team has undergone comprehensive training and are equipped with the knowledge needed to oversee the signing of contracts and the subsequent registration processes and levy payments, where applicable. To facilitate effective monitoring, the team uses a tracking system to closely monitor contract signings, registrations, and levy

6. INFORMATION ON OUR GROUP (Cont'd)

payments. The team leader (a senior licensing executive who reports to our Project Director) conducts regular audits and reviews to ensure contracts are promptly registered and levy payments are made on time.

As at LPD, Northern Solar has not been fined or issued with any notice of non-compliance in relation to the above. The Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that CIDB has verbally informed that it is unlikely to impose any fine or penalty since Northern Solar has declared and submitted all the 590 construction contracts and paid the required levy, totalling RM115,583.

As at LPD, our Group holds a Grade G7 CIDB certification as well as the Sijil Perolehan Kerja Kerajaan, which are all valid and subsisting. Please refer to Section 6.7 for further details of the CIDB certification.

(c) Electricity Supply Act 1990

The Electricity Supply Act 1990 (Act 447) ("**ESA**"), including the Electricity Regulations 1994 ("**ER**") regulate the electricity supply industry, the supply of electricity, the licensing of any electricity installation, as well as the registration of any electrical contractors, manufacturers, importers and any competent person involved in the supply or use of electricity.

Pursuant to Section 9 of the ESA 1990, subject to exemptions prescribed, no person other than a supply authority shall use, work or operate or permit to be used, worked or operated any installation or supply to any other person electricity from any installation, except under and in accordance with the terms and conditions of a licence granted by ST which expressly authorises the supply or use. Any person who supplies electricity from an installation to or for the use of any person without a licence shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 and to a further fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction. Where an offence is committed by a body corporate, any person who at the time of the commission of the offence was a director, chief executive officer, chief operating officer, manager, secretary or other similar officer of the body corporate or was purporting to act in such capacity or was in any manner or to any extent responsible for the management of any of the affairs of the body corporate or was assisting in such management may be charged severally or jointly in the same proceedings with the body corporate and if the body corporate is found guilty of the offence, shall be deemed to be guilty of that offence unless having regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, consent or connivance; and that he had taken all reasonable precautions and exercised due diligence to prevent the commission of the offence.

Further, the ER states that no person shall perform or carry out any electrical work unless he holds a valid Certificate of Registration as an Electrical Contractor issued under the ER. An Electrical Contractor can be classified into 4 classes, Class A, B, C and D, each permitted to undertake electrical work of certain value and is further required to keep in employment a certain number of Wireman of certain qualification, depending on the classification of its registration. The ER also provides that the wireman shall possess a valid Certificate of Competency appropriate to such classes, with restrictions, if any, issued to him by ST.

6. INFORMATION ON OUR GROUP (Cont'd)

Generally, unless otherwise specified in the ER, a person who contravenes or fails to comply with any of the provisions of the ER shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or both.

As at LPD, our subsidiary, Northern Solar is registered under the ER to carry out electrical work business as an Electrical Contractor (Class C). The company has employed on a full time basis the required wireman (1 wireman as at LPD) who holds a valid Certificate of Competency issued by ST in accordance with the ER. Northern Solar has also obtained public installation licences pursuant to Section 9 of the ESA. Please refer to Section 6.7 for further details of the certificates issued by ST to our Group.

(d) Local Government Act, 1976

Under the Local Government Act, 1976 (Act 171) ("**LGA**") and the by-laws of the respective local councils and authorities, our business operation premises are required to have business and signboard/advertising licences, display the licences at the business premises, and produce the licences upon request.

Pursuant to the LGA, a person who fails to exhibit or produce his licences on the licensed premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

As at LPD, our Group holds and maintains valid business licences issued by Majlis Bandaraya Petaling Jaya and Majlis Bandaraya Johor Bahru. Please refer to Section 6.7 for further details of the business licences.

(e) Occupational Safety and Health Act, 1994 ("**OSHA**")

The OSHA is the governing law regulating the standards for safety, health and welfare of persons at work. The OSHA is enforced by the Department of Occupational Safety and Health, Malaysia ("**DOSH**"), which is under the purview of the Ministry of Human Resources, Malaysia.

The Occupational Safety and Health (Amendment) Act 2022 came into effect on 1 June 2024 and resulted in significant amendments to OSHA ("**Amended OSHA**"). Save for domestic employees (within the meaning of the Employment Act 1955), the armed forces and workers on board of ships (governed by the Merchant Shipping Ordinance 1952, the Sabah Merchant Shipping Ordinance 1960 or the Sarawak Merchant Shipping Ordinance 1960), the Amended OSHA now extends to cover all places of work throughout Malaysia including the public service and statutory authorities.

Section 15 of the Amended OSHA states that it shall be the duty of every employer to ensure, so far as is practicable, the safety, health and welfare at work of all his employees, in particular:

- (a) the provision and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;
- (b) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;

6. INFORMATION ON OUR GROUP (Cont'd)

- (c) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of his employees;
- (d) so far as is practicable, as regards any place of work under the control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks;
- (e) the provision and maintenance of a working environment for his employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work; or
- (f) the development and implementation of procedures for dealing with emergencies that may arise while his employees are at work.

Further to the above, an employer also has a duty, pursuant to Section 17 of the OSHA, to ensure, so far as is practicable, that persons other than its employees are not exposed to any health and safety risk.

Previously, prior to the Amended OSHA coming into effect, in the event of non-compliance with Sections 15 and 17 of the OSHA, the employer would be liable upon conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both. Further, where a body corporate contravenes any provisions of the OSHA or any regulations made thereunder, every person, who at the time of the commission of the offence is a director, manager, secretary or other like officer of the body corporate shall be deemed to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally, and every such director, manager, secretary or other like officer of the body corporate shall be deemed to be guilty of the offence.

On 12 May 2022, Northern Solar as the main contractor was charged pursuant to Section 17(1) of the OSHA for failing to ensure the safety, health and welfare of a person not being its employee when an industrial accident at a work site resulted in the death of a person unauthorised by Northern Solar to be at the site. The Kuantan Sessions Court imposed a fine of RM25,000 on Northern Solar. The fine was paid on the same day and the case has been resolved and closed.

We wish to highlight that the Amended OSHA has increased the penalty for contravention of Section 15 and 17 of OSHA, from the previous maximum fine of RM50,000 to the current maximum fine of RM500,000.

Additionally, the Amended OSHA provides for the following:

- (a) imposition of new duties on principals, employers and self-employed persons to ensure the safety of contractors and sub-contractors and any employee employed by such contractors and sub-contractors;
- (b) right to an employee to remove himself from danger or the work if he has reasonable justification to believe there exists an imminent danger at his place of work, and the employer has failed to take any action to remove the danger;

6. INFORMATION ON OUR GROUP (Cont'd)

- (c) the obligation of an employer to conduct a risk assessment in respect of the safety and health risk posed to any person who may be affected by his undertaking at the place of work and the implementation of risk control to eliminate or reduce said safety and health risk;
- (d) obligation to appoint an occupational safety and health coordinator who shall oversee and manage all occupational safety and health matters at work;
- (e) joint or several liability of directors, managers, secretaries and other similar office bearers for offences committed by the company or other relevant body. The burden is on the affected individual to prove that the offence was committed without his knowledge or consent and that the individual has done all reasonable precautions to deter the occurrence of the offence;
- (f) introduction of provisions relating to notification of occupation of place of work, installation and periodical inspection of plant, and the prescription of any plant which a certificate of fitness is required, following the repeal of the Factories and Machinery Act 1967; and
- (g) imposition of increased penalties and punishments for employers, self-employed persons, principals and manufacturers who breach their duties.

Our Group has set up an occupational health and safety management system to promote safe working practices among all employees and sub-contractors to prevent the occurrences of accidents and injuries. These include emphasising safety awareness at the front-line level onsite and placing tighter restrictions on access to our project sites by third parties.

Our Group has also established a safety department comprising site safety officers (qualified personnel with relevant experience) who are tasked to monitor the adherence of safe working practices at the project sites and personnel who are allowed access to the project sites. Our Group will assign safety officers to our project sites to monitor the work performed by the sub-contractors during the specific milestones as required under the projects and upon request by the customers. In addition, our Group has exercised more caution by imposing more stringent requirements in our selection of sub-contractors, which includes:

- (a) defining specific qualifications, experience, and capabilities that sub-contractors must meet;
- (b) conducting thorough background checks or references to verify the sub-contractor's past performance, reliability, and adherence to deadlines;
- (c) implementing requirements for sub-contractors to adhere to ethical standards, compliance with regulations, and commitment to safety protocols; and
- (d) outlining expectations, responsibilities, deliverables, and performance metrics in the contractual agreement to enforce accountability.

6. INFORMATION ON OUR GROUP (Cont'd)

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

Our Group is committed to being proactive when faced with disruptions and turning them into opportunities for the benefit of everyone involved.

Our ESG Integrated Policy and Framework has been established as we focus on sustainability risks and want to include them in all our decision-making processes and throughout our entire value chain. Our main goal is to support sustainable development by providing easy-to-access renewable energy, encouraging innovation, and empowering our employees and the community. As a responsible public governance entity, we are fully committed to promoting sustainability and making positive changes globally.

We are deeply committed to creating an organisation that supports sustainable development for the community and stakeholders. This commitment reflects our dedication to adopting meaningful practices, initiatives, and efforts that consider the impact of our operations on the local economy, environment, society, and governance. We consistently work towards improving our performance in these areas, making sure that our actions contribute positively to a sustainable future.

We are unwavering in our dedication to creating sustainable value for our stakeholders. We will persist in providing comprehensive, comparable, and meaningful reports through our ongoing reporting initiatives. These initiatives align with Bursa Securities Sustainability Reporting Guide, the recommended Global Reporting Initiatives (GRI) 4.0 Sustainability Reporting Guidelines, the Integrated Reporting <IR> framework, and are in alignment with the Sustainable Development Goals (SDGs) outlined by the United Nations and the Task Force on Climate-related Financial Disclosures.

(a) Environmental

We strive to improve our environment by utilising greener alternatives:

- We aim to minimise our energy consumption and carbon footprint by making investments in renewable energy sources and improving our energy efficiency measures.
- Despite the absence of substantial water usage, we are still dedicated to decreasing the overall water consumption by promoting water conservation practices.

(b) Social

We aim to cultivate a secure and supportive workplace environment, fostering collaboration and actively contributing to the development of the local community.

- We are committed to safeguarding against cybercrime, adhering to cyber-related regulations, and securely transforming their operations through the use of cyber services related to data centres, Internet of Things (IoT), and web monitoring. Routine information technology risk assessments are carried out to guarantee the integrity and safety of customer and organisational data, preventing any compromise or destruction.
- We have implemented rigorous standard operating procedures which are essential in enabling our employees to carry out their work while simultaneously protecting the interests of our shareholders.

6. INFORMATION ON OUR GROUP (Cont'd)

- We are committed to providing our employees with a working environment that aligns with the International Labour Organisation's Fair Recruitment Initiative. Our recruitment practices adhere to labour standards, promote social dialogue, and uphold gender equality.
- Our commitment to diversity and equality is integral to our workplace culture. All employees are selected based on skills and experience, ensuring a fair and unbiased selection process.
- To assess employee performance, we conduct transparent and objective annual performance reviews, providing valuable feedback to our staff.
- Our Group prioritises employee development, offering a range of learning opportunities. Recognising the workforce's significance in achieving operational and safety excellence, we invest in their development through both mandatory and voluntary training programs, ensuring they possess the skills required for their roles.
- Our commitment extends beyond the workplace, as we actively contribute to the community through various initiatives, including donations and sponsorships via charity organisations.

(c) Governance

Our Group places a high priority on good governance. Our Board recognises the crucial role of a robust risk management framework and internal control system in promoting good corporate governance, aligning with the Malaysian Code on Corporate Governance. Committed to transparency, we actively disclose pertinent sustainability information to instil confidence among customers, stakeholders, communities, and the public.

- We uphold a zero-tolerance stance on fraud, bribery, corruption, money laundering, and terrorism financing and we have also implemented robust Anti-Bribery and Corruption and Whistleblowing policies to foster a governance environment that ensures accountability and integrity throughout our organisation.
- Our commitment to quality is assessed through a technical lens, resulting in the following certifications from reputable bodies:

Certificate	Award Body
ISO 9001:2015	ARS Assessment Private Limited
MyHIJAU Mark on solar PV system installation service	MGTC

- We are dedicated to incorporating sustainability principles into our procurement processes, emphasising responsible sourcing, environmental stewardship, and social responsibility in acquiring goods and services.
- We prioritise suppliers with a strong commitment to environmental sustainability, aiming to reduce the ecological footprint of the products and services we procure.
- We actively promote the adoption of renewable materials, energy-efficient technologies, and environmentally friendly production methods.

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

As at LPD, we have a total workforce of 87 employees, all of whom are Malaysian.

The breakdown of our employees by department/function as at 30 September 2024 and as at LPD are as follows:

	No. of employees	
	As at 30 September 2024	As at LPD
Executive Directors	2	2
Key senior management	2	2
Accounts and finance	4	4
Human resources	3	4
Information technology	1	1
Business development	14	14
Marketing	4	4
Projects	15	17
Design	11	11
Quantity surveying and purchasing	8	9
Licensing ⁽¹⁾	4	4
Operations and maintenance	12	13
Technical development	1	1
Sustainability	1	1
Total	82	87

Note:

⁽¹⁾ In relation to our licences as well as those required by our projects and/or customers.

None of our employees belong to any labour union and as at LPD, there has been no material dispute between our management and our employees. Over FYE 2022, FYE 2023, FYE 2024 and FPE 2025, there has not been any incident of work stoppage or labour dispute that has materially affected our operations.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our Company was incorporated in Malaysia under the Act on 9 January 2024 as a private limited company under the name of Northern Solar Holdings Sdn Bhd. On 20 March 2024, our Company was converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. Through our subsidiaries, we are principally involved in the EPCC of solar PV systems, generation of renewable energy as well as O&M of solar PV equipment and systems.

7.1.1 Our corporate developments

Northern Solar

The history of our Group can be traced back to the incorporation of Northern Solar in Malaysia on 5 November 2019 by Lew Shoong Kai (40.0%), Chew Win Hoe (45.00%) and his sibling Chew Ann Bee (5.00%) and a third party, namely Chew Shean Eng (10.0%). Chew Win Hoe and Lew Shoong Kai were concurrently appointed as the directors of Northern Solar on the said date. Northern Solar commenced operations in 2019 in the EPCC of solar PV systems.

Subsequently, Chew Win Hoe decided to focus on the business of Flow Dimensions Sdn Bhd which he had previously set up in 2018 and was then in the early days of venturing into civil and structural construction subcontracting business. Thus, he resigned as a director of Northern Solar on 11 June 2020 but remained as an employee. Chew Ann Bee was concurrently appointed as a director on the said date. Further on 3 July 2020, Chew Win Hoe transferred his entire shareholdings to Chew Ann Bee for a consideration of RM0.1 million, thereby resulting in Chew Ann Bee holding a 50.00% equity interest in Northern Solar.

Concurrently on 3 July 2020, Lew Shoong Kai also acquired the entire shareholdings of Chew Shean Eng for a consideration of RM0.03 million, thereby resulting in Lew Shoong Kai holding the remaining 50.00% equity interest in Northern Solar.

In late 2023, Chew Win Hoe became actively involved in Northern Solar upon ceasing managing the business of Flow Dimensions Sdn Bhd. As such, Chew Win Hoe acquired 42.50% of Chew Ann Bee's shareholdings in Northern Solar for a consideration of RM0.4 million on 1 December 2023. This resulted in an equity structure comprising Lew Shoong Kai holding 50.00%, Chew Win Hoe holding 42.50% and Chew Ann Bee holding 7.50%.

On 15 December 2023, Lagenda Properties became a substantial shareholder by acquiring 7.50% equity interest each from Chew Ann Bee and Lew Shoong Kai for a total consideration of RM15.1 million. Following this, the equity structure of Northern Solar comprised Lew Shoong Kai with 42.50%, Chew Win Hoe with 42.50% and Lagenda Properties with 15.00%. Concurrently on the said date, Chew Ann Bee resigned as a director while Chew Win Hoe and Jsrinderjit Singh Dhillon a/l Gurmel Singh (being the representative of Lagenda Properties) were appointed as directors. On the same date, Lagenda Properties granted Northern Solar a Right of First Refusal and Right to Match in relation to the installation of any solar panels in premises fully owned or developed by Lagenda Properties, or for any residential or commercial development projects which Lagenda Properties is fully or substantially in control of, for which Northern Solar has a one-off right of first refusal to undertake such installation works based on competitive terms and fair market prices, and a further right to match third party offers.

7. BUSINESS OVERVIEW (Cont'd)

Norwatt Power

Norwatt Power was incorporated in Malaysia on 27 April 2021, then under the name of Norwatts Sdn Bhd, by Northern Solar and Tew Liang Tze as shareholders with equal equity interests. Chew Win Hoe, being the representative of Northern Solar, and Tew Liang Tze were concurrently appointed as directors. Tew Liang Tze is a non-related party to our Group and he is currently the executive director of Zenith Aim group of companies which are involved in property development, property management, shopping mall operation and the hospitality business.

On 16 March 2022, Norwatt Power assumed its present name.

Norwatt Power was originally incorporated to implement a joint venture amongst Northern Solar, Tew Liang Tze and Hawthorne Capital Sdn Bhd, which signed a joint venture agreement on 27 April 2022 for Norwatt Power to conduct solar energy business in LSS farms.

Following an allotment of shares on 14 April 2023, the shareholding structure of Norwatt Power comprised Northern Solar holding 75.00% and Tew Liang Tze holding the remaining 25.00%. However, the implementation of the joint venture was delayed as there was no progress by Norwatt Power in securing any projects relating to LSS farms at the material time. As such, Northern Solar decided to focus on its existing business and isolate Norwatt Power from Northern Solar. On 12 July 2023, Northern Solar transferred its entire equity interest in Norwatt Power to NS Powercare for a consideration of RM0.75 million and subsequently the joint venture agreement dated 27 April 2022 (as stated above) was terminated in January 2024.

However, also in January 2024, the parties to the earlier joint venture decided to revive the joint venture (via a shareholders agreement dated 10 January 2024 between NS Powercare, Hawthorne Solar Sdn Bhd and Tew Liang Tze) which led to Hawthorne Solar Sdn Bhd⁽¹⁾ (formerly known as Rocky Builders Construction Sdn Bhd), a subsidiary of Hawthorne Capital Sdn Bhd, acquiring 25.0% equity interest in Norwatt Power from NS Powercare (24.0%) and Tew Liang Tze (1.0%). Subsequent to this, our Company and NS Powercare had on 18 March 2024 entered into a share sale and purchase agreement for the Proposed Acquisition of Norwatt Power. As at LPD, the shareholders of Norwatt Power are NS Powercare (51.0%), Hawthorne Solar Sdn Bhd (25.0%) and Tew Liang Tze (24.0%). For avoidance of doubt, this renewed joint venture of Norwatt Power has no intention to conduct solar energy business in LSS farms.

The intended activity for Norwatt Power is to be a solar PV systems developer for the public sector where Norwatt Power will be the main contractor to undertake EPCC of solar PV systems for the public sector. As at LPD, Norwatt Power has not initiated any discussions or planning for tendering public sector projects. However, Norwatt Power still intends to pursue such opportunities in the future.

Note:

- (1) As at LPD, Hawthorne Solar Sdn Bhd's principal activities are solar, solar investment, energy, renewable energy and trading.

Engtex Energy

Engtex Energy was incorporated in Malaysia on 2 July 2002, then under the name of Leading Wonder Sdn Bhd, by third parties namely Noraini Binti Abdullah and Zainudin Bin Koming with 50.0% equity interests each, both of whom were also concurrently appointed as directors on the said date.

7. BUSINESS OVERVIEW (Cont'd)

On 16 August 2002, Noraini Binti Abdullah and Zainudin Bin Koming transferred their equity interests to Lee Geok Ai and Ho Hong Seng respectively. Subsequently, on 8 February 2010, Lee Geok Ai and Ho Hong Seng transferred their equity interests to Beh Hock Seng and Leong Chee Seong respectively.

On 3 March 2023, Engtex Energy adopted its present name.

On 15 May 2023, Engtex Group Berhad and Northern Solar acquired the entire equity interests of Beh Hock Seng and Leong Chee Seong to emerge as shareholders of Engtex Energy with shareholdings of 51.00% and 49.00% respectively. In conjunction with this, Tan Sri Dato' Ng Hook, Ng Koi Lin, Lew Shoong Kai, Chew Win Hoe and Ng Shin Yee were appointed as directors effective 22 February 2023.

Following the above and the commencement of operations by Engtex Energy in 2023 as a solar PV asset developer, Engtex Energy required additional capital injection for its working capital purposes, and it was envisaged that as a solar PV asset developer, Northern Solar may not want to commit as much capital investment in Engtex Energy's projects. As such, as Engtex Energy Berhad (being the holding company of Engtex Energy) had subscribed for additional shares in Engtex Energy to meet its working capital requirements and to be an 80% shareholder, thereby obliging it to commit capital investments in proportion to its shareholdings. Notwithstanding, Northern Solar maintained its existing shareholding in Engtex Energy as it is only an associated company to our Group.

Following an allotment of shares on 14 November 2023 to Engtex Group Berhad, the shareholdings of Engtex Group Berhad increased to 80.00% while Northern Solar's shareholdings were diluted to 20.00%.

Since Engtex Energy commenced operations in 2023 as a solar PV asset developer and up to LPD, Engtex Energy has engaged Northern Solar for the provision of EPCC services amounting to approximately RM5.5 million.

7.1.2 Our business growth

Our Managing Director Lew Shoong Kai and Executive Director Chew Win Hoe, both of whom are engineers, saw the commercial potential of renewable energy in Malaysia's energy landscape as the country strives to diversify energy sources, as well as the supportive national policies and incentives to support the adoption of renewable energy. Leveraging on their engineering background and past experience, Lew Shoong Kai and Chew Win Hoe decided to incorporate Northern Solar in 2019 to explore opportunities in the provision of EPCC of solar PV systems.

During the early days of Northern Solar's business, Lew Shoong Kai and Chew Win Hoe were actively carrying out business development activities with commercial and industrial business owners as well as residential property owners with the aim of introducing Northern Solar to the market and securing EPCC of solar PV systems projects.

In March 2020, the Government implemented the MCO, which involved the restrictions on the movement of people within Malaysia and internationally as well as restrictions on business, economic, cultural and recreational activities. Our business development and marketing activities were affected during this COVID-19 period. As a result of travel restrictions and social distancing measures, we were unable to carry out business development and marketing activities such as meeting prospective customers.

Our Group responded to this development by adapting our business development strategies to leverage on the internet and telemarketing avenues to initiate contact with prospective customers and promote Northern Solar. Our Group also organised virtual meetings with potential commercial and industrial customers to introduce our Group and services to them.

7. BUSINESS OVERVIEW (Cont'd)

In 2023, we began collaborating with Engtex Group Berhad via Engtex Energy as a solar PV asset developer where Northern Solar may have more opportunities to undertake EPCC of solar PV projects secured by Engtex Energy. Further, Lagenda Properties became a substantial shareholder of Northern Solar in 2023. These collaborations are in line with our growth strategy to seek opportunities to team up with developers of residential properties, where the installation of solar PV systems on residential rooftops would offer home buyers solar-ready homes that are green and energy-efficient living environment.

Since our incorporation in 2019, our Group has witnessed business growth in terms of scale and size of projects secured. In FYE 2021, we completed the EPCC of 98.32 kWp of solar PV systems for commercial, industrial and residential properties. Following the upliftment of movement controls and operating restrictions in 2021, we further completed the EPCC of 9.9 MWp of solar PV systems for commercial, industrial and residential properties in FYE 2022. In FYE 2023, as business activities improved and consumer spending increased, we completed the EPCC of 15.6 MWp of solar PV systems for commercial, industrial and residential properties. In FYE 2024, we completed the EPCC of 28.5 MWp of solar PV systems for commercial, industrial and residential properties. In FPE 2025 and up to LPD, we completed the EPCC of 13.6 MWp and 4.0 MWp respectively of solar PV systems for commercial, industrial and residential properties.

Since the commencement of our business and up to LPD, we have completed the EPCC of 71.9 MWp of solar PV systems for commercial, industrial and residential properties.

7.2 KEY ACHIEVEMENTS AND MILESTONES

The key milestones and major projects of our Group are as follows:

Year	Key milestones
2019	<ul style="list-style-type: none"> Incorporation of Northern Solar
2020	<ul style="list-style-type: none"> Northern Solar was registered as a Grade 5 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The Grade 5 CIDB registration allows us to participate in tenders for projects with contract value of up to RM5 million throughout Malaysia Northern Solar was registered with Suruhanjaya Tenaga as an Electrical Contractor under Class C which allows Northern Solar to carry our electrical works up to RM500,000 throughout Malaysia Northern Solar's CIDB registration was upgraded to G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The Grade 7 CIDB registration allows us to participate in tenders for projects with unlimited contract value throughout Malaysia Northern Solar was registered with SEDA as a Registered Photovoltaic Service Provider that is qualified to participate in FIT programme, NEM programme or any programme administered by SEDA under the Renewable Energy Act, 2011
2021	<ul style="list-style-type: none"> Northern Solar was registered with SEDA as a Registered Photovoltaic Investor under the NEM programme with SEDA Completed the design, supply, installation, engineering, testing and commissioning of a 1,000.0 kWp solar PV system at an industrial property in Kuantan, Pahang with contract value of RM2.7 million Completed the design, supply, installation, engineering, testing and commissioning of a 490.0 kWp solar PV system at an industrial property in Kuantan, Pahang with contract value of RM1.8 million

7. BUSINESS OVERVIEW (Cont'd)

Year	Key milestones
2022	<ul style="list-style-type: none"> Northern Solar was registered with MOF, thereby allowing us to supply materials and services to agencies under the Government Completed the design, supply, installation, engineering, testing and commissioning of a 1,000.0 kWp solar PV system at an industrial property in Bahau, Negeri Sembilan with contract value of RM2.0 million Completed the design, supply, installation, engineering, testing and commissioning of a 980.0 kWp solar PV system at a shopping mall in Kuantan, Pahang with contract value of RM2.5 million Completed the design, supply, installation, engineering, testing and commissioning of a 1,200.09 kWp solar PV system at an industrial property in Melaka with contract value of RM2.6 million
2023	<ul style="list-style-type: none"> Northern Solar was registered as an SPKK Grade 7 contractor under CIDB, being a certificate of registration issued to Northern Solar as Government contractor for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME) Lagenda Properties became a substantial shareholder of Northern Solar Completed the design, supply, installation, engineering, testing and commissioning of a 858.92 kWp solar PV system at a commercial property in Shah Alam, Selangor with contract value of RM2.0 million Completed the design, supply, installation, engineering, testing and commissioning of a 996.26 kWp solar PV system at an industrial property in Klang, Selangor with contract value of RM2.3 million Completed the design, supply, installation, engineering, testing and commissioning of a 2,023.04 kWp solar PV system at an industrial property in Klang, Selangor with contract value of RM4.5 million Completed the design, supply, installation, engineering, testing and commissioning of a 2,023.04 kWp solar PV system at an industrial property in Simpang Renggam, Johor with contract value of RM1.5 million Completed the design, supply, installation, engineering, testing and commissioning of a 1,122.16 kWp solar PV system at an industrial property in Pulau Indah, Selangor with contract value of RM2.4 million Completed the design, supply, installation, engineering, testing and commissioning of a 930.1 kWp solar PV system at a supermarket chain outlet in Klang, Selangor with contract value of RM1.8 million Completed the design, supply, installation, engineering, testing and commissioning of a 1,055.7 kWp solar PV system at a supermarket chain outlet in Bukit Mertajam, Pulau Pinang with contract value of RM2.0 million Completed the design, supply, installation, engineering, testing and commissioning of a 411.4 kWp solar PV system at a supermarket chain outlet in Jelapang, Perak with contract value of RM1.6 million Completed the design, supply, installation, engineering, testing and commissioning of a 1,034.0 kWp solar PV system at a supermarket chain outlet in Batu Gajah, Perak with contract value of RM2.0 million Completed the design, supply, installation, engineering, testing and commissioning of a 924.0 kWp solar PV system at a supermarket chain outlet in Baling, Kedah with contract value of RM1.8 million Northern Solar was certified by MGTC to use the MyHijau mark on its solar PV system installation service

7. BUSINESS OVERVIEW (Cont'd)

Year	Key milestones
2024	<ul style="list-style-type: none"> Completed the design, supply, installation, engineering, testing and commissioning of a 650.1 kWp solar PV system at an industrial property in Puchong, Selangor with contract value of RM1.8 million Completed the design, supply, installation, engineering, testing and commissioning of a 1,496.8 kWp solar PV system at an industrial property in Kemaman, Terengganu with contract value of RM3.9 million Completed the design, supply, installation, engineering, testing and commissioning of a 1,361.4 kWp solar PV system at an industrial property in Kuala Lumpur with a contract value of RM2.7 million Completed the design, supply, installation, engineering, testing and commissioning of a 500.0 kWp solar PV system at an industrial property in Senai, Johor with a contract value of RM1.4 million

7.3 DESCRIPTION OF OUR BUSINESS

Our Group is principally involved in the:

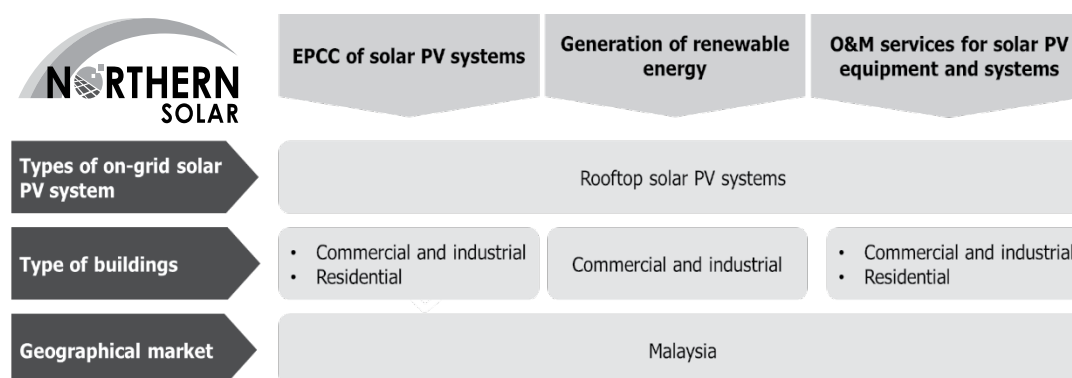
- EPCC of solar PV systems;
- Generation of renewable energy; and
- O&M of solar PV equipment and systems.

Our EPCC of solar PV systems involves the provision of engineering design and planning, procurement and supply, construction, installation, testing and commissioning of solar PV systems for commercial, industrial and residential buildings.

Our Group owns, operates and maintains rooftop solar PV systems that generate and sell the electricity to NEM and SELCO consumers in Peninsular Malaysia.

Our O&M of solar PV equipment and systems involves the provision of O&M services for solar PV equipment and systems installed in commercial, industrial and residential buildings.

Our Group's business model is as follows:



7. BUSINESS OVERVIEW (Cont'd)

7.3.1 EPCC of solar PV systems

Solar energy is a type of renewable green energy that is converted into electricity through PV modules that concentrate on solar radiation. Solar PV systems are designed to generate electricity through the application of the photovoltaic effect. This energy can then be used to generate electricity for self-consumption or excess electricity supply can be exported to the utility grid.

In our role as an EPCC contractor, we undertake engineering design and planning, procurement and supply, construction, installation as well as testing and commissioning of solar PV systems for rooftop installations on commercial, industrial and residential buildings.

A rooftop PV solar station, or rooftop PV system, is a PV system that has its electricity-generating solar panels mounted on the rooftop of a residential, commercial or industrial property. Solar PV systems for rooftop installations comprise various components, namely solar PV modules, mounting systems, cables, solar inverters as well as other electrical accessories.

On-grid solar PV facilities are connected to the utility grid. All of our rooftop mounted solar PV facilities are on-grid facilities for self-consumption. In some cases, the excess generated electricity is exported to the utility grid. Based on the varying electricity needs, users of on-grid facilities are able to tap into the utility grid during periods when solar PV systems are generating low power or when excess electricity generated can be exported to the utility grid. Generally, solar PV systems that are connected to the utility grid are implemented under, among others, the NEM and SELCO programmes whereby:

- **NEM programme**

The NEM programme was introduced in November 2016 to replace the FiT system. The NEM is a scheme whereby the energy produced from the solar PV system installed will first be consumed by the consumer for his own consumption. Any surplus of energy produced will be exported to the grid and sold to the distribution licensees at the prevailing displaced cost.

The NEM programme was designed to offset consumer's electricity costs for any excess electricity generated from the solar PV systems. Presently, the NEM programme is only applicable to TNB's customers in Peninsular Malaysia.

Malaysia introduced the NEM 1.0 in November 2016, with a 500 MW quota for rooftop solar PV capacity. To encourage NEM uptake, the NEM 2.0 was introduced in January 2019 with 500 MW quota allocation. Subsequently in 2020, NEM 3.0 was launched in December 2020 with 500 MW quota allocation. In January 2024, the Government announced that NEM 3.0 will continue with additional quota allocations. In November 2024, the Government further announced an additional quota allocation of 350 MW for NEM 3.0. Presently, the total quota allocation for NEM 3.0 is 1,950 MW. The NEM 3.0 quota offer period will run until June 2025 or until all quotas are allocated, whichever comes first.

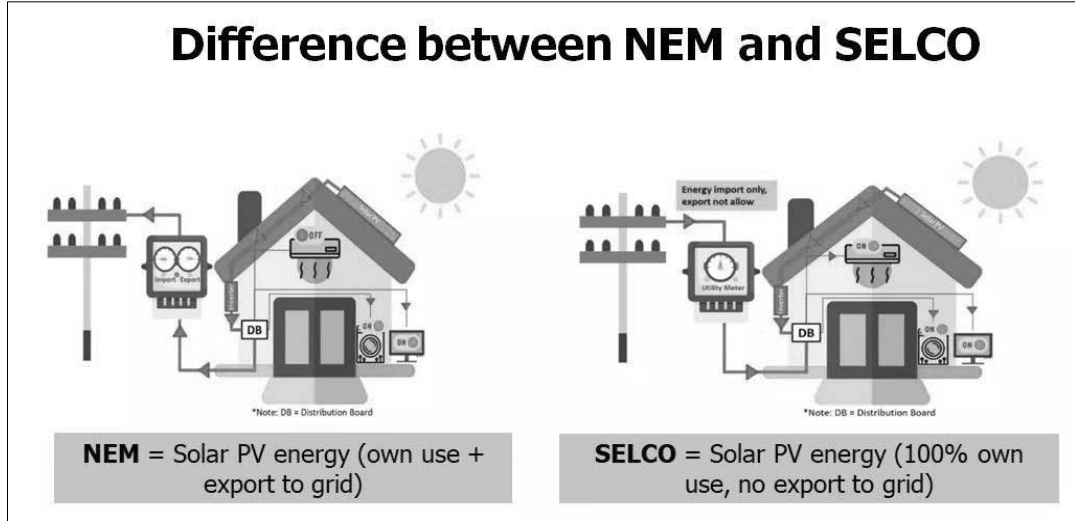
- **SELCO programme**

The Guidelines on the Connection of Solar PV Installation for Self-Consumption was issued on 19 April 2017 for the SELCO programme, and is presently applicable in Peninsular Malaysia and Sabah. The SELCO programme is a scheme that allows consumers to install solar PV systems entirely for their own use, and in the event of excess of generation, the electricity is not allowed to be exported to the utility grid. The SELCO programme enables individuals, commercial and industrial consumers to hedge against rising cost of electricity.

7. BUSINESS OVERVIEW (Cont'd)

Under the NEM and SELCO programmes, the electricity generated from the NEM and SELCO consumers' solar PV systems will first be utilised before any excess electricity requirement is obtained from the utility grid.

The difference between the NEM programme and SELCO programme is as illustrated below:



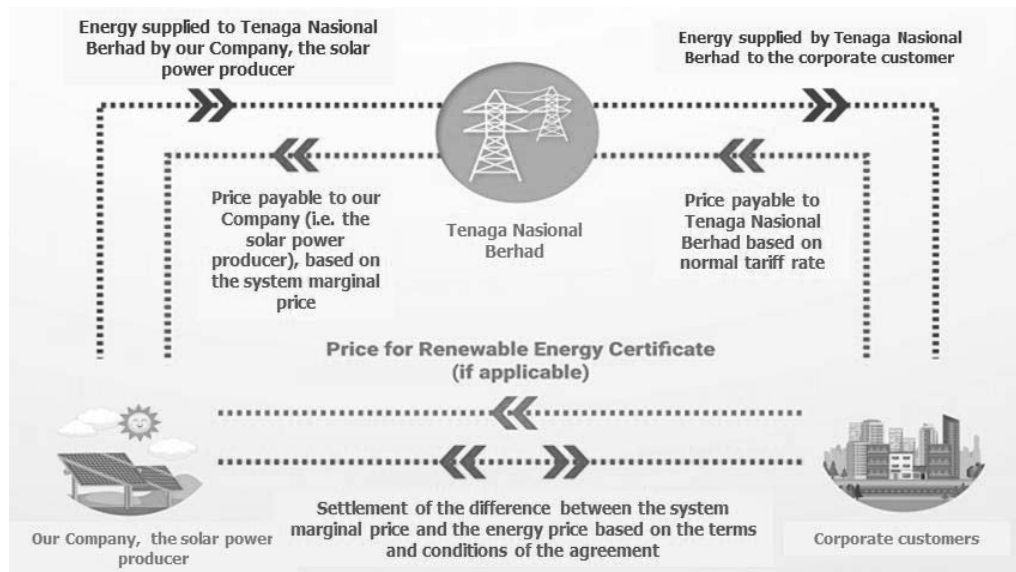
Source: SEDA

- CGPP**

We have also participated in tender biddings for CGPP, which is limited to corporate customers in Peninsular Malaysia only. The CGPP is an initiative by the Government to provide opportunity for business entities to participate in the promotion and use of renewable energy in their business operations. The programme supports the growing number of electricity consumers that aspire to achieve the environmental, social and governance target.

CGPP is essentially a mechanism of virtual power purchase agreement, which is implemented using the existing NEDA framework.

The CGPP mechanism is as illustrated below:



7. BUSINESS OVERVIEW *(Cont'd)*

Note:

If the system marginal price (which is determined by TNB) exceeds energy price, our Company pays the corporate customer. If the system marginal price is lower than energy price, the corporate customer pays our Company.

(Source: Suruhanjaya Tenaga)

Our Group presently provides EPCC for solar PV systems for projects under the NEM programme and SELCO programme. During the financial years/period under review and up to LPD, our Group has not secured any EPCC for solar PV system projects under the CGPP.

For clarity, our Group's provision of EPCC for solar PV systems business is not solely limited to NEM projects that are determined via quota allocations. Our Group is able to provide EPCC services for solar PV systems under other renewable energy programmes in Malaysia, including SELCO and CGPP, which are gaining traction in light of rising energy costs. Thus, our Group does not expect to be materially affected should the quota allocations under NEM 3.0 be fully taken up.

7.3.1.1 Our scope of works

Our EPCC scope of works typically encompass:

- **engineering and design from project initiation to detailed system design, including designing solar PV array, balance of systems as well as interconnection to the utility grid, where relevant**

We are responsible for preparing the work plan, developing engineering design and schematic layout including specifications and connectivity of equipment. An initial design will be prepared to serve as the basis of the construction blueprint, which includes, among others, the initial design proposal, equipment list, engineering and procurement specifications and various design estimates.

Based on the initial design proposal, a detailed engineering design will be prepared. This includes among others, the design of the solar PV array and balance of systems including inverters, transformers and interconnection facilities to the nearest distribution substation and utility grid.

- **procurement of all relevant systems, equipment, including solar PV modules and balance of systems**

We are responsible for the procurement and supply of the materials and equipment as well as arrangement of subcontractors for the construction, installation and integration of solar PV systems. This includes the planning, order placement, tracking, inspection, transportation, materials management and the management of subcontractors under our supervision. We typically specify the brands, models and types of materials and equipment to procure based on the agreed design and specifications.

- **civil and structural construction, mechanical and electrical ("M&E") works, installation and integration of equipment and systems, and interconnection to the utility grid, if stipulated in our contracts**

Solar PV systems are rooftop installations that involve the installation of solar PV modules and balance of systems and integration of systems at the generating site.

7. BUSINESS OVERVIEW (Cont'd)

Our responsibilities are mainly in the following areas:

- project management and site supervision;
 - quality and safety assurance;
 - monitoring and construction, installation and integration process;
 - ensuring all works are performed in accordance with the project specifications and design and that they meet regulatory compliances; and
 - liaising with authorities and other external parties.
- **testing and commissioning of individual equipment, as well as the entire solar PV system once all equipment have been installed and prior to interconnection to the power grid**

We perform a series of commissioning tests on the individual equipment and interconnected systems, and subsequently the commissioning of the entire system. The purpose of the testing and commission is to ensure that the equipment and systems installed are able to function as a complete system, and meet the pre-determined parameters based on the detailed engineering design.

Grid-connected solar PV systems are tested to meet the technical specifications and comply with distribution substation output. In respect of the interconnection to the utility grid via power substation or power distribution, we will perform testing and commissioning together with a representative of the project owner and/ or representative from the utility grid (when required). If the testing result is not satisfactory, we will rectify such defects or performance shortfalls. Thereafter, the solar PV systems will be commissioned for commercial operations.

The rooftop solar PV system projects that we have undertaken encompass:

- Commercial buildings such as office buildings, retail buildings and petrol stations;
- Industrial buildings such as manufacturing facilities; and
- Residential properties for homeowners.

Examples of the past installations of solar PV systems are as shown below:

Commercial buildings



7. BUSINESS OVERVIEW (Cont'd)

Industrial buildings



Residential buildings



7.3.1.2 Cumulative installed capacity

The cumulative installed capacities that we have completed and handed over to our customers since the commencement of our business and up to LPD are as follows:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>	<u>Up to LPD</u>
	<u>kWp</u>	<u>kWp</u>	<u>kWp</u>	<u>kWp</u>	<u>kWp</u>
Commercial and industrial	9,797.660	14,115.085	25,392.330	9,697.600	2,821.625
Residential	152.135	1,534.195	3,149.995	3,906.425	1,185.345
Total	9,949.795	15,649.280	28,542.325	13,604.025	4,006.970
Cumulative	10,048.115	25,697.395	54,239.720	67,843.745	71,850.715

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>	<u>Up to LPD</u>
	<u>kWp</u>	<u>kWp</u>	<u>kWp</u>	<u>kWp</u>	<u>kWp</u>
Kedah	-	319.370	2,175.400	-	-
Pulau Pinang	16.350	322.640	3,665.690	-	-
Perak	-	1,021.365	4,997.375	438.405	54.145
Selangor	3,282.260	8,628.900	9,324.280	4,674.670	1,877.450
Kuala Lumpur	-	-	872.470	734.440	94.605
Negeri Sembilan	1,028.640	702.420	2,027.385	181.865	-
Melaka	122.000	1,970.840	85.020	356.180	627.120
Johor	1,562.615	1,141.515	3,080.585	2,088.950	1,109.120
Pahang	3,637.930	1,481.735	2,166.840	3,412.720	-
Terengganu	300.000	60.495	147.280	1,716.795	-
Kelantan	-	-	-	-	-
Kuching	-	-	-	-	244.530
Total	9,949.795	15,649.280	28,542.325	13,604.025	4,006.970
Cumulative	10,048.115	25,697.395	54,239.720	67,843.745	71,850.715

7. BUSINESS OVERVIEW (Cont'd)

The ST Generating License is required for installations which are above 24kWp for single phase and/or above 72kWp for three phase. However, the ST Generating License is not required for installations which are below 24kWp for single phase and/or below 72kWp for three phase.

As at LPD, our Group has obtained the required ST Generating License for the installations which are above 24kWp for single phase and/or above 72kWp for three phase.

7.3.1.3 Product warranties and defects liabilities

We offer the following types of warranties after the final acceptance of our EPCC works:

- **Performance and product warranty of solar PV modules**

The solar PV module performance warranty is provided by the manufacturer of the solar PV module. Solar PV modules are designed for usage over a long time. Typically, the solar PV panel manufacturers provide performance warranty that the electricity generated by the solar PV modules will reach at least 98% of the nominal power output during the first year of the performance warranty period, and from the second year, the actual power output will decline by no more than 0.55% for a period of 24 years, and by the end of the 25th year, an actual output of 84.8% of the nominal power output is guaranteed.

Depending on the type of solar PV modules installed, the product warranty provided by solar PV module manufacturers ranges from 10 to 12 years. The product warranty covers the integrity of the solar PV panel itself and protects against any manufacturing defects, environmental issues and premature wear and tear.

Solar PV module manufacturers only guarantee that each panel will be able to produce a certain amount of instantaneous electricity on its own, but do not guarantee the amount of production generated from the solar PV systems.

During FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, we have processed 3 warranty claims on behalf of our customers against the manufacturers, specifically related to solar PV modules, due to manufacturing defects which resulted in component failures.

- **Product warranty of balance of systems**

We extend product warranties from manufacturers to our customers against manufacturing defects for solar PV panels and selected components of balance of system as follows:

Products	Warranty period
Solar PV panels	<ul style="list-style-type: none"> • 10 to 12 years
Inverters	<ul style="list-style-type: none"> • 5 to 10 years
Mounting structures	<ul style="list-style-type: none"> • 10 years

During the FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, we have processed 86 warranty claims on behalf of our customers against the manufacturers, specifically related to the inverters, due to manufacturing defects which resulted in component failures.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

- **Defects liability period**

The length of defects liability period provided in our EPCC contract generally ranges from 12 to 24 months from the date of acceptance of handover. During this warranty period, we are liable in accordance with the terms of the contract for any defects in our work. For some EPCC projects, we may be required to provide our customers with guarantees ranging from 5% to 10% of the contract sum as retention funds for any defects in the quality of our works. We are responsible for making good any defects or faults that may occur during the defects liability period.

Some of the solar PV components are covered against manufacturing defects by their respective product warranties and as a result, the component manufacturers or suppliers are responsible for providing suitable replacements. However, we are responsible for the upfront cost of replacing the affected component, which typically includes the cost of labour, transportation and consumables.

During the FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, our Group has not incurred any defects liability claims.

We have a back-to-back arrangement with the manufacturers, in that the warranties we offer to our customers are directly backed by the warranties received from these manufacturers. Our Group incurred the costs upfront for the warranty claims such as cost of labour, transportation and consumables. Subsequently, under the back-to-back arrangement with our manufacturers, these costs were reimbursed to our Group by the manufacturers.

7.3.1.4 Performance ratio guarantee

For some projects in relation to the EPCC of solar PV systems, we may be required by the customers to provide a performance ratio guarantee for our EPCC services. Performance ratio is a measurement of the efficiency of a solar PV system, as indicated by the ratio of the actual solar PV energy output compared to its theoretical output. The performance ratio guarantee focuses on the performance efficiency of the PV system. Generally, we guarantee that the solar PV system will be able to generate at least 90% electricity output from the solar irradiance. We leverage on weather databases to estimate the amount of energy that can be generated from a solar PV system based on geographical location, weather trends, the types of solar system and size of generating facility.

If the solar PV system does not meet its annual performance ratio guarantee as set out in the respective contracts, we are responsible to either rectify the PV system to improve the performance efficiency to the guaranteed level or compensate the difference between the actual electricity generated and the guaranteed performance levels based on terms specified in the respective contracts at the applicable tariff rate of the utilities.

The performance guarantee shortfall may be caused by various factors, some of which may be beyond our control. These include component failures, incorrectly installed equipment, wires that are sized too small, inefficient system design, buildings or structures that cast shadows over the solar PV modules, accumulation of dust or debris on the solar PV modules due to the surrounding environment, excessive degradation of solar PV modules, lightning damage, as well as occurrence of haze or high rainfall.

The performance ratio guarantee that we provide is typically for a period ranging from 12 to 24 months from commencement of commercial operations.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

We are able to calculate the theoretical performance of the solar PV system using weather data collected from the weather station and sensors that we install alongside the solar PV system. Upon comparing the calculated theoretical performance with actual performance, we can identify the performance of the solar PV system and take corrective action in the event of shortfall. Our staff are able to view the data from the weather station and sensors and performance of the solar PV system as it is displayed at our command centre. As such, they will be able to monitor any shortfall of the solar PV system from the command centre and physically rectify the PV system on-site to improve its performance efficiency.

During the FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, our Group has not incurred any claims in relation to performance ratio guarantees.

7.3.1.5 Tender bond, performance bond, retention sum and liquidated ascertained damages

- **Tender bond**

A tender bond is required by some customers during the submission of tenders for solar PV projects. This is to ensure that we are committed to undertake the project under the contract terms if we are awarded and are capable of providing a performance bond thereafter. The value of the tender bond is usually a fixed sum that varies from tender to tender. The tender bond is typically fully refunded to us regardless if we win or lose the tender.

The tender bond requirement only applies when we are invited by customers to participate in a bidding exercise. A tender bond is not required in cases where we negotiate directly with prospective customers.

- **Performance bond**

We are required to provide performance bonds for EPCC projects, generally ranging from 5% to 10% of the contract sum of a project. The performance bond is usually issued by a bank to guarantee satisfactory completion of the project in accordance with contractual requirements. In the event we are unable to complete the project, our customers can file a claim against the performance bond. They will be compensated the cost of hiring another contractor to complete or remediate the remaining works. Upon 6 to 36 months from the date of acceptance of handover of project, we will be released from our performance bond.

During the FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, our Group has not been called on any of the performance bonds for our EPCC projects.

- **Retention sum**

For some of the commercial and industrial projects, our customers normally withhold 5% to 10% of the contract sum as retention sum to secure our due performance of the contract. The retention sum will be released upon the expiry of the defects liability period.

Our customers do not withhold retention sum for our design, supply and installation of solar PV systems for residential property projects.

During the FYE 2022, FYE 2023, FYE 2024 and FPE 2025, the retention sum held by our customers were RM nil, RM0.1 million, RM1.6 million and RM1.3 million respectively.

7. BUSINESS OVERVIEW (Cont'd)

- **Liquidated ascertained damages**

For commercial and industrial projects, we are also subject to liquidated ascertained damages from our customers. Our customers can claim liquidated ascertained damages from us if the project is delayed, or when the performance ratio guarantee is not achieved. We may be liable for any liquidated ascertained damages in accordance with the respective contract terms.

During the FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, we have not encountered any claims relating to liquidated ascertained damages from our customers.

7.3.1.6 Project implementation and use of subcontractors

In implementing our EPCC projects, we use our in-house personnel and resources to carry out the following tasks:

- feasibility studies and site assessments;
- engineering design and specifications;
- obtaining regulatory permits and approvals;
- procurement of materials and services;
- implementation of quality control assurance and procedures;
- implementation of safety and health programs;
- testing and commissioning; and
- overall project management and supervision.

Save for the above, we engage subcontractors for the provision of civil and structural works as well as M&E installation activities, which we have not and do not intend to carry out internally.

All works performed by our subcontractors are carried out under our project management and supervision.

7.3.2 Generation of renewable energy

We own, operate and maintain solar PV systems that generate and sell the electricity generated to NEM and SELCO consumers in Peninsular Malaysia. This allows our Group to generate a stable inflow of revenue at an agreed base rate.

We either enter into a REPPA or SARE in relation to our rooftop solar PV systems that generate and sell electricity to NEM and SELCO consumers in Peninsular Malaysia.

The REPPA is an agreement between the NEM / SELCO consumer and investor / asset owner. The REPPA sets out details on the tenure of the contract, the base rate (sen/kWh) the covenants and obligations of each party. For clarity:

- NEM / SELCO consumer refers to commercial and industrial users with solar PV systems installed at their site; and offtakes or purchases all solar energy generated from the solar PV system from the investor / asset owner at the REPPA base rate for the purchase of the solar energy;
- investor / asset owner refers to our Group.

Under REPPA:

- the NEM / SELCO consumer is essentially a building owner that provides the rooftop area for the installation of solar PV system;
- the NEM / SELCO consumer does not incur upfront cost for the purchase of the solar PV system;

7. BUSINESS OVERVIEW (Cont'd)

- our Group will own and operate the solar PV system throughout the REPPA contract period;
- NEM / SELCO consumer will sign REPPA with our Group to offtake all solar energy generated from the solar PV system from our Group at the base rate for the purchase of the solar energy which will be documented in the REPPA;
- billing of the solar energy consumed by the NEM / SELCO consumer will be prepared by our Group;
- in the case of NEM consumer, excess energy is exported to the utility grid and offset against energy provided by the Distribution Licensee (namely TNB) to the NEM consumer during the applicable billing period;
- the excess energy exported to the utility grid can only be used to offset against energy provided by the Distribution Licensee (namely TNB) to the NEM / SELCO consumer. TNB does not pay the NEM / SELCO consumer for excess energy generated;
- the NEM / SELCO consumer will own the solar PV system after the REPPA contract period; and
- at the end of the REPPA contract period, the NEM / SELCO consumer can opt to operate the solar PV system or engage our Group to continue operating the solar PV system under an O&M contract to be negotiated at that point in time.

The SARE is a tripartite agreement between the NEM / SELCO consumer, Distribution Licensee and investor / asset owner. The SARE sets out details on the tenure of the contract, the base rate (sen/kWh), the covenants and obligations of each party. For clarity:

- NEM / SELCO consumer refers to commercial and industrial users with solar PV systems installed at their site, and offtakes or purchases all solar energy generated from the solar PV system from the investor / asset owner at the SARE base rate for the purchase of the solar energy;
- Distribution Licensee refers to TNB in Peninsular Malaysia; and
- investor / asset owner refers to our Group.

Under SARE:

- our Group, as investor / asset owner conducts energy audit, design and proposes the optimum solar PV system for installation at the NEM / SELCO consumer's premise;
- the NEM / SELCO consumer does not incur upfront cost for the purchase of the solar PV system;
- our Group will also own and operate the solar PV system throughout the SARE contract period;
- NEM / SELCO consumer will sign SARE with our Group and TNB to offtake all solar energy generated from the solar PV system from our Group at the base rate for the purchase of the solar energy which will be documented in the SARE;
- billing of the solar energy purchased by the NEM / SELCO consumer from our Group will be prepared by TNB, whereby the payment is to be made by the NEM / SELCO consumer to TNB directly on a periodic basis;
- in the case of NEM consumer, excess energy is exported to the utility grid and offset against energy provided by the Distribution Licensee (namely TNB) to the NEM consumer during the applicable billing period;
- a service fee will be imposed by TNB, subject to the system capacity installed at each site;
- TNB will remit the sum collected from the NEM / SELCO consumer to our Group (net of their service fee);
- the NEM / SELCO consumer will own the solar PV system after the SARE contract period; and
- at the end of the REPPA contract period, the NEM / SELCO consumer can opt to operate the solar PV system, or engage our Group to continue operating the solar PV system under an O&M contract to be negotiated at that point in time.

7. BUSINESS OVERVIEW (Cont'd)

The key difference between SARE and REPPA lies in the responsible party for issuing the billing for the solar energy consumed:

- under SARE, TNB issues the billing of the solar energy consumed by the NEM / SELCO consumer; and
- under REPPA, our Group issues the billing of the solar energy purchased by the NEM / SELCO consumer from our Group.

Our Group will advise the NEM / SELCO consumer on whether to opt for the REPPA or SARE. In deciding whether to propose the REPPA or SARE, our Group will assess the NEM / SELCO consumer based on the following aspects:

- electricity consumption requirements of the NEM / SELCO consumer:

SARE is more suitable for NEM / SELCO consumers that do not have high electricity consumption requirements and only require solar PV systems with smaller capacities. We generally advise NEM / SELCO consumers that consume higher volume of electricity to adopt REPPA. This allows us to manage a smaller portfolio of NEM / SELCO consumers under REPPA where they each generate higher billings for solar energy consumed as opposed to a large portfolio of NEM / SELCO consumers under SARE where they each generate lower billings; and

- financial strength and credit worthiness of the NEM / SELCO consumer:

Under REPPA, our Group is responsible for the billing of solar energy consumed and collection of the corresponding payment. As such, we typically propose REPPA for NEM / SELCO consumers that are financially stable and have good credit rating (credit history) to minimise situations of non-payments.

As at LPD, the 17 solar PV systems that we own, operate and maintain are as follows:

Location	Type of agreement	Type of programme	Built capacity (kWp)	Commercialisation date	Duration of agreement
Kawasan Perindustrian Tasik Utama, Ayer Keroh, 75450 Melaka ⁽¹⁾	REPPA	NEM	528.12	June 2022	15 years
Taman Tasik Utama, Hang Tuah Jaya, Ayer Keroh, 75450 Melaka ⁽¹⁾	REPPA	NEM	264.60	June 2022	15 years
Taman Perindustrian Temerloh, 28400 Mentakab, Pahang ⁽¹⁾	SARE	NEM	200.56	September 2022	21 years
Jln Yong Peng Bt 7, Kg GSA, 86609 Paloh, Johor ⁽²⁾	SARE	NEM	103.285	September 2022	21 years

7. BUSINESS OVERVIEW (Cont'd)

Location	Type of agreement	Type of programme	Built capacity (kWp)	Commercialisation date	Duration of agreement
Taman Mahkota Idaman Fasa 1B, 25200 Kuantan, Pahang ⁽¹⁾	SARE	NEM	124.74	November 2022	21 years
Taman Perindustrian Simpang Rengam, 86200 Simpang Rengam, Johor ⁽¹⁾	SARE	NEM	249.61	November 2022	15 years
Jalan SS23/1 Taman Sea, 47400 Petaling Jaya, Selangor ⁽²⁾	SARE	NEM	26.16	November 2022	21 years
Kebun Sg Ikan, Kg Raja, 39010 Cameron Highlands, Pahang ⁽²⁾	SARE	SELCO	45.78	February 2023	21 years
Jalan Kemajuan Kawasan Perusahaan, 43650 Bandar Baru Bangi, Selangor ⁽¹⁾	SARE	NEM	⁽⁴⁾ 1,307.545	March 2023 (Phase 1) November 2024 (Phase 2)	25 years 25 years
Jalan Pdg Gaong, Kuah, 07000 Langkawi, Kedah ⁽¹⁾	SARE	NEM	250.70	May 2024	15 years
Jalan Genuang, 85000 Segamat, Johor ⁽²⁾	SARE	NEM	20.71	November 2024	20 years
Jalan Yong Peng, 85300 Labis, Johor ⁽²⁾	SARE	NEM	25.07	November 2024	20 years
Jalan Buloh Kasap, 85000, Segamat, Johor ⁽²⁾	SARE	NEM	13.08	November 2024	20 years
Jalan Kemajuan, Kawasan Perusahaan, 43650 Bandar Baru Bangi, Selangor ⁽¹⁾	SARE	NEM	670.44	November 2024	25 years

7. BUSINESS OVERVIEW (Cont'd)

Location	Type of agreement	Type of programme	Built capacity (kWp)	Commercialisation date	Duration of agreement
Jalan Jening, 08300 Gurun Kedah ⁽¹⁾	REPPA	SELCO	2,302.72	November 2024	20 years
Jalan Batu Anam, 73400 Gemas, Negeri Sembilan ⁽²⁾	SARE	NEM	11.99	January 2025 ⁽³⁾	20 years
Jalan Pantai, 71000 Port Dickson, Negeri Sembilan ⁽²⁾	SARE	NEM	22.35	January 2025 ⁽³⁾	20 years

Notes:

- (1) The solar PV system has obtained an ST Generating License as the installation is above 24kWp for single phase and/or above 72kWp for three phase.
- (2) The solar PV system is not required to obtain an ST Generating License as the installation is below 24kWp for single phase and/or below 72kWp for three phase.
- (3) The solar PV system installed has received approval from TNB to commercialise. However, it is pending rectification works to be performed by our NEM consumer (building owner) at their building and it is expected to commence commercialisation in January 2025.
- (4) Phase 1 of the solar PV system consists built capacity of 637.105 kWp and phase 2 of the solar PV system consists built capacity of 670.44 kWp.

There is no specific minimum or maximum contract period under the REPPA and SARE agreements, as the contract period differs based on financial viability and negotiations between the parties to the REPPA and SARE agreements. Based on publicly available information, the contract periods for REPPA and SARE agreements range from 10 years to 25 years.

The rooftop solar PV systems that our Group own, operate and maintain under REPPA typically have a tenure of 15 years, while those under SARE typically have a tenure of 21 years.

As at LPD, the abovementioned rooftop solar PV systems (which have commenced commercialisation) contribute to an average monthly income of approximately RM80,000.

As at LPD, our Group is not undertaking any construction of solar PV systems to be owned and operated by our Group.

7.3.3 O&M of solar PV equipment and systems

We offer maintenance services for rooftop mounted solar PV systems that we have developed for our customers but do not own. Our O&M services help to maintain consistent operations of solar PV equipment and systems for a specific contractual duration.

7. BUSINESS OVERVIEW (Cont'd)

Historically, we provided O&M services as part of our obligations under most of our EPCC contracts with no additional charges to customers. Commencing 2024, we began offering O&M services as a standalone service offering where our O&M contracts range between 1 to 10 years, depending on the scope of services. We offer performance warranty/ guarantee for O&M services under our O&M contracts for customers that require this.

O&M services are essential for ensuring that solar PV systems operate safely and continuously at its optimal efficiency levels. Our O&M services for residential, commercial and industrial buildings are comprehensive in the sense that it includes all repairs of defects covered under the defects liability period as well as repairs arising from wear and tear. Generally, our O&M services are provided on contractual basis, however we may be engaged by customers who request for repair and maintenance on an ad-hoc basis.

Our scope of services for O&M of solar PV equipment and systems mainly comprises the following:

- **Operations of solar PV systems**

We maintain a monitoring system using the inverters manufacturers' platform and conduct analysis to remain informed on the system status, metering revenue, alarms, diagnostics and site security. The O&M personnel in-charge will compare the results of system monitoring to benchmark against the forecast. Our customers are also provided with real-time notification as well as access to the performance monitoring dashboard. The performance dashboard will display the actual performance compared to expected performance for the day, month and year.

- **Preventive maintenance**

Preventive maintenance covers servicing, cleaning, inspection and other related activities carried out to ensure the solar PV systems work and perform accordingly. The scheduled preventive maintenance is carried out periodically based on the system or solar equipment requirements. We also perform inspection of inverters, combiner boxes, electrical wiring, assess damages and dirt to the solar PV modules; cleaning of surface of solar PV modules, inverter fans and air filters, combiner boxes; and testing of insulation and voltages.

The inspection, cleaning and testing of the equipment and system are performed according to the manufacturer's recommendations, as required by the equipment warranties.

- **Corrective maintenance**

We are required to provide timely repair services and parts replacement for solar PV panels and equipment to optimise its performance and reduce downtime. We will repair all system problems or defects on the solar PV system such as repairing and replacing any faulty electrical equipment, solar PV modules, mounting structures, cables and components of balance of systems.

In addition, we are responsible for the processing of defective equipment and components and filing warranty claims with the respective suppliers/vendors for replacement units.

7. BUSINESS OVERVIEW (Cont'd)

7.3.4 Our ongoing and completed projects

(i) Ongoing projects

The following table sets forth our ongoing projects over FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD with contract value of RM1.5 million and above.

Project details/ scope and location⁽¹⁾	Customer	Type of building	Type of solar programme	Built Capacity (kWp)	Commencement and expected completion period⁽²⁾⁽³⁾	Contract value/ Balance contract value as at LPD⁽⁴⁾ (RM million)	Stage of completion (% as at LPD)	FYE of balance contract value to be fully recognised
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Lenggeng, Negeri Sembilan	Vitaton (M) Sdn Bhd	Industrial	NEM	1,332.6	August 2024 to January 2025	2.3/0.4	82.6	2025
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Ayer Keroh, Melaka	San Miguel Yamamura Plastic Films Sdn Bhd	Industrial	SELCO	2,403.7	August 2024 to March 2025	4.0/2.8	30.0	2025
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Seri Kembangan, Balakong	Customer B	Industrial	NEM	1,450.9	July 2024 to March 2025	2.4/0.02	99.2	2025
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Kuala Lipus, Pahang	Customer B	Industrial	NEM	1,286.3	August 2024 to February 2025	2.2/0.3	86.4	2025

7. BUSINESS OVERVIEW (Cont'd)

Project details/ scope and location⁽¹⁾	Customer	Type of building	Type of solar programme	Built Capacity (kWp)	Commencement and expected completion period⁽²⁾⁽³⁾	Contract value/ Balance contract value as at LPD⁽⁴⁾ (RM million)	Stage of completion (% as at LPD)	FYE of balance contract value to be fully recognised
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Ulu Tiram, Johor	Customer B	Industrial	NEM	1,098.8	September 2024 to March 2025	1.9/1.1	42.1	2025
Design, supply, installation, engineering, testing and commissioning of solar PV system at a shopping mall in Cheras, Kuala Lumpur	PPB Group Berhad	Commercial	SELCO	405.0	October 2024 to March 2025	1.5/1.46	5.2	2025
Design, supply, installation, engineering, testing and commissioning of solar PV system for bank branches in Kuala Lumpur, Selangor, Negeri Sembilan and Johor	Malayan Banking Berhad	Commercial	NEM	1,004.0	October 2024 to May 2025	2.4/2.1	12.5	2026
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Shah Alam, Selangor	Times Offset (M) Sdn Bhd	Industrial	NEM	840.0	October 2024 to March 2025	1.6/0.1	95.0	2025
Design, supply, installation, engineering, testing and commissioning of solar PV system for supermarket chain outlets in Bukit Bakri, Pontian, Sri Kluang and Yong Peng, Johor	Parkland RPVI Sdn Bhd	Commercial	NEM	802.8	November 2024 to March 2025	2.2/1.7	22.7	2025

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Project details and scope are based on the respective LOAs and purchase orders.
- (2) Commencement date of each project is based on the respective LOAs or purchase orders.
- (3) Expected completion date of each project is based on the expected final billing date.
- (4) Contract value and balance contract value as at LPD of each project includes original contract value as per LOAs or purchase orders and subsequent variation orders, if any.

(ii) Completed projects

The following table sets forth our past projects over FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD with contract values of RM1.5 million and above.

<u>Project details/ scope and location⁽¹⁾</u>	<u>Customer</u>	<u>Type of building</u>	<u>Type of solar programme</u>	<u>Built Capacity (kWp)</u>	<u>Commencement and completion period⁽¹⁾</u>	<u>Contract value (RM million) ⁽²⁾</u>
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Kuantan, Pahang	EC Excel Wire Sdn Bhd	Industrial	NEM	1,000.0	December 2020 to April 2021	2.7
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Kuantan, Pahang	Ocean Fresh Seafood Products Sdn Bhd	Industrial	NEM	490.0	August 2020 to April 2021	1.8
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Bahau, Negeri Sembilan	Hang Tuah Furniture Sdn Bhd	Industrial	NEM	1,000.0	April 2021 to February 2022	2.0
Design, supply, installation, engineering, testing and commissioning of solar PV system at a shopping mall in Kuantan, Pahang	Engie Services Malaysia Sdn Bhd	Commercial	NEM	980.0	May 2021 to September 2022	2.5

7. BUSINESS OVERVIEW (Cont'd)

Project details/ scope and location⁽¹⁾	Customer	Type of building	Type of solar programme	Built Capacity (kWp)	Commencement and completion period⁽¹⁾	Contract value (RM million)⁽²⁾
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Melaka	Yeong Chaur Shing Paper Mill Sdn Bhd	Industrial	NEM	1,200.09	September 2021 to June 2022	2.6
Design, supply, installation, engineering, testing and commissioning of solar PV system at a commercial property in Shah Alam, Selangor	Leader Solar Sdn Bhd	Commercial	NEM	858.92	March 2022 to September 2023	2.0
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Klang, Selangor	Leader Solar Sdn Bhd	Industrial	NEM	996.26	March 2022 to February 2023	2.3
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Klang, Selangor	Leader Solar Sdn Bhd	Industrial	NEM	2,023.04	March 2022 to March 2023	4.5
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Simpang Renggam	Fuca Enterprise Sdn Bhd	Industrial	NEM	599.50	June 2022 to March 2023	1.5
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Pulau Indah, Selangor	FFM Further Processing Sdn Bhd	Industrial	NEM	1,122.16	August 2022 to March 2023	2.4
Design, supply, installation, engineering, testing and commissioning of solar PV system at a supermarket chain outlet in Klang, Selangor	Customer A	Commercial	NEM	930.1	February 2023 to July 2023	1.8
Design, supply, installation, engineering, testing and commissioning of solar PV system at a supermarket chain outlet in Bukit Mertajam, Pulau Pinang	Customer A	Commercial	NEM	1,055.7	May 2023 to August 2023	2.0
Design, supply, installation, engineering, testing and commissioning of solar PV system at a supermarket chain outlet in Jelapang, Perak	Customer A	Commercial	NEM	411.4	June 2023 to October 2023	1.6

7. BUSINESS OVERVIEW (Cont'd)

Project details/ scope and location⁽¹⁾	Customer	Type of building	Type of solar programme	Built Capacity (kWp)	Commencement and completion period⁽¹⁾	Contract value (RM million) ⁽²⁾
Design, supply, installation, engineering, testing and commissioning of solar PV system at a supermarket chain outlet in Batu Gajah, Perak	Customer A	Commercial	NEM	1,034.0	June 2023 to August 2023	2.0
Design, supply, installation, engineering, testing and commissioning of solar PV system at a supermarket chain outlet in Baling, Kedah	Customer A	Commercial	NEM	924.0	June 2023 to August 2023	1.8
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Puchong, Selangor	George Kent (Malaysia) Berhad	Industrial	NEM	650.1	August 2023 to April 2024	1.8
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Pulau Pinang	CPI (Penang) Sdn Bhd	Industrial	NEM	2,164.6	September 2023 to June 2024	4.6
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Kemaman, Terengganu	Engie Services Malaysia Sdn Bhd	Industrial	SELCO	1,496.8	October 2023 to September 2024	3.9
Design, supply, installation, engineering, testing and commissioning of solar PV system at an industrial property in Kuala Lumpur	Engtex Energy Sdn Bhd	Industrial	NEM	1,361.4	January 2024 to July 2024	2.7

Notes:

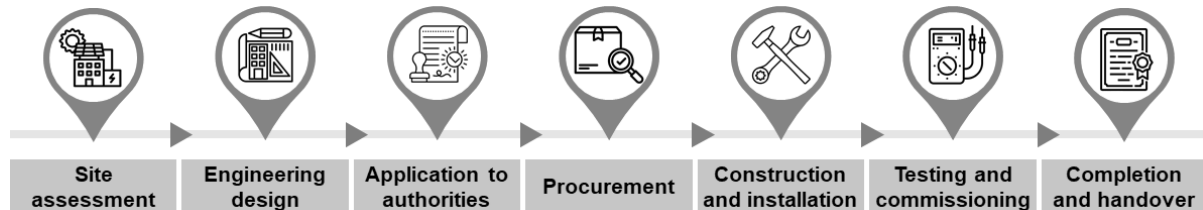
- (1) Commencement period of each project is based on the respective LOA or purchase order, whereas the completion period is based on the final billing date.
- (2) Contract value of each project is determined based on the original contract amount stated in the LOAs or purchase orders and subsequent variation orders (if any), which collectively form the final project accounts to be mutually agreed by both parties.

7. BUSINESS OVERVIEW (Cont'd)

7.4 BUSINESS PROCESSES

7.4.1 EPCC of solar PV systems

We adopt the following process flow in the EPCC of solar PV systems:



(i) Site assessment

Our projects generally begin with site assessment. We conduct site assessment to assess the project site in terms of feasibility for the installation of the solar PV modules, balance of systems and relevant electrical equipment and components, taking into consideration factors such as space and condition, sitting and orientation of solar PV modules to receive the maximum amount of solar irradiation.

The building and roof are inspected to ensure that they can support the weight of the solar PV modules. In addition, we will also assess the interconnection facilities for grid-connection.

After obtaining pertinent information on the project site, we will form a project team to carry out costing and preparation of proposal to the prospective customer via our participation in a tender bidding process or through direct negotiations with customers.

(ii) Engineering design

Once the assessment is satisfactory and we have been engaged for the project, our engineers will propose a suitable design for our customers. The engineering design will be customised according to the customers' requirements and based on the information obtained from the site assessment. During this stage, we will develop a work plan and an initial design will be prepared and reviewed to serve as the basis of the construction blueprint, which includes, among others the initial design proposal, equipment list, engineering and procurement specification manuals and various design estimates.

Our engineering design process includes the following:

- Developing the schematic drawings and specifications of the solar PV system. This includes the number of solar PV modules to achieve the installed peak or generating capacity requirements, connections and cabling, row spacing, orientation and angle of inclination to achieve the optimum electricity generation.

7. BUSINESS OVERVIEW (Cont'd)

- Identifying all other parts which contribute to the functioning of the solar PV system, comprising the balance of system. The balance of system requirements will depend on the following factors:
 - installed capacity; and
 - self-consumption and/or export to the utility grid.

(iii) Application to authorities

We work closely with our customers to assist them with the necessary application to the authorities where this involves one or more of the following:

- Submission of structural and electrical drawings and supporting documents to the relevant local authorities;
- Submission of a Connection Assessment Study or Power System Study, to TNB and SEDA (where applicable);
- Submission of an application to Suruhanjaya Tenaga for Public Generation Licence or Private Generation License (where applicable), which is applicable under the NEM, SELCO and CGPP programmes;
- Submission of an application for Green Investment Tax Allowance (GITA) to MIDA and the MGTC (where applicable), which is applicable under the NEM, SELCO and CGPP programmes; and
- Applicable approvals from the relevant local councils.

For clarity, our customers are entitled to the Green Investment Tax Allowance (GITA) for capital expenditure incurred within period of 1 January 2024 until 31 December 2026 and our role is to assist them in preparing and submitting the necessary applications.

(iv) Procurement

Procurement includes planning, order placement, tracking, inspection, transportation of materials, materials management as well as procurement of subcontracting services. During this stage, we work closely with our suppliers or vendors to schedule material mobilisation. We source, receive quotations and appoint subcontractors for the provision of civil and structural works as well as M&E installation activities that meet our technical, cost and quality requirements from our list of approved subcontractors.

We source major materials and equipment from local and overseas suppliers, and our procurement team is responsible for managing the logistics and to ensure the equipment and components arrive at the project site in a timely manner for installation works. In addition, we will perform visual inspection and perform various tests on the major equipment and components used in our projects, such as solar PV modules, inverters, mounting structures as well as transformers. During this stage, we carry out functional tests on individual equipment and components to ensure the performance is in accordance with the pre-determined requirements. If the checks and tests performed on the equipment and components are not satisfactory or found to be defective and faulty, we will notify the supplier for replacement units.

Please refer to Section 7.14 for more details on our quality control on incoming materials.

7. BUSINESS OVERVIEW (Cont'd)

(v) Construction and installation

We outsource part of our construction and installation works and act as the main contractor, conducting the overall project management. Our site supervisor will monitor and review the subcontractors' performance based on work progress, quality of construction and installation works, safety of the construction site and compliance with the regulatory and project requirements.

We generally undertake the following works:

- reinforcement works on the building and roof structure to support the weight of the solar PV modules and mounting structures (if required);
- erection of mounting frames and installation of solar PV modules;
- installation of cables and wires;
- installation of balance of system;
- creating an enclosure to house the balance of system (if required); and
- installation of interconnection facilities to connect the solar PV system to the nearest substation or power distribution board.

We may propose variation order(s) during the construction and installation stage, when we realise more works are required to complete the project for the efficient functioning of the overall solar PV system. We will submit the cost and required time for the variation work to our customers for their approval.

(vi) Testing and commissioning

Upon the completion of construction and installation works, we will facilitate the system checking and inspection on the installation against the as-built documents. The following system checking steps are usually taken:

- validate the solar PV modules and balance of system that have been installed in accordance with the engineering drawings, manufacturers' recommendations or specifications;
- verify that the electricity generated is in accordance with the technical requirements and overall power generating capacity;
- verify that the system is properly and safely integrated with the building's power system; and
- detect defective equipment and perform rectification works.

Upon the completion of system checking and inspection, we will perform testing and commissioning on the solar PV system. Any interconnection to the utility grid via substation or power distribution board will need to be tested and commissioned together with our customers and a representative from the Distribution Licensee. Should any non-conformance be identified at this stage, we will undertake rectification works. Testing is deemed completed when the issues are rectified.

Some of the testing and commissioning procedures conducted at project site include:

- **Performance ratio test**

We conduct performance ratio test to ensure that the electricity generating capacity of the solar PV system meets the technical specifications and complies with the distribution substation output. The performance ratio test indicates the reliability and efficiency of power generation from the solar PV plant as compared to the installed capacity.

7. BUSINESS OVERVIEW (Cont'd)

- **Acceptance test**

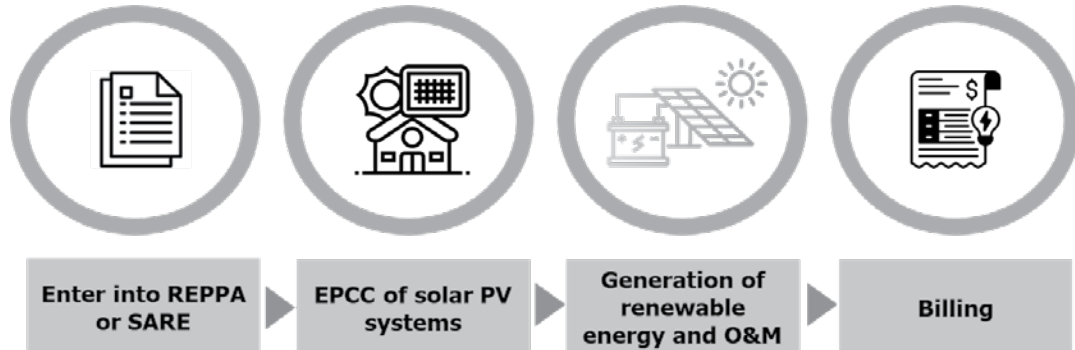
We carry out data collection of the solar PV system for evaluation of an acceptance test. This acceptance test involves the review of design and engineering, labelling of equipment and visual inspection of the solar PV system and the results of the acceptance test will be presented in a detailed report. This acceptance test provides certainty and confidence to our solar PV system projects as it verifies our fulfilment of technical and safety standards.

(vii) Completion and handover

After system checking, testing and commissioning, the solar PV system is then commissioned and officially handed over to the customer with all the relevant regulatory certifications, registrations and handover documentation. The handover documentation includes engineering design data, as-built drawings, O&M procedures and manual, certifications, information about spare parts and other information pertinent to complete handover of the solar PV system and the future O&M. We are also responsible to brief our customers on basic operating procedures as part of the handover process.

The typical project implementation period for solar PV systems, from the point of site assessment to project handover and completion, varies depending on the installed capacity of the generating system. Under normal and controllable circumstances, the estimated timeframe to complete the EPCC of solar PV systems is between 4 to 6 months.

7.4.2 Generation of renewable energy



(a) Enter into REPPA or SARE

We will conduct a site assessment at the premises of the consumer to assess the project site in terms of feasibility for the installation of the solar PV modules, balance of systems and relevant electrical equipment and components, taking into consideration factors such as space and condition, sitting and orientation of solar PV modules to receive the maximum amount of solar irradiation, as well as suitability of the building and roof to support the weight of the solar PV modules. We will also identify the interconnection facilities for grid-connection.

Once the site is deemed structurally acceptable, we will commence REPPA or SARE negotiations with the consumer. The decision to adopt REPPA or SARE depends on the financial strength of the consumer and applicable tariff rate. Please refer to Section 7.3.2 for further details on REPPA and SARE.

7. BUSINESS OVERVIEW (Cont'd)

(b) EPCC of solar PV systems

Upon execution of the REPPA or SARE, we will carry out the relevant processes for the EPCC of the solar PV systems at the site. Please refer to Section 7.4.1 for the process flow in relation to the EPCC of solar PV systems.

(c) Generation of renewable energy and O&M

After the EPCC of solar PV systems, we will coordinate with TNB for meter installation. The installed solar PV system is then ready to commence generation of renewable energy.

Please refer to Section 7.4.3 for the process flow in relation to the O&M of solar PV equipment and systems.

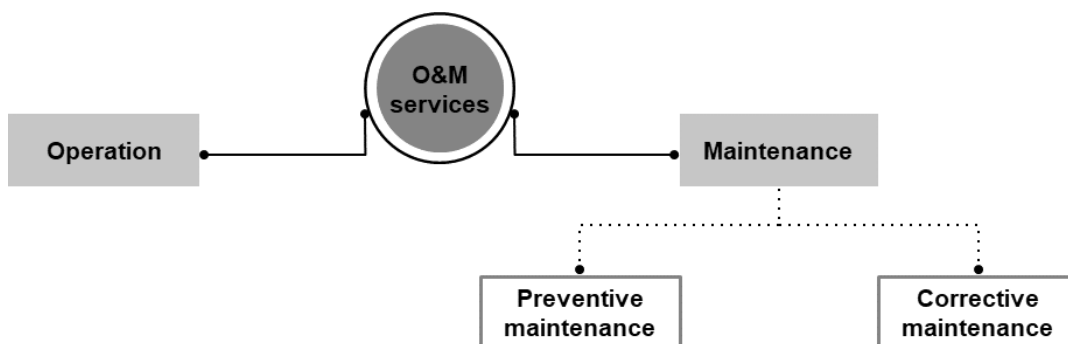
(d) Billing

For instances in which we have entered into SARE, TNB’s billing will commence upon solar PV system commissioning according to billing cycle until the end of the SARE contract period.

For instances in which we have entered into REPPA, our Group’s billing will commence upon solar PV system commissioning according to billing cycle until the end of the REPPA contract period.

7.4.3 O&M of solar PV equipment and systems

The typical process flow of our O&M of solar PV equipment and systems is depicted below:



(a) Operations

To optimise system performance, there is a need to ensure that the electrical components and parts of the solar PV systems function efficiently throughout the lifetime of the system. Continuous monitoring of solar PV systems is essential to maximise the energy performance of the system. Each solar PV system is installed with an energy and solar monitoring system, which allows our O&M personnel to track energy generation from the solar PV systems in real time and/or remotely using the inverter manufacturers’ platform.

Our O&M personnel will maintain a monitoring system which includes the monitoring of day-to-day operations of the solar PV system to maximise electricity output, assess performance and trends and operate grid interface as well as setting adjustments for distribution system control using the inverter manufacturers’ platform.

7. BUSINESS OVERVIEW (Cont'd)

The inverter manufacturers' platform will enable our O&M personnel to monitor real-time efficiency of the solar PV system and continuously compare with the theoretical efficiency to assess if the system is operating optimally. This information is then used by our O&M personnel to establish the general condition of the system and schedule urgent repair or maintenance activities such as cleaning of solar PV modules or replacement of electrical components. Our O&M personnel are required to provide efficient and timely repair in the event of equipment failure that results in downtime.

(b) Maintenance

Our maintenance services can be categorised as preventive and corrective maintenance.

Preventive maintenance

Preventive maintenance covers servicing, cleaning, inspection and other related activities carried out to ensure that the solar PV systems work and perform accordingly. The scheduled preventive maintenance is typically carried out at least once a year, in agreement with our customers based on the system or solar equipment requirements as well as solar PV equipment manufacturers' recommendations, as required by the equipment warranties. Our preventive maintenance involves performing on-site inspection on the following electrical equipment and components:

Solar PV modules

- Visual inspection of solar PV modules for visible cracks, damages and defects and to note the location and serial number of affected modules
- Provide appropriate cleaning of solar PV modules for the removal of dust
- Checks on electrical connection of solar PV modules

Inverters

- Visual inspection and checks on components, testing of protective equipment and alarms in the inverter room
- Ensure continuous operations of inverter in converting generated electricity from direct current to alternating current

Mounting structures

- Visual inspection and checks for possible corrosion of mounting structure due to oxidation
- Ensure the lock mechanism of the mounting structure is in order to ensure structural integrity

Cables and wiring systems

- Checks on the cable and wiring system to identify any cable degradation due to exposure to sunlight
- Inspection on cables, wires and conduits for signs of cracks, defects, loose connections and grounding faults

Low voltage switchboards

- Clean and check low-voltage switchboards for any deformation or loose electrical connections

7. BUSINESS OVERVIEW (Cont'd)**Corrective maintenance**

- We are required to provide timely repair services and parts replacement to optimise the performance of the solar PV systems and reduce downtime. We will repair all systems issues, defects of the associated electrical equipment and components of the solar PV system which were identified earlier or brought to our attention during the inspection and checks under the preventive maintenance process. Our O&M personnel are required to provide timely repair according to the equipment manufacturers' recommendations or maintenance procedures.

As part of our O&M services, we will also undertake administrative works including the safekeeping of daily performance and O&M measures taken, incident reports as well as ensuring compliance with the relevant regulations and guidelines by the authorities. In addition, we are also responsible for the processing of defective equipment and components and filing of warranty claims with the respective suppliers/vendors for replacement units.

7.5 PRINCIPAL MARKETS AND SEGMENTS

All our revenue was generated from Malaysia. The breakdown of our revenue by business segment for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 is as follows:

Business segment	Audited					
	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
EPCC of solar PV systems	22,232	100.0	44,264	99.1	77,028	98.8
Generation of renewable energy	-	-	408	0.9	946	1.2
O&M of solar PV equipment and systems	-	-	-	-	-	-
Total	22,232	100.0	44,672	100.0	77,974	100.0
Business segment	Unaudited		Audited			
	FPE 2024		FPE 2025			
	RM'000	%	RM'000	%		
EPCC of solar PV systems	37,769	98.8	39,599	98.6		
Generation of renewable energy	474	1.2	525	1.3		
O&M of solar PV equipment and systems	-	-	32	0.1		
Total	38,243	100.0	40,156	100.0		

For avoidance of doubt, for FYE 2022 to FYE 2024, our O&M services have been provided free of charge as part of our obligations under most of our EPCC contracts. No revenue has been generated in this respect. Nonetheless, in FPE 2025 we have secured several O&M services contracts, which shall contribute to revenue for the O&M business segment from FYE 2025 onwards.

7. BUSINESS OVERVIEW (Cont'd)

7.6 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES

Our business development, marketing and sales activities are led by our Managing Director, Lew Shoong Kai, who is supported by 18 employees in our business development, marketing and sales team as at LPD. Our Group's business development, marketing and sales team is primarily responsible for planning and executing activities and serving our existing customers, while acquiring new customers.

We secure new customers and projects through the following methods:

- **Tenders, referrals and recommendations from existing customers and consultants**

For EPCC contracts, we mainly secure new business opportunities through direct tender invitations from existing and potential customers (being project owners and main contractors) as well as engineering consultants representing the customer. Potential customers may also approach us with current or upcoming tender opportunities through referrals or word-of-mouth from our existing customers and consultants. Hence, we believe that our business reputation plays a significant role in enabling us to procure projects and to maintain and grow our business operations.

If there is a tender opportunity, our business development, marketing and sales team will follow up with these customers to understand the project proposal and requirements. We will also review the tender documents and participate in tenders for which we are qualified.

- **Fostering relationships with our customers**

We focus on customer retention by fostering long-term relationships with our customers. We maintain our existing customer relationships through regular contact, including providing regular updates on new solar PV technologies to adopt new solar equipment and components in the market. We are also able to establish and reinforce business relationships with our customers by maintaining a constant flow of communication when we are engaged to provide O&M services to our customers.

We also work closely with our customers when developing customised solar PV systems. This allows us to build rapport with our customers through constant communication, which is likely to strengthen our relationships with our customers. Should an issue or problem arise, we will follow up on the issue and strive to provide a solution for our customers, as this helps to create confidence in our Group and our services.

In addition, the relationships we have built with our customers also act as a source of market intelligence. This allows us to keep abreast of industry trends and developments and enables us to adapt to market demands more quickly as well as keeps us ahead of competition should any new opportunities arise.

- **Events and exhibitions**

We participate in HOMEDEC, ESG EVOLVE and events organised by the Malaysian Plastics Manufacturers Association (MPMA) as exhibitors to create awareness and engage customers.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

These events have allowed us to introduce our Group and market our solar PV capabilities to a wider audience, communicate directly with potential customers and understand current markets. We also place emphasis on educating potential customers on renewable energy and solar PV systems at these events and exhibitions. Through participating in these events and exhibitions, we can help to promote the benefits and sustainability of renewable energy to the community.

We also carry out awareness and marketing roadshows at local communities where we feature our solar truck which is equipped with an operating solar PV system (i.e. solar PV panels, inverter and cables). This solar truck serves as a mobile showroom to show homeowners the potential of installing a solar PV system at their residence. The solar PV system in the solar truck is used to generate electricity for the showroom and supply power to its lighting and air conditioning system.



Our solar truck during a roadshow

- **Digital marketing**

We make use of digital marketing tools to communicate and engage directly with potential customers as well as build brand awareness. We leverage on our corporate website at <https://northernsolar.com.my/> and social media platforms such as Facebook, Instagram and LinkedIn to increase our exposure and market our services.

Our corporate website provides immediate searchable information on our Group and details of our services, and allows us to reach out to business owners and home owners who may be interested to engage us for the installation of solar PV systems. We are able to communicate directly with potential customers who view our content through our corporate website, comments, messages, reviews and social media posts. We also frequently update our corporate website and social media pages with latest news and trends in the solar PV industry as well as ongoing promotions and our initiatives.

We further leverage on search engine optimisation and search engine marketing to promote our Group and solutions on the Internet. Search engine optimisation aims to improve the visibility of our website on search engines when users search for solutions that we promote. We also use search engine marketing to promote our website and increase their visibility in search engine results pages primarily through paid advertising as well as search engine optimisation.

- **Publication of catalogues and brochures**

We distribute primarily our company profile, flyers and brochures electronically to existing and potential customers.

7. BUSINESS OVERVIEW (Cont'd)

7.7 MAJOR CUSTOMERS

Our top 5 major customers for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 are as follows:

FYE 2022

No.	Major customers	Solutions delivered	Revenue contribution		(1)Length of relationship
			RM'000	%	Years
1	Engie Services Malaysia Sdn Bhd	EPCC of solar PV systems	2,435	11.0	1
2	Hang Tuah Furniture Sdn Bhd	EPCC of solar PV systems	2,025	9.1	2
3	Customer B ⁽⁴⁾	EPCC of solar PV systems	1,500	6.7	(2)Less than 1
4	NEFIN Solar Asset Sdn Bhd	EPCC of solar PV systems	1,023	4.6	1
5	Yeong Chaur Shing Paper Mill Sdn Bhd	EPCC of solar PV systems	796	3.6	(2)Less than 1
			7,779	35.0	

FYE 2023

No.	Major customers	Solutions delivered	Revenue contribution		(1)Length of relationship
			RM'000	%	Years
1	Leader Solar Sdn Bhd	EPCC of solar PV systems	9,081	20.3	1
2	Customer A ⁽³⁾	EPCC of solar PV systems	3,549	7.9	Less than 1
3	FFM Group ⁽⁶⁾	EPCC of solar PV systems	2,413	5.4	(2)Less than 1
4	Industrial Concrete Products Sdn Bhd	EPCC of solar PV systems	1,560	3.5	1
5	Fuca Enterprise Sdn Bhd	EPCC of solar PV systems	1,544	3.5	(2)Less than 1
			18,147	40.6	

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)**FYE 2024**

No.	Major customers	Solutions delivered	Revenue contribution		(1)Length of relationship
			RM'000	%	Years
1	Customer A ⁽³⁾	EPCC of solar PV systems	25,964	33.3	1
2	CPI (Penang) Sdn Bhd	EPCC of solar PV systems	4,124	5.3	(2)Less than 1
3	Engie Services Malaysia Sdn Bhd	EPCC of solar PV systems	2,346	3.0	3
4	George Kent (Malaysia) Berhad	EPCC of solar PV systems	1,623	2.1	(2)Less than 1
5	Sekoplas Industries Sdn Bhd	EPCC of solar PV systems	1,335	1.7	(2)Less than 1
			35,392	45.4	

FPE 2025

No.	Major customers	Solutions delivered	Revenue contribution		(1)Length of relationship
			RM'000	%	Years
1	Engtex Group ⁽⁵⁾	EPCC of solar PV systems	4,852	12.1	Less than 1
2	Customer B ⁽⁴⁾	EPCC of solar PV systems	4,652	11.6	(2)Less than 1
3	Customer A ⁽³⁾	EPCC of solar PV systems	1,910	4.8	2
4	Vitaton (M) Sdn Bhd	EPCC of solar PV systems	1,471	3.7	(2)Less than 1
5	FFM Group ⁽⁶⁾	EPCC of solar PV systems	1,342	3.3	2
			14,227	35.5	

Notes:

- (1) As at the end of each respective financial year/period.
- (2) Length of relationship for these customers is less than 1 year as there has not been subsequent projects after the completion of their respective initial projects.
- (3) Customer A is a group of companies based in Malaysia that is principally operating as a supermarket chain. We are unable to disclose the name of Customer A due to the confidentiality clauses stated in the agreements executed with Customer A which prohibits the disclosure of information in relation to Customer A without prior written consent. In FYE 2024, we have completed 33 EPCC of solar PV system projects for Customer A.

7. BUSINESS OVERVIEW (Cont'd)

- (4) Customer B is a group of companies wholly-owned by a company listed on the ACE Market, being principally involved in EPCC of solar PV systems, solar PV construction and installation services, solar power generation and supply as well as associated services and products. We are unable to disclose the name of Customer B as written consent was not granted by Customer B.
- (5) The companies within our customer grouping are as follows:

Customer grouping	Companies
Engtex Group	Engtex Sdn Bhd, Engtex Ductile Iron Pipe Industry Sdn Bhd, Engtex Metals Sdn Bhd, Engtex Pipe Industry Sdn Bhd, Engtex Steel Pipe Sdn Bhd, East Coast Manufacturing Sdn Bhd

Our revenue from the companies within the Engtex Group is as follows:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
East Coast Manufacturing Sdn Bhd	-	-	-	567
Engtex Ductile Iron Pipe Industry Sdn Bhd	-	-	-	1,716
Engtex Metals Sdn Bhd	-	-	-	767
Engtex Pipe Industry Sdn Bhd	-	-	-	625
Engtex Sdn Bhd	-	-	-	519
Engtex Steel Pipe Sdn Bhd	-	-	-	658
Total	-	-	-	4,852

For avoidance of doubt, Engtex Energy is not included in the customer group above as Engtex Energy is our associated company.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

(6) The companies within our customer grouping are as follows:

Customer grouping	Companies
FFM Group	FFM Berhad and FFM Further Processing Sdn Bhd

Our revenue from the companies within the FFM Group is as follows:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
FFM Further Processing Sdn Bhd	-	2,413	14	-
FFM Berhad	-	-	836	1,342
Total	-	2,413	850	1,342

Over FYE 2022, FYE 2023, FYE 2024 and FPE 2025, save for Engie Services Malaysia Sdn Bhd (provider of consultancy services on energy efficiency solutions), Suntech Energy Sdn Bhd (a business-to-business solar solutions service provider), NEFIN Solar Asset Sdn Bhd (a renewable energy investor, developer and asset manager), Leader Solar Sdn Bhd (involved in development, ownership, operation and maintenance of power generation and transmission assets), Engtex Group and Customer B as set out above, our customers are end users of the solar PV systems that we install in their commercial and industrial premises. We had a total of 81, 215, 496 and 387 customers in FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

Our major customers collectively contributed to 35.0%, 40.6%, 45.4% and 35.5% of our revenues in FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. Revenue contribution from our Group's major customers varies from year to year given the nature of our business being conducted on a project basis and are based on the value of the projects secured from time-to-time as well as progress claims on such projects. Depending on the size of the projects secured from time to time, the revenue contribution from any given customer may constitute a significant portion of our Group's annual revenue for that particular financial year.

The contracts that our Group enters into with our customers are typically less than 12 months, depending on the scale of project and the scope of services that we are engaged to perform. We may not secure similar contracts in terms of size and scope with the same customers every year.

Save for Customer A, Customer B, Engtex Group, FFM Group and Engie Services Malaysia Sdn Bhd, our contracts with our other customers are non-recurrent. We have been able to secure projects from different customers during FYE 2022, FYE 2023, FYE 2024 and FPE 2025. These major customers contributed to our revenues in FYE 2022, FYE 2023, FYE 2024 and FPE 2025 due to the timing and progress of their EPCC contracts with us.

7. BUSINESS OVERVIEW (Cont'd)

For information purposes, our contracts with Customer A, Customer B, Engtex Group and FFM Group are recurrent as we have been engaged by:

- (a) Customer A for the EPCC of solar PV systems at the various supermarket outlets operated by Customer A nationwide in Peninsular Malaysia during FYE 2022, FYE 2023, FYE 2024 and FPE 2025;
- (b) Customer B for EPCC of solar PV systems at the various factory buildings in Selangor during FYE 2022 and FPE 2025;
- (c) Engtex Group for EPCC of solar PV systems at the various factory buildings in Selangor and Pahang during FPE 2025; and
- (d) FFM Group for EPCC of solar PV systems at the various factory buildings in Selangor during FYE 2023 and FPE 2025.

Further, Engie Services Malaysia Sdn Bhd was incorporated in Malaysia under the Companies Act 1965 on 16 August 2012 and deemed registered under the Act. Engie Services Malaysia Sdn Bhd is also part of French-based multinational company, i.e., Engie SA. Engie Services Malaysia Sdn Bhd is a provider of consultancy services on energy efficiency solutions. We have been engaged by Engie Services Malaysia Sdn Bhd for the EPCC of solar PV systems of its clients in Peninsular Malaysia during FYE 2022, FYE 2024 and FPE 2025.

Our Group is not dependent on Customer A, as our contracts with Customer A during the financial years/period under review comprises multiple work orders that are short term in nature (of less than 12 months), and we also secure EPCC of solar PV systems projects that are similar in value or higher in value compared to the individual work orders secured from Customer A.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)**7.8 TYPES, SOURCES AND AVAILABILITY OF INPUTS**

The main inputs for our business are as follows:

- (a) solar PV panels;
- (b) balance of systems; and
- (c) subcontractors' fees.

The breakdown of the inputs purchased/sourced by our Group for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 is as follows:

	Country	FYE 2022		FYE 2023		FYE 2024	
		RM'000	%	RM'000	%	RM'000	%
Subcontractors' fee	Malaysia	2,731	18.4	3,119	10.6	9,691	19.3
Solar PV modules	China and Malaysia	9,008	60.6	20,640	69.8	28,976	57.8
Inverters	Hong Kong and Malaysia	1,536	10.3	2,378	8.0	4,613	9.2
Mounting structures	China and Malaysia	270	1.8	691	2.3	1,617	3.2
Cables	Malaysia	761	5.1	1,548	5.2	2,467	4.9
Others ⁽²⁾	Malaysia	564	3.8	1,196	4.1	2,809	5.6
Total		14,870	100.0	29,572	100.0	50,173	100.0

	Country	FPE 2025	
		RM'000	%
Subcontractors' fee	Malaysia	4,339	20.1
Solar PV modules	China and Malaysia	10,649	49.2
Inverters	Hong Kong and Malaysia	3,608	16.7
Mounting structures	China and Malaysia	1,130	5.2
Cables	Malaysia	1,057	4.9
Others ⁽²⁾	Malaysia	849	3.9
Total		21,632	100.0

Notes:

- (1) Our Group's local and foreign purchases of project materials are as follows:

	Local purchases	Foreign purchases
	(%)	(%)
FYE 2022	29.6	70.4
FYE 2023	12.3	87.7
FYE 2024	15.4	84.6
FPE 2025	40.3	59.7

7. BUSINESS OVERVIEW (Cont'd)

Our purchases denominated in local and foreign currencies are as follows:

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases denominated in:								
RM	3,599	29.6	3,260	12.3	6,234	15.4	6,972	40.3
USD	8,540	70.4	19,082	72.1	23,054	56.9	7,598	43.9
RMB	-	0.0	4,111	15.6	11,194	27.7	2,723	15.8
Total	12,139	100.0	26,453	100.0	40,482	100.0	17,293	100.0

(2) Includes wiring systems, junction boxes with fuses and relays, energy management and monitoring system, and safety and grounding equipment

Some of our input materials, particularly solar PV modules, inverters, cables, conductors and mounting structures, are denominated in foreign currencies. Our purchases of these input materials from local suppliers are also subject to foreign currency fluctuations as local suppliers may source and import these inputs from manufacturers or suppliers from overseas.

Thus, any price fluctuations in the pricing of the abovementioned input materials caused by demand supply imbalance and price volatility that are beyond our control may lead to an increase in our cost of sales, thereby affecting our financial performance if we are unable to pass on such increases to our customers. Our purchasing team is responsible for monitoring the price movements of these input materials on a periodic basis so that we can be prepared for events of price increases.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

7.9 MAJOR SUPPLIERS AND/OR SUBCONTRACTORS

Our top 5 major suppliers and/or subcontractors for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 are as follows:

FYE 2022

No.	Major suppliers and/or subcontractors	Country	Materials/ services procured	Costs		(1)Length of relationship
				RM'000	(2)%	Years
1	JA Solar International Ltd	China	Solar PV modules	3,712	21.6	1
2	Jinko Solar Co., Ltd	China	Solar PV modules	1,798	10.5	Less than 1
3	Growatt Hong Kong New Energy Group	Hong Kong	Inverters	1,493	8.7	Less than 1
4	Suntech Energy Sdn Bhd	Malaysia	Solar PV panels	1,185	6.9	1
5	Amtech Power Sdn Bhd	Malaysia	Inverters and panels	667	3.9	Less than 1
				8,855	51.6	

FYE 2023

No.	Major suppliers and/or subcontractors	Country	Materials/ services procured	Costs		(1)Length of relationship
				RM'000	(2)%	Years
1	Jinko Solar Co., Ltd	China	Solar PV panels	15,485	46.4	1
2	JA Solar International Ltd	China	Solar PV panels	8,338	25.0	2
3	Growatt Hong Kong New Energy Group	Hong Kong	Inverters	1,884	5.6	1
4	Wire Venture Solutions Sdn Bhd	Malaysia	Subcontractor for solar PV panel installation services	1,276	3.8	1
5	Helukabel Malaysia Sdn Bhd	Malaysia	Cables and cable accessories	1,216	3.6	1
				28,199	84.4	

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)**FYE 2024**

No.	Major suppliers and/or subcontractors	Country	Materials/ services procured	Costs		(1)Length of relationship
				RM'000	(2)%	Years
1	Longi Solar Technology Co. Ltd	China	Solar PV panels	23,461	41.6	Less than 1
2	JA Solar International Ltd	China	Solar PV panels	6,429	11.4	3
3	Growatt Hongkong New Energy Group	Hong Kong	Inverters	4,380	7.8	2
4	Wire Venture Solutions Sdn Bhd	Malaysia	Subcontractor for solar PV panel installation services	2,407	4.3	2
5	Helukabel Malaysia Sdn Bhd	Malaysia	Cables and cable accessories	2,331	4.1	1
				39,008	69.2	

FPE 2025

No.	Major suppliers and/or subcontractors	Country	Materials/ services procured	Costs		(1)Length of relationship
				RM'000	(2)%	Years
1	JA Solar International Ltd	China	Solar PV panels	4,639	19.2	4
2	Longi Solar Technology Co. Ltd	China	Solar PV panels	3,184	13.2	1
3	InverPower Sdn Bhd	Malaysia	Inverters and electrical components	2,795	11.6	2
4	Syarikat Logam Unitrade Sdn. Bhd ⁽³⁾	Malaysia	Solar PV panels	2,457	10.2	Less than 1
5	Helukabel Malaysia Sdn Bhd	Malaysia	Cables, cable accessories and inverters	1,179	4.9	2
				14,254	59.1	

Notes:

- (1) Length of relationship as at the end of each respective financial year/period.
- (2) As a percentage of cost of sales.
- (3) A wholly owned subsidiary of Unitrade Industries Berhad, listed on ACE Market, principally involved in wholesale and distribution of building materials, offering an extensive range of products for building and construction activities, specifically in mechanical and electrical works and civil works.

7. BUSINESS OVERVIEW (Cont'd)

The abovementioned major suppliers and/or subcontractors contributed to 51.6%, 84.4%, 69.2% and 59.1% of our Group's total cost of sales for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

Our purchases for EPCC of solar PV systems are based on purchase orders issued as and when needed. For every project, we typically specify the brands, models and types of materials and equipment to procure based on the agreed design and specifications. Our customers may request for products from specific brands due to various reasons such as product quality and warranty, energy efficiency, durability as well as industry track record and reputation.

The following major suppliers and/or subcontractors contributed more than 10% to our total purchases and subcontractors' costs:

- (a) JA Solar International Ltd for the purchases of solar PV panels which comprised 21.6%, 25.0%, 11.4% and 19.2% of total cost of sales in FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively;
- (b) Jinko Solar Co., Ltd for the purchases of solar PV panels which comprised 10.5% and 46.4% of total cost of sales in FYE 2022 and FYE 2023 respectively;
- (c) Longi Solar Technology Co. Ltd for the purchases of solar PV panels which comprised 41.6% and 13.2% of total cost of sales in FYE 2024 and FPE 2025 respectively;
- (d) InverPower Sdn Bhd for the purchases of inverters and electrical components which comprised 11.6% of total cost of sales in FPE 2025; and
- (e) Syarikat Logam Unitrade Sdn. Bhd for the purchases of solar PV panels which comprised 10.2% of total cost of sales in FPE 2025.

We are not dependent on any other single supplier of products or services such as suppliers of inverters, mounting structures, cables and cable accessories as these products can be sourced from other suppliers. We will not have to incur any switching costs if we were to purchase solar PV panels or other equipment and materials from other suppliers. This is because we do not have long term contracts with our suppliers, which allows us to have the flexibility to source for products and services at competitive prices.

During FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, our Group has not faced any difficulties in sourcing solar PV modules, panels and equipment as there are multiple brands of such products and they are easily sourced in the market. These solar PV modules, panels and equipment from other suppliers are comparable in terms of price as well as quality to that which we source from our existing suppliers.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

We engage subcontractors to carry out selected portions of our works such as civil and structural works as well as M&E installation activities which are more labour intensive in nature as this allows our Group to increase our project delivery capabilities and capacity. Our Group maintains a list of approved suppliers and subcontractors based on a variety of factors, including quality of products/services, pricing, lead time for delivery and reliability. In this respect, our Group has continuously engaged our major suppliers and subcontractors due to their product specifications and availability of supply, ability to meet delivery timelines, price competitiveness and service quality.

During FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, our Group has not experienced any material disputes with suppliers and subcontractors or disruptions in the supply chain.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

7.10 TECHNOLOGY USED OR TO BE USED

We adopt licensed third party systems and applications to help run our business operations, among which include:

- PVsyst, a solar PV modelling application developed by the University of Geneva, Switzerland. We use PVsyst as a tool to model the power generation potential of a proposed solar PV system over a period of time. The model in PVsyst can take into consideration various parameters such as weather conditions and shade at the prospective location, solar PV system size and performance of solar PV components over time;
- HelioScope, a web-based user interface with solar layout tools and energy simulation features specially developed for grid-connected PV systems. HelioScope is also linked to the meteorological database of the National Renewable Energy Laboratory. We use HelioScope to model PV array based on its physical design. Its advanced modelling of system effects enables us to perform design and scenario analysis, such as shade calculations by utilising its 3-dimensional obstruction models for simulations; and
- We intend to invest in drones to conduct thermal inspection on solar PV systems as part of our quality control measures as well as preventive maintenance under our O&M services. The drones are used to detect thermal variations between the electrical components such as solar PV modules and the peripheral systems. Any critical defect that is causing a reduction in the performance and efficiency can be detected, and this will also allow us to detect potential fire hazards in the solar PV system.

7.11 INTERRUPTIONS TO BUSINESS

Save for the interruption in our operations arising from the imposition of movement controls in Malaysia following the outbreak of COVID-19 pandemic, our Group has not experienced any other interruptions which has significantly affected our business during the past 12 months preceding LPD.

7.11.1 Impact of COVID-19 on our Group

Pursuant to the outbreak of the COVID-19 pandemic in 2020, the Government had implemented different forms of MCO since 18 March 2020 to contain the spread of the virus. During this period, our Group was required to comply with the changes in standard operating procedure outlined by the Ministry of Investment, Trade and Industry (MITI) throughout the period.

In financial period ended 31 March 2021, we faced some disruptions in our subsidiary's operations when we temporarily halted operations in adherence to the MCO 1.0 operating restrictions.

Our Group's business operations were not materially affected by the COVID-19 pandemic and the MCO as we had just commenced operations in November 2019. For clarity purposes, our Group was in the midst of applying for the requisite licences and registrations with CIDB and Suruhanjaya Tenaga, as well as promoting our EPCC services in 2020. We secured our first EPCC of solar PV systems project in August 2020.

There was no material adverse impact on our business development during the COVID-19 pandemic period as our business development activities have been able to continue through online meetings.

7. BUSINESS OVERVIEW (Cont'd)

7.11.2 Strategy and steps taken to address the impact of COVID-19

In response to the COVID-19 pandemic, our Group established a standard safety protocol that outlined several infection control measures based on the guidelines and standard operating procedures issued by the Ministry of Investment, Trade and Industry from time to time to protect employees and customers against COVID-19 infections.

Since March 2020 and up to LPD, there have been no actions taken or penalties issued by the relevant authorities against our Group for breach of any laws relating to COVID-19 restrictions and/ or standard operating procedures.

7.12 SEASONALITY

We have not experienced any material seasonality or cyclicity in business as the demand for our services is neither subject to seasonal fluctuations nor cyclical variations.

7.13 OPERATING CAPACITIES AND OUTPUT

We are principally involved in the provision of EPCC of solar PV systems and O&M of solar PV equipment and systems. Thus, measures of production capacity, output and utilisation rates are not applicable to our business operations.

7.14 QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES

We adhere to a strict system of quality control over our operations, from the sourcing of equipment, components and subcontractors to project implementation and delivery. We have established quality controls at each stage to closely monitor the quality of our works and/or subcontractors' works to ensure that our works meet all our internal benchmarks and customers' specifications.

As a testament to our commitment to quality, our subsidiary Northern Solar has been certified compliant to ISO 9001:2015, details of which are as follows:

Year first awarded	Current validity period	Certification	Scope	Awarding body
2023	25 October 2023 – 24 October 2026	ISO 9001:2015	Construction of buildings, civil, mechanical and electrical engineering works	ARS Assessment Private Limited

Further in 2023, Northern Solar was certified by MGTC to use the MyHijau mark on its solar PV system installation service for the period from 22 December 2023 to 21 December 2024. For clarity, the MyHijau mark is valid for 1 year and subject to annual renewal.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

Quality control on projects

We place considerable emphasis in maintaining the quality control of our site works. We normally carry out the following duties pursuant to contracts with the project owner.

For every project, we assign a team of experienced management and technical staff onsite, to supervise the project and monitor works throughout the project implementation process. Our project engineers coordinate with our site supervisor to operate and control the site works in accordance with the quality assurance plan set up by our project manager.

Our project engineer is responsible for supervising the overall daily activities including those executed by our subcontractors in accordance with the project schedule. Any issues arising from the execution of the project will be immediately communicated to the project manager.

During the construction process, we conduct on-site inspections and/or hold internal meetings to discuss issues relating to safety management and on-site performance. We also prepare inspection reports and/or status for our internal records in accordance with our quality control measures. Upon completion of construction works, we carry out the necessary testing during the execution of the project works as required by the contract, engineering drawings and standards of local authorities.

Quality control on materials

Pursuant to our EPCC contracts, we are responsible for the equipment and components provided by suppliers, although we have a right of recourse against our suppliers for defective supplies. Our selection of suppliers is based on stringent criteria such as quality, pricing, product and performance warranties, energy efficiency, timeliness of delivery and ability to comply with our requirements and specifications.

Upon receiving the solar equipment and components at project site, we will perform inspection on the condition and specifications of solar equipment and components to ensure that the products received are in accordance to our requirements based on the purchase and supply agreements and/or purchase orders. Thereafter, we carry out functional tests to ensure that the solar equipment and components are performing in accordance with the pre-determined specifications. If the solar equipment and components do not meet the relevant standards or are found to be defective or faulty, our suppliers are responsible for providing replacement units. In addition, we have from time to time required our suppliers to provide us with testing certificates for the materials supplied to us.

Selection and control over subcontractors

When subcontracting services are required for a project, we typically select our subcontractors based on their experience relevant to the particular project, as well as evaluate these subcontractors based on their quality of services, qualifications, skills and technique, delivery time and availability of resources in accommodating our requests.

We also remain accountable to our customers for the performance and quality of works rendered by our subcontractors. Works performed by our subcontractors are inspected and monitored by our project team based on our quality management system which conforms to the requirements of ISO 9001:2015.

7. BUSINESS OVERVIEW (Cont'd)

7.15 RESEARCH AND DEVELOPMENT

Due to the nature of our business, we do not engage in research and development and thus have not undertaken any research and development activities.

7.16 DEPENDENCY ON CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS

Our Group is not dependent on any particular contract, agreement or other arrangement.

7.17 COMPETITIVE STRENGTHS

7.17.1 We have expertise and capability in providing customised solar PV solutions

For every EPCC project that we undertake, we typically communicate and liaise closely with our customers to establish tailor-made solutions to meet the site conditions, technical specifications and requirements of solar PV systems in accordance with the approved installed capacity. Thereafter, we will assign our technical personnel to design and execute projects that are customised around our customers' needs and that can maximise value by optimising the levelised cost of energy.

These customisations have enabled us to acquire the relevant expertise and capabilities to undertake a wide range of solar PV projects such as on-grid systems for residential, commercial and industrial buildings. Our largest project to date in terms of system capacity is for the EPCC of a 2.0 MWp solar PV system for an industrial building in Klang, Selangor which we completed over a period of approximately 13 months between March 2022 and March 2023. Specific to this project, we focused on project planning and management, design, procurement, quality control, testing and commissioning, and engaged subcontractors for structural works as well as M&E installation activities which are more labour intensive in nature.

Given that there is technical complexity involved in the provision of EPCC and O&M services for different types of solar PV systems, we custom design the solar PV system based on the type of building's unique electrical, architectural and/or landscape characteristics. Further, we also take into consideration other factors such as scale of generating system, permit requirements, specifications of solar equipment and components as well as O&M procedures when developing a detailed engineering design.

We are also familiar and well versed in matters concerning applications with the NEM and SELCO programmes. Our familiarity with local regulations and authorities in the solar PV industry enables us to advise our customers on the different types of solar programmes.

7.17.2 We have a proven track record

We have been operating in the renewable energy sector since 2019. We initially focused on the provision of EPCC for solar PV systems during our initial period of operations. Subsequently in 2023, we expanded our business activities to include O&M for solar PV equipment and systems. This has allowed us to build our expertise and track record in the solar PV industry.

Our subsidiary, Northern Solar is registered as Grade 7 contractor under CIDB, the highest accorded grade issued by CIDB which allows us to undertake projects of any size and unlimited value in Malaysia. In addition, Northern Solar is also a registered solar PV service provider under SEDA for the provision of consultancy, supply, installation as well as testing and commissioning of complete solar PV systems.

7. BUSINESS OVERVIEW (Cont'd)

We have proven track record for the delivery of solar PV projects as we have stringent controls in place guiding project feasibility, conceptualisation through detailed engineering design and planning, construction, installation, testing and commissioning as well as post completion O&M services. As at LPD, we have installed a total capacity of 71.9 MWp across residential, commercial and industrial buildings.

Over the years, we have gained skills and knowledge by undertaking different types of on-grid solar PV systems for residential, commercial and industrial buildings. We have completed projects under the NEM and SELCO programmes. Each programme requires different aspects of technical-know how relating to design, development, installation, construction and post completion O&M services, which in turn provides us with the capacity to foster and nurture practical knowledge with day-to-day hands-on training experiences. By leveraging on this experience, we have been proposing and providing our customers with value-added services such as value engineering to achieve cost savings while increasing the overall functionality and performance without compromising the quality of equipment and components as well as performance efficiency of their solar PV systems.

Our project portfolio provides us with the platform to grow and sustain our business as a market player in the solar PV industry, while at the same time, serves as an important reference for new and potential customers.

7.17.3 We are committed to maintaining good quality across all our projects

We have established a set of quality management measures to continuously improve in various aspects of our business. Through systematic and effective control of our operations and our monitoring procedures over our workers and subcontractors, we strive to ensure compliance with quality requirements and ensure specifications and standards of projects are met. In recognition of our quality assurance procedures, our quality management system was accredited to ISO 9001:2015 in 2023 under the scope of construction of buildings, civil, mechanical and electrical engineering works. We extend product warranties from manufacturers of solar PV modules and balance of systems to our customers.

Moreover, we have established and developed in-house quality control procedures based on our experience undertaking different types, sizes and complexity of solar PV system projects. We believe that our customers place strong emphasis on quality, including workmanship, material quality, and thus, continuously delivering quality services and complying with customers' requirements will enhance our credibility and customers' confidence in us.

We have also set up an occupational health and safety management system to promote safe working practices among all employees and subcontractors, and to prevent the occurrence of accidents and injuries through promoting safety awareness at the front-line level onsite.

Please refer to Section 7.14 for more details on our quality control and assurance.

7.17.4 We have experienced Executive Directors and key senior management

Since the commencement of our business, we have been led by experienced and technically strong Executive Directors and key senior management. Collectively, our Executive Directors and key senior management personnel have exposure across a broad spectrum of business activities, including engineering, operations, sales and marketing and finance. Some of them are technically experienced as they are qualified and professionally-trained engineers, and have knowledge in the solar PV industry.

Our Managing Director Lew Shoong Kai and Executive Director Chew Win Hoe have approximately 13 years of experience each in the solar PV and engineering industries, respectively. They are supported by our Project Director and Chief Financial Officer.

7. BUSINESS OVERVIEW (Cont'd)

Our Executive Directors are supported by a strong key senior management team and the commitment and teamwork between them have provided impetus for the continuous growth of our Group. The table below illustrates the years of relevant working experience of our Executive Directors and key senior management:

Name	Designation	Years of relevant working experience
Lew Shoong Kai	Managing Director	13
Chew Win Hoe	Executive Director	13
Hing Kee Vui	Project Director	14
Lew Fui Shi	Chief Financial Officer	16

Please refer to Section 5.1.2 and Section 5.2.2 for the profiles of our Executive Directors and key senior management.

Through these years, we have built an established industry reputation through our management's expertise, technical-know-how and industry knowledge. Our track record in delivering projects and our consistent levels of dependable service have been instrumental in attracting new customers and have enabled us to maintain business relationships with our existing customers. We believe that the strength our Executive Directors and key senior management will enable our Group to continue to further grow our business and expand our market presence.

7.17.5 We have collaborations with business partners

Prior to becoming a shareholder of Northern Solar in 2023, Lagenda Properties has been exploring renewable energy business opportunities with our Group in relation to its own building and assets, as well as offering Lagenda Properties' home buyers solar-ready homes that are green, with an energy-efficient living environment. In this regard, on 15 December 2023, in conjunction with their entry as shareholder of Northern Solar, Lagenda Properties granted a Right of First Refusal and Right to Match to Northern Solar in relation to the installation of any solar panels in premises fully owned or developed by Lagenda Properties group, or for any residential or commercial development projects which Lagenda Properties group is fully or substantially in control of, for which Northern Solar has a one-off right of first refusal to undertake such installation works based on competitive terms and fair market prices, and a further right to match third party offers whereby if there is an offer by a third party to undertake such installations on competitive terms, we have a further right to match the said third party offer. This right to match the said third party offer is in addition to the one-off right of first refusal to undertake the installation works.

For reference of potential market size, as reported in their Annual Report 2023, Lagenda Properties launched approximately 3,500 units of homes with a total gross development value of RM722.0 million.

Separately, we collaborate with Engtex Group Berhad via Engtex Energy as a solar PV asset developer where Northern Solar may have more opportunities to undertake EPCC of solar PV projects secured by Engtex Energy. As at LPD, Engtex Energy is developing solar PV assets in Kuala Lumpur and Johor Bahru which it owns, for which we carry out the EPCC works.

7. BUSINESS OVERVIEW (Cont'd)

7.18 BUSINESS STRATEGIES AND PROSPECTS

7.18.1 We intend to scale up our operations with a new corporate office with an engineering command centre

In conjunction with our intention to scale up our operations, we moved into a new corporate office in the second half of November 2024.

We previously operated from our head office at B-1-01 and B-1-03, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor, with a total built-up area of 2,150 sq ft. This office space was inadequate for our plans to expand and scale up operations, as it was fully utilised and did not have sufficient space for us to increase our headcount. Further, our EPCC and O&M of solar PV systems business segments shared the same floor space.

To cater for increasing demand for our EPCC and O&M services and due to the fact that many of our customers are located in the central region such as Kuala Lumpur and Selangor, in the second half of November 2024, we relocated to the new corporate office at Units 8-01 and 8-02, Menara Lagenda, No. 3, Jalan SS20/27, 47400 Petaling Jaya, Selangor which has a total built up area of 8,620 sq ft., to better serve our customers in the central region of Malaysia.

The rental of our new corporate office is governed by a tenancy agreement with Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd), a subsidiary of Lagenda Properties, for a period of 3 years commencing 1 July 2024 with an automatic renewal of an additional 6 years. The monthly rental for the abovementioned units is RM26,722 for the first 3-year period, a minimum 10% increase in the second 3-year period and a further minimum 10% increase in the third 3-year period.

The new corporate office has an estimated built-up area of up to 8,620 sq ft which is able to accommodate up to 130 staff, and encompasses, amongst others, the following:

Purpose	Built up area (sq ft)
Corporate office for management, finance, human resources, EPCC and O&M of solar PV systems, business development as well as meeting rooms	7,620
Engineering command centre and laboratory	1,000

We completed renovations of our new corporate office with an engineering knowledge centre in the second half of 2024. We have allocated RM2.0 million from the proceeds of our Public Issue for renovation and interior fit-out works which will be used to replenish the internally generated funds which was used to pay the following, pending the receipt of proceeds from our Public Issue:

Description	Estimated expenditure RM'000
Preliminaries	100
Interior design fitting-out	1,075
Mechanical, electrical and plumbing works	797
Submission to authorities	28
Total	2,000

7. BUSINESS OVERVIEW (Cont'd)

The abovementioned engineering knowledge centre of approximately 1,000 sq ft comprises a command centre and engineering laboratory. This command centre functions as a remote monitoring centre for our employees to monitor the status of the solar PV system performance (such as power output and fault notification of the solar PV systems) for all our completed projects that are still within the defects liability period as well as solar PV systems that are under our O&M services.

At our previous head office, we leveraged on solar PV manufacturers' systems, namely the inverter manufacturers' platform, to collect and process parameters of the installed solar PV systems. With these systems, the information is sent electronically to our command centre where our engineering employees can monitor and take appropriate action, if required. The remote solar PV monitoring system at our command centre is used to reduce the cost of O&M by reducing the need for permanent deployment of technical personnel on-site, as they can remotely analyse and control solar PV operations. Given that most of the solar PV systems are located in outer parts of a town or city, our command centre and centralised monitoring system can reduce the downtime for maintenance and repair works.

With our move to the new corporate office, we continue using our existing monitoring system, which is the inverter manufacturers' platform, in our command centre. As we plan to continue using the inverters manufacturers' platform, we do not intend to develop new software or additional features such as artificial intelligence or human machine learning for the remote monitoring of our completed projects that are still within the defects liability period as well as solar PV systems that are under our O&M services. As such, the cost for setting up our new command centre comprises only the capital expenditure required for its physical space, which forms part of the cost of setting up our new corporate office.

We are also in the midst of acquiring solar PV system monitoring and management equipment for our command centre comprising monitors, computers, adapter and cables, server and professional services for the real time monitoring of solar PV systems which are under EPCC testing and commissioning stage as well as under our O&M services. These equipment are being placed at our engineering command centre with real time connection to our regional sales offices.

The engineering laboratory will function as a training and knowledge centre for our engineers and technicians to familiarise themselves with the hardware and software of a solar PV system, which will ultimately help them design and build better solar PV systems for our customers. Thus, we are in the midst of equipping the engineering laboratory with a complete solar PV system comprising solar PV panels, inverters, mounting structures, switchboards, engineering hardware and testing tools. Our engineering knowledge centre will also function as a showroom for potential customers.

The rest of this page is intentionally left blank

7. BUSINESS OVERVIEW (Cont'd)

As such, we also allocated RM0.6 million from the proceeds of our Public Issue for the following:

Description	Estimated expenditure RM'000
Engineering command centre equipment (monitors, computers, adapter and cables, server and professional services)	50
Complete solar PV system comprising solar PV panels, inverter, mounting structure and switchboard	150
O&M tools comprising (drone, air fans, tool kits, wrenches, allen keys, work lights, water pumps, air blower, voltage detectors, clamp earth testers and insulation testers)	150
Software licenses comprising:	70
(a) 4 units of AutoCAD	
(b) 4 units of PVsyst	
(c) 1 unit of Helioscope	
Workflow digitisation and customisation for sales order application	130
Total	550

The new corporate office enables our Group to centralise business operations and enhance our corporate image amongst customers, suppliers, employees and other stakeholders. As at LPD, we have completed the renovation for our new corporate office with engineering knowledge centre.

As we have relocated to the new corporate office, our existing tenancy agreements for our previous head office will not be renewed upon their expiry on 30 November 2024.

7.18.2 We intend to strengthen our market presence throughout Malaysia

We currently operate primarily in the state of Selangor, where our Head Office is based, and in Johor where we have a regional sales office. Our offices in Selangor and Johor allow us to build brand presence and market our EPCC and O&M of solar PV systems especially to customers in the central and southern regions of Peninsular Malaysia.

We intend to expand our workforce to capture more business opportunities for EPCC and O&M of solar PV systems in Pulau Pinang and Johor to strengthen our market presence in the northern and southern regions of Peninsular Malaysia over the next 24 months by leveraging on the proceeds from our Public Issue. This expansion will also allow us to target potential customers for our EPCC and O&M of solar PV systems in Pulau Pinang and Melaka where there is also growth potential for solar PV systems.

Further, we aspire to further expand geographically to the other states of Malaysia, primarily in the states of Pulau Pinang, Perak, Kedah, Perlis and Sabah, to tap into its potential for EPCC and O&M of solar PV systems, through establishing a regional sales office in Pulau Pinang and Sabah. The establishment of a regional sales office will allow us to meet the demands of customers in the northern region. This will also allow us to create awareness for our solutions in the northern region. In addition, we will be able to respond more promptly to business opportunities as well as O&M requests from customers in the northern region.

We intend to rent a larger ready-built commercial property in Johor and a new ready-built commercial property in Pulau Pinang to support our expansion in the southern and northern regions of Peninsular Malaysia. We also intend to establish a showroom in these premises as it will allow customers better visualisation of the solar PV systems that we can build for them.

7. BUSINESS OVERVIEW (Cont'd)

We have allocated RM0.60 million of the proceeds from our Public Issue to fund the establishment of the regional sales offices in Johor and Pulau Pinang within the next 24 months upon Listing, details of which are as follows:

Description	Total estimated cost RM'000
Johor regional office (including office and showroom)	
Renovation expenses	300
Pulau Pinang regional office (including office and showroom)	
Renovation expenses	300
	600

The establishment of the regional office in Sabah shall be funded via our Group's internally generated funds.

As at LPD, we are in the midst of identifying suitable premises with built-up areas of 2,000 – 4,000 sq ft in Johor and Pulau Pinang. We intend to enter into a tenancy agreement within 24 months from our Listing.

To support the expansion of our Johor and Pulau Pinang offices, we have allocated RM1.8 million from our Public Issue to be utilised over 24 months for the recruitment of engineering and business development employees, details of which are as follows:

Description	No. of pax	Total estimated cost RM'000
Johor office		
Senior Project Engineer	1	120
Project Engineer	2	168
O&M Engineer	1	84
O&M Technician	2	120
Senior Business Development Executive	2	240
Business Development Executive	2	168
Pulau Pinang office		
Senior Project Engineer	1	120
Project Engineer	2	168
O&M Engineer	1	84
O&M Technician	2	120
Senior Business Development Executive	2	240
Business Development Executive	2	168
		1,800

7.18.3 We intend to expand our solar PV systems business to generate recurring revenue

Over the years, we have acquired the expertise and capabilities which have allowed us to grow our solar PV business. Our long-term business strategy is to capitalise on the growth of renewable solar energy to pursue an integrated model focusing on the downstream segment in Malaysia, which is complementary to our current business model.

Presently, our revenue is mainly derived on a project basis, and this expanded range of business activities would allow us to derive recurring income generated from asset ownership projects, thereby mitigating our business risk relating to project-based revenue.

7. BUSINESS OVERVIEW (Cont'd)

As at LPD, we own, operate and maintain 17 solar PV systems under our Group and 4 solar PV systems under Engtex Energy which have enabled us to venture into the generation of renewable energy. This experience will provide us with a platform to further grow our generation of renewable energy business.

We are presently increasing the headcount of our Business Development and Marketing employees to actively approach potential NEM / SELCO customers under REPPA and SARE. We are also expanding our engineering team as this will enable us to operate and manage more solar PV assets. We also believe that our low gearing ratio will position us favourably to secure more bank borrowings to fund investments in REPPA and SARE assets.

Moving forward, we intend to pursue a model of developing, owning, and managing a portfolio of solar PV assets that sell the electricity generated to NEM and SELCO consumers, which will enable us to generate a stable inflow of revenue and diversify our sources of revenue.

7.18.4 We intend to increase our market share within the solar PV industry in Malaysia

The number and size of EPCC of solar PV system projects that we can undertake at any point in time depends largely on the availability of our working capital as:

- During the course of our EPCC works, there may be instances of mismatch in the timing of our cash flows due to time lags between making payments to our subcontractors and suppliers and receiving payments from our clients. However, during FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, our Group has not encountered instances whereby we have been hindered from tendering for EPCC of solar PV system projects; and
- During the course of our EPCC works, a portion of the total contract sum is locked up during the duration of the contract and defects liability period. The amount of retention sum ranges between 5% and 10% of the total contract sum, and is only refundable to our Group 12 to 24 months from the date of acceptance of handover.

If we are to expand our business and secure more and larger contracts, we must increase our available financial resources to satisfy the working capital required to undertake the contracts. We have therefore allocated RM29.2 million of the proceeds from the Public Issue for our working capital purposes for the recruitment of engineering and business development employees to support our geographical expansion of our Johor and Pulau Pinang regional offices as well as purchase of project materials. By applying a portion of the proceeds from the Public Issue to satisfy the various working capital requirements associated with undertaking contract works, our Group will be in a better position to tender for and expand our portfolio in the EPCC of solar PV systems segment.

As part of our future plans, we intend to increase our market share by tendering for more projects in the private and public sector by leveraging on Engtex Energy and Norwatt Power.

As at LPD, we have also submitted 387 tenders with a total tender sum of RM1.8 billion, which are still pending decision from clients. These tendered projects, if awarded to us, will further increase our order book.

Moving forward, we will continue to replenish and grow our order book which will further enhance our revenue and increase our market share in the industry.

8. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

26 NOV 2024

The Board of Directors

NORTHERN SOLAR HOLDINGS BERHAD

B-1-01 & B-1-03, Block B, Oasis Square
No. 2, Jalan PJU 1A/7A, Ara Damansara
47301 Petaling Jaya
Selangor
Malaysia

Dear Sirs,

Outlook of the Solar Photovoltaics Engineering, Procurement, Construction and Commissioning Services Industry in Malaysia in conjunction with the Listing of NORTHERN SOLAR HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this Outlook of the Solar Photovoltaics Engineering, Procurement, Construction and Commissioning Services Industry in Malaysia strictly for inclusion in the Prospectus of NORTHERN SOLAR HOLDINGS BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Elizabeth Dhoos', with a horizontal line underneath.

ELIZABETH DHOOS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOOS:

Elizabeth Dhoos is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoos holds a Bachelor of Business Administration from the University of Malaya, Malaysia.

8. IMR REPORT (Cont'd)

1 SOLAR PHOTOVOLTAICS ENGINEERING, PROCUREMENT CONSTRUCTION AND COMMISSIONING SERVICES INDUSTRY IN MALAYSIA

Electricity is generated from primary energy, comprising non-renewable energy and renewable energy. The selection of electricity production sources and their economic viability can differ based on demand and geography. Both non-renewable energy and renewable energy have their advantages, and can be used in combination to generate and supply electricity to the power grid, and selection is based upon local power requirements and availability of resources.

Malaysia has a mix of energy resources that comprise renewable and non-renewable sources. Malaysia's non-renewable fossil fuel sources comprise oil, natural gas and coal, while its renewable energy sources include biomass, biogas, solar and hydro. While Malaysia is a net energy exporter, concerns about energy security, fluctuations in crude oil prices and climate change are driving significant changes in how energy and electricity is generated, transmitted and consumed in Malaysia. Energy security refers to the availability of energy sources at an affordable price. Thus, renewable energy resources are becoming attractive for sustainable energy development in Malaysia as these renewable sources of energy are readily available in Malaysia.

Non-renewable energy is generated from resources that can be extracted from the earth and are finite in nature. These resources primarily comprise hydrocarbon resources such as oil, gas and coal. These resources are used as combustion fuel for power plants that convert their potential energy into heat and steam that is then used to generate electricity through the use of turbines and generators. Energy harnessed from these fuel sources has been the primary driver of industry and global growth in the past and continues to be a key pillar of the global energy strategy in the immediate to medium term as the world remains heavily reliant on these fuel sources in the absence of suitable alternatives on that scale. Non-renewable resources or fossil fuels include coal, oil and natural gas.

Renewable energy refers to energy that is generated from natural resources such as sunlight, wind, rain, tides and geothermal heat which are naturally renewable. Renewable energy resources include solar power, wind power, hydro, biomass, biofuels and geothermal. Rapid depletion of fossil fuel reserves as well as climate change have driven further development of renewable energy sources which are widely available, untapped and environmentally friendly.

Solar energy is harnessed from the sun's radiant light and heat through technologies such as solar heating, solar photovoltaics ("PV"), solar thermal energy, solar architecture and artificial photosynthesis. These technologies can be either active or passive depending on how they capture and distribute solar energy or how they convert this energy into solar power. Active solar technologies include the use of solar PV systems, concentrated solar power and solar water heating to harness this energy. Passive solar technologies include orienting buildings in the direction of the sun, and selecting materials with favourable thermal mass or light dispersing properties.

Due to its location around the equator, Malaysia receives approximately 1,575 to 1,812 kilowatt hour per square meter (kWh/m²) of solar irradiance.¹ As solar irradiance is relatively high, solar PV is considered a viable renewable energy option for Malaysia. In addition to favourable irradiation, solar resource is driven by the availability of areas for the installation of solar PV systems. The main types of installation configurations in Malaysia are ground-mounted solar installations, floating installations on water bodies and installations on residential, commercial, industrial and public building rooftops. Installations on residential, commercial, industrial and public building rooftops are rooftop solar PV systems while ground-mounted solar installations and floating installations on water bodies are large scale solar facilities.

Rooftop solar PV systems have several distinct benefits over other forms of renewable energy including:

- savings on electricity bills for property owners and business owners;
- creates returns on investment when excess electricity generated is sold to the utility grid;
- environmentally friendly source of energy;
- lower capital investment for rooftop solar PV system installation compared to renewable energy sources such as biomass and hydro;

¹ Malaysia Renewable Energy Roadmap – Pathway Towards Low Carbon Energy Systems, Sustainable Energy Development Authority ("SEDA")

8. IMR REPORT (Cont'd)

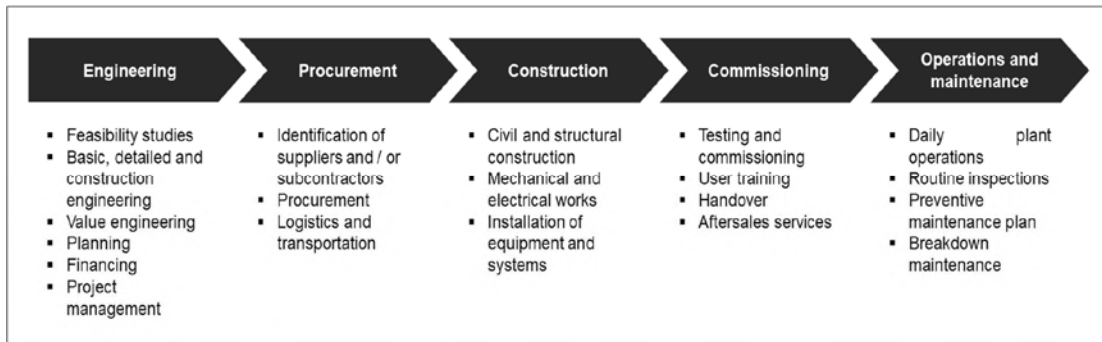


- solar is a renewable form of energy that can be harnessed without the need to acquire feedstock to generate electricity; and
- solar PV systems can be easily installed on rooftops of existing residential, commercial and industrial properties without requirement for additional land or specific processing facilities.

Engineering, procurement, construction and commissioning (“EPCC”) contracts are a common form of contract used by the private sector to undertake construction works for infrastructure projects. Under an EPCC contract, the contractor is obliged to deliver a complete facility to a developer who then only needs to “turn a key” to start operating the facility. Hence EPCC contracts are sometimes called turnkey construction contracts. In addition to delivering a complete facility, the contractor must deliver that facility for a guaranteed price by a guaranteed date, which must perform to the specified level. Failure to comply with any requirements will usually result in the contractor incurring monetary liabilities, in the form of delay liquidated damages.

Solar PV EPCC industry players also undertake operations and maintenance services post-handover of the solar PV systems and facilities to clients. Operations and maintenance services encompasses a broad spectrum of services, competencies, processes and tools required to ensure the solar PV systems and facilities perform the functions for which it was designed and constructed. Operations and maintenance services typically include the day-to-day activities necessary for the facility, its systems and equipment, and occupants / users to perform their intended function. Operations and maintenance is necessary because a facility cannot operate at peak efficiency without being appropriately maintained.

Scope of services undertaken by solar PV EPCC industry players



INDUSTRY SIZE AND GROWTH POTENTIAL

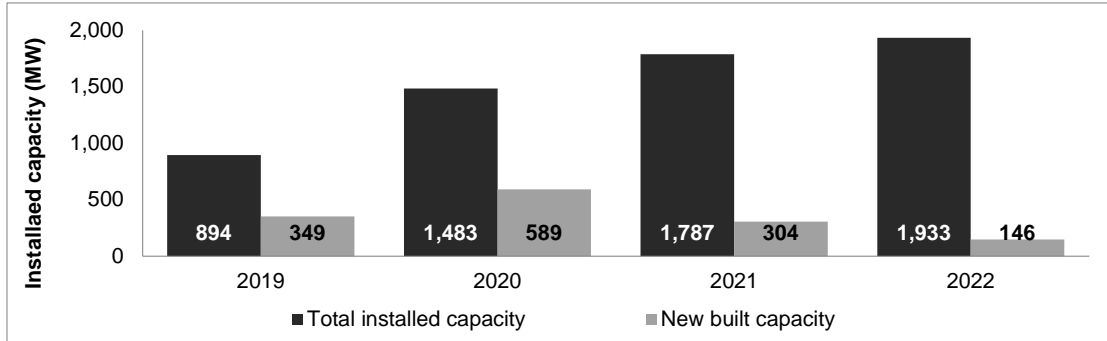
EPCC services are expenditure for new built rooftop solar PV systems and large scale solar facilities. Thus, the value of EPCC services fluctuates depending on the capacity of solar PV systems and large scale solar facilities that become operational in a given year. The operations and maintenance of solar PV systems are operational expenditure incurred subsequent to the commissioning of these EPCC solar PV systems and large scale solar facilities.

The installed capacity of rooftop solar PV systems and large scale solar facilities in Malaysia increased from 894.0 megawatts (“MW”) in 2019 to 1,933.0 MW in 2022 at a compound annual growth rate (“CAGR”) of 29.3%. Comparatively, the new built capacity for rooftop solar PV systems and large scale solar facilities was 349 MW in 2019, 589 MW in 2020, 304 MW in 2021 and 146 MW in 2022 respectively.

8. IMR REPORT (Cont'd)



Installed capacity for solar PV systems and facilities in Malaysia ^{a, b}



Note:

^a Comprises rooftop solar PV systems as well as large scale solar facilities as detailed breakdown is not publicly available from the Energy Commission of Malaysia

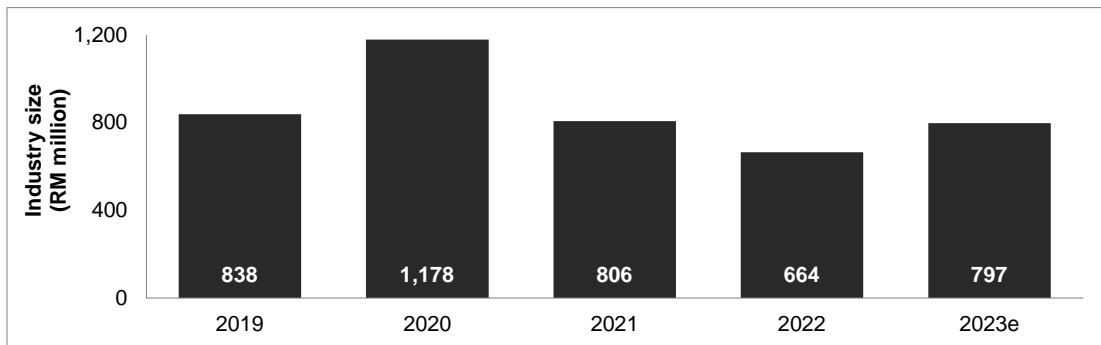
^b Latest available as at 25 November 2024

Source: Energy Commission of Malaysia, PROVIDENCE analysis

The solar PV EPCC services industry in Malaysia, based on the value of EPCC services, has fluctuated between 2019 and 2022.

In 2019, the value of the solar PV EPCC services industry was RM838.0 million. The value of solar PV EPCC services rose to a high of RM1.2 billion in 2020 during the COVID-19 pandemic as many home owners and business owners began switching to solar energy to save on energy costs. In 2021 and 2022, the value of solar PV EPCC services was RM806.0 million and RM664.0 million respectively. For clarity, the value of the solar PV EPCC services industry refers to the value of EPCC services for new built capacity of rooftop installations as well as large scale solar facilities. PROVIDENCE expects the value of solar PV EPCC services to recover and rise to an estimated RM797.0 million in 2023 at a year-on-year growth rate of 20.0% on the back of Government initiatives to promote the adoption of solar PV systems.

Solar PV EPCC services industry in Malaysia ^a



Notes:

^a Comprises value of EPCC services for new built capacity of rooftop installations as well as large scale solar facilities

e Estimates

Source: PROVIDENCE analysis

PROVIDENCE projects the solar EPCC services industry to grow from an estimated RM797.0 million in 2023 to RM1.5 billion in 2026 at a CAGR of 23.5%. Demand for solar PV EPCC services will be supported by Malaysia's energy drive relating to the adoption of solar energy, long term economic growth that supports investments in solar PV systems and facilities, population growth and urbanisation, growing demand for electricity, foreign investment and domestic investment growth, declining equipment and construction costs as well as the recovery and growth in the residential, commercial and industrial property markets.

8. IMR REPORT (Cont'd)**DEMAND CONDITIONS: KEY GROWTH DRIVERS****Malaysia's energy drive relating to the adoption of solar energy supports demand for EPCC services**

Under the 11th Malaysia Plan, the Government introduced the large scale solar and Net Energy Metering ("NEM") programmes as initiatives to increase the growth of the solar energy generation sector, leveraging on the potential to harness solar PV in Malaysia all year round. Large scale solar facility projects were initially allocated a total of 370 MW under LSS 1. This was swiftly followed by an allocation of 530 MW under LSS 2, 500 MW under LSS 3, and 1,000 MW under LSS@MENtARI.

The NEM programme was introduced in November 2016 to replace the Feed-in Tariff system. The NEM is a scheme whereby the energy produced from the solar PV system installed will first be consumed by the consumer for his own use. Any surplus of energy produced will be exported to the grid and sold to the distribution licensees at the prevailing displaced cost. The NEM programme was designed to offset consumer's electricity costs for any excess electricity generated from the solar PV systems. Presently, the NEM programme is only applicable to Tenaga Nasional Berhad's customers in Peninsular Malaysia. Malaysia introduced the NEM 1.0 in November 2016, with a 500 MW quota for rooftop solar PV capacity. To encourage NEM uptake, the NEM 2.0 was introduced in January 2019 with 500 MW quota allocation.

NEM 2.0 provided for excess solar PV generated energy to be exported back to the grid on a "one-on-one" offset basis. As a result, the 500 MW quota under NEM 2.0 was fully subscribed by 31 December 2020. NEM 2.0 boosted Malaysia's solar PV industry, leading to higher sales of solar PV systems. Commercial and industrial customers found operational costs declining due to savings in electricity costs.

Subsequently, NEM 3.0 was launched in December 2020 with 500 MW quota allocation. In January 2024, the Government announced that NEM 3.0 will continue with additional quota allocations. Presently, the total quota allocation for NEM 3.0 is 1,550 MW. The NEM 3.0 quota offer period will run until December 2024 or until all quotas are allocated, whichever comes first.

The Government is committed to transforming its energy landscape from fossil fuels to a cleaner energy source, pledging to reduce its economy-wide carbon intensity by targeting reductions in Greenhouse Gas (GHG) emission and becoming a carbon neutral nation by 2050. The introduction of the Malaysia Renewable Energy Roadmap (MyRER) further supports decarbonisation of the electricity supply sector with aims to increase the share of committed renewable energy installed capacity from the current 23.0% in 2020 to a target of 31.0% in 2025 and 40.0% by 2035.

The Government launched the National Energy Policy 2022-2040 ("NEP") which provides details for the energy sector encompassing affordability, sustainability, and energy security as well as optimising economic opportunities in line with trends in sectoral developments. A roadmap is included on how the country can achieve the NEP's Low Carbon Aspiration 2040 initiative with an annual contribution of RM13.0 billion to gross domestic product ("GDP"), potentially creating more than 207,000 new job opportunities and attracting RM9.2 billion in investments. One of the main areas under the NEP is unlocking the potential of solar resources with increasing capital access for solar energy distribution, with rooftop aggregation, and promoting the economic benefits of distributed solar with peer-to-peer (P2P) and virtual power purchase agreements. To facilitate RE100 corporations (global companies that have committed to 100% renewable energy utilisation) and those companies with similar green-consciousness to achieve their environmental, social and governance (ESG) and sustainability commitments, the Government introduced the Corporate Green Power Programme ("CGPP") as a platform for the purchase of renewable energy virtually through the virtual power purchase agreements with mutually agreed terms and conditions from solar energy generators. A total of 600 MW was allocated for CGPP, and eligible companies need to enter into Corporate Green Entry Agreements.

The Government plans to tile the roofs of residential properties with solar panels, amongst other incentives to encourage the use of renewable energy, under the newly launched National Energy Transition Roadmap ("NETR"). In every home, the Government intends to give households the option to lease out their rooftops in return for a monthly income that could lower their electricity bills and put more cash in their pockets. The Government's vision is to see solar panels installed nationwide including atop homes, mosques, halls and factories. The Government is taking the lead by allocating RM80.0 million for solar panels to be installed on the rooftops of government buildings. The focus for this initiative is on large scale housing developments, and working with property developers is an initiative that can be rolled out commercially without government funding. Phase 1 of the NETR also entails the setting up of five centralised large scale solar parks with 100 MW capacity each, to be co-developed by Tenaga Nasional Berhad. Tenaga Nasional Berhad will also develop 2.5 gigawatt (GW) of hybrid hydro-floating solar PV projects at its hydro dams.

8. IMR REPORT (Cont'd)

NETR outlines several key observations for Malaysia's electricity supply mix as the nation progresses along this pathway, among which include:

- Renewable energy will constitute the majority share of installed capacity by 2050. However, the contribution of renewable energy to the total generation mix will be comparatively lower than fossil fuels, particularly natural gas. This reflects the inherent low-capacity factor associated with solar, compared against the high-capacity factor of gas; and
- The ambition to achieve 70.0 % renewable energy share of installed capacity by 2050 is expected to be achieved, predominantly driven by solar PV installation. Significant solar capacity growth is required in the next three decades, with 59 GW of installed capacity by 2050.

In March 2024, the Government introduced an incentive program known as the Solar for Rakyat Incentive Scheme ("SolaRIS") to encourage the installation of solar PV systems in residential properties. SolaRIS supports the Government's goal of increasing renewable energy capacity in the electricity supply system to 70.0% by the year 2050 and reducing carbon emissions. The launch of SolaRIS is expected to increase the adoption of solar generation among the public under the NEM Programme. A cash rebate of up to RM4,000 will be given to residential customers who submit their NEM application to SEDA from 1 April 2024 onwards and successfully commission their solar PV system installations with Tenaga Nasional Berhad. In March 2024, the Government agreed to approve an additional quota of 100 MW under the NEM Programme, which will increase the allocated quota to 350MW in order to expand the public's involvement in renewable energy generation. As SolaRIS is expected to encourage the adoption of solar generation among residential users, these residential users will require the services of EPCC contractors to undertake the installation of residential solar PV systems. As such, the introduction of SolaRIS is expected to support demand for industry players that are involved in the installation of residential solar PV systems. Further in November 2024, SEDA announced the extension of NEM 3.0 with an additional quota allocation of 350 MW comprising 50 MW for the residential segment and 300 MW for the commercial and industrial segment. The NEM 3.0 quota offer period will run until 30 June 2025 or until all quotas are allocated, whichever comes first.

Commercial and industrial customers also benefit from Government incentives relating to investments in solar PV systems. Under Budget 2020, the Government had announced the extension of Investment Tax Allowance (ITA) for the purchase of green technology assets and Income Tax Exemption ("ITE") on the use of green technology services and systems. The ITE is also extended to commercial and industrial users undertaking solar leasing activities. The objectives of the incentives are:

- to encourage investments in green technology industry on a project basis either for business purpose or own consumption and the adoption of green technology by selected service / system providers;
- to encourage companies to acquire / purchase assets that have been verified as green technology assets by the Malaysian Green Technology and Climate Change Centre and these assets are listed under MyHijau Directory; and
- to widen the coverage of green services to include solar leasing activity.

Malaysia's green technology tax incentives include:

Green Investment Tax Allowance (Assets)

Companies that acquire qualifying green technology assets and listed under MyHIJAU Directory for their own use / consumption qualify for incentives for the acquisition of a range of solar components, including transformers, solar thermal systems and collectors and batteries, subject to verification made by the Malaysian Green Technology and Climate Change Centre.

Green Investment Tax Allowance (Projects)

Companies that undertake qualifying green technology projects for business or own consumption qualify for green investment tax allowance of 100% of qualifying capital expenditure incurred on green technology projects for three years from the date of first qualifying capital expenditure incurred. This allowance can be offset against 70.0% of statutory income for each year of assessment. Unutilised allowance can be carried forward until they are fully absorbed.

Green Income Tax Exemption (Services)

Green technology service provider companies that are listed under the MyHIJAU Directory qualify for green income tax exemption of 70.0% on statutory income for qualifying green services where the period of incentive is for three years starting from assessment year of the first invoice related to green technology services issued and the date of the first invoice shall not be earlier than the date of application received by the Malaysian Investment Development Authority ("MIDA").

8. IMR REPORT (Cont'd)**Green Income Tax Exemption (Leasing)**

Green technology service provider companies that are listed under the registered solar PV investor directory qualify for green income tax exemption of 70.0% on statutory income for solar leasing activity for a period of up to ten years of assessment. This incentive will be considered based on tiers as follows:

Capacity	Incentive period
> 3 MW to ≤ 10 MW	5 years
> 10 MW to ≤ 30 MW	10 years

Source: MIDA

Effective from 1 January 2024 to 31 December 2026, the Green Investment Tax Allowance (Projects) for own consumption will be merged with the Green Investment Tax Allowance (Assets) and will fall under the purview of the Malaysian Green Technology and Climate Change Corporation. Separately, the application period for the Green Investment Tax Allowance for business purposes and Green Income Tax Exemption for solar leasing incentives has been extended until 31 December 2026.

These policies have supported the development of solar power as a significant source of renewable energy in Malaysia, thereby benefitting industry players that are involved in the EPCC of solar PV systems.

Long term economic growth supports investments in solar PV systems and facilities

Malaysia's economy grew by 3.7% in 2023 despite facing challenges stemming from weak external demand, disruptions in commodity production and higher cost of living. Growth was mainly supported by resilient domestic demand and recovery in tourism activities. On the external front, exports declined due to subdued global demand, lower commodity prices and shifts towards services spending. Additionally, improving labour market conditions coupled with supportive policy measures helped household spending, especially among the vulnerable households affected by higher cost of living. Private sector capital spending drove overall investment activity, particularly in information technology and electrical and electronics (E&E). In tandem with external trade performance, export-oriented industries saw some moderation in growth. Nonetheless, all sectors continued to expand in 2023.

The Malaysian economy is projected to grow between 4.0% to 5.0% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand. Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Tourism is expected to improve further, while the implementation of new and ongoing multi-year projects by both the private and public sectors would support investment activity. Nevertheless, domestic growth remains subject to downside risks from both external and domestic factors. External factors include a weaker-than-expected global growth and further escalation of geopolitical conflict. Domestically, more severe shocks on commodity production and the implementation of subsidy rationalisation could also weigh on the growth outlook, although this could be partially offset by targeted cash assistance from the Government. Greater spillover from the technology upcycle, stronger-than-expected tourism activity, and faster implementation of existing and new investment projects would provide upside risks to the domestic growth.²

Economic growth is a key driver for investments in utilities, as a robust utility infrastructure supports economic activities and attracts foreign and domestic investments. PROVIDENCE anticipates that the investments in solar PV systems will continue in tandem with economic development, as electricity is an important driver for the economic growth of a nation.

Population growth and urbanisation promotes investments in solar PV systems and facilities

Based on a projection by the United Nations Department of Economic and Social Affairs ("DESA"), it is estimated that Malaysia's population, similar to the rest of the world, will increase exponentially within three decades. According to the World Population Prospects: The 2017 Revision, the nation's population is expected to reach almost 33 million people in 2020, with numbers projected to rise to more than 40.0 million in 2050. The same trend has been projected for the nation's urbanisation rate, which stands at 75.0%. DESA, in its World Urbanisation Prospect: The 2014 Revision, projected that Malaysia was expected to register an urbanisation rate of 80.0% in 2020, and between 85.0% and 90.0% by 2050. In 2022, Malaysia's population stood at 32.7 million. According to the Key Findings of Population and

² Economic and Monetary Review 2023, Bank Negara Malaysia

8. IMR REPORT (Cont'd)

Housing Census of Malaysia 2020 published by the Department of Statistics Malaysia in December 2022, Malaysia's urbanisation rate increased to 75.1% in 2020 from the 70.9% in 2010.³

The increase in urbanisation will bring changes and challenges unless it can be supported by robust utility infrastructure for electricity services. This will ensure that Kuala Lumpur and other cities will continue to experience growth and remain competitive. Thus, investments in renewable energy electricity infrastructure to support population growth and urbanisation will benefit industry players that are involved in the EPCC of solar PV systems.

Growing demand for electricity stimulates investments in solar PV systems and facilities

Electricity is a crucial element in the development process as well as economic growth of a country. Shortage of electricity supply may negatively affect the development progress of the country, and possibly limit its potential growth. Malaysia's consumption of electricity increased from 132,199.0 gigawatt hours ("GWh") in 2015 to 172,819.8 GWh in 2022. Regionally, Peninsular Malaysia remains as the primary consumer of electricity in Malaysia, consuming close to 80.0% of the electricity sold.⁴

The consumption of electricity is a key driver for the electricity supply industry, and spurs investments in generation, transmission and distribution infrastructure. Over the longer term, the demand for electricity is expected to recover and exhibit growth at a healthy pace as a result of future economic growth, supportive Government policies, as well as population growth. As Malaysia strives to diversify its sources of fuel for the generation of electricity with a strong focus on renewable and sustainable fuels, industry players that are involved in the provision of EPCC services for solar PV systems and facilities are expected to benefit.

Foreign investment and domestic investment growth support investments in solar PV systems and facilities

Malaysia recorded a total of RM329.5 billion worth of approved investments in the services, manufacturing and primary sectors in 2023 across 5,101 projects. From the total investments approved, foreign investments accounted for RM188.4 billion or 57.2%, while domestic investments accounted for RM141.1 billion or 42.8%. The services sector accounted for the largest share of the total investments in 2023, amounting to RM168.4 billion (51.1%), followed by the manufacturing sector with RM152.0 billion (46.1%) and the primary sector with RM9.1 billion (2.8%). Foreign investments comprised 34.4%, 84.5% and 22.0% of approved investments in the services, manufacturing and primary sectors respectively. During the year, the services sector included the information and communications (RM63.7 billion), real estate (RM61.0 billion), utilities (RM11.1 billion), distributive trade (RM11.1 billion) and support services (RM10.5 billion) segments. Malaysia's manufacturing sector, which attracted RM152.0 billion in approved investments, saw an 80.3% increase compared to 2022 (2022: RM84.3 billion). The electrical and electronics (RM85.4 billion), machinery and equipment (RM22.6 billion), chemicals and chemical products (RM8.9 billion), non-metallic mineral products (RM8.8 billion), transport equipment (RM7.1 billion) and plastic products (RM4.1 billion) industries collectively made up 89.5% of total approved investments for the manufacturing sector in 2023.⁵

Malaysia aims to attract quality investments to drive economic growth and achieve its aspirations of becoming a high-income nation. Foreign and domestic investments also play an important role in supporting Malaysia's move to become a high-income technology-based economy. As such, investments in electricity infrastructure and renewable energy are also crucial to support the investment prospects of Malaysia for foreign investors and will bode well for industry players that are involved in the EPCC of solar PV systems and facilities.

Decline in equipment and construction costs make solar PV systems a more favourable renewable energy option

Since 2010, the average levelised cost of electricity ("LCOE") of solar PV has significantly decreased and by 2019, was comparable to the average LCOE of conventional coal and gas generation. Solar PV costs

³ Department of Statistics Malaysia. Latest available statistics as at 25 November 2024

⁴ Malaysia Energy Statistics Handbook 2020, Energy Commission Malaysia

⁵ Malaysia Resilient Ascent – Securing Historic RM329.5 billion in Investments, Generating Close to 130,000 Jobs in 2023, MIDA

8. IMR REPORT (Cont'd)



have dropped by approximately 82.0%. The decrease in renewable energy cost for solar PV can be attributed to the following reasons:

- Competitive procurement of renewable power through auctions and quota system to promote competition among project developers;
- Economies of scale and technology innovation due to:
 - increased scale in manufacturing of key components such as solar PV modules and inverters;
 - reduction in manufacturing cost of all components as manufacturing shifted to low-cost countries;
 - maturing learning curve for construction as EPCC service providers become increasingly efficient and expand to new markets, bringing best practices in project engineering and construction; and

Typically, renewable energy sources that do not rely on commercial feedstock do not have marginal cost. In this regard, resources such as solar and hydro can achieve a low LCOE. The lower LCOE for solar PV makes it a viable renewable energy option for homeowner as well as commercial and industrial owners. Greater adoption of solar PV systems by homeowner as well as commercial and industrial owners due the favourable LCOE will support demand for solar PV EPCC services.

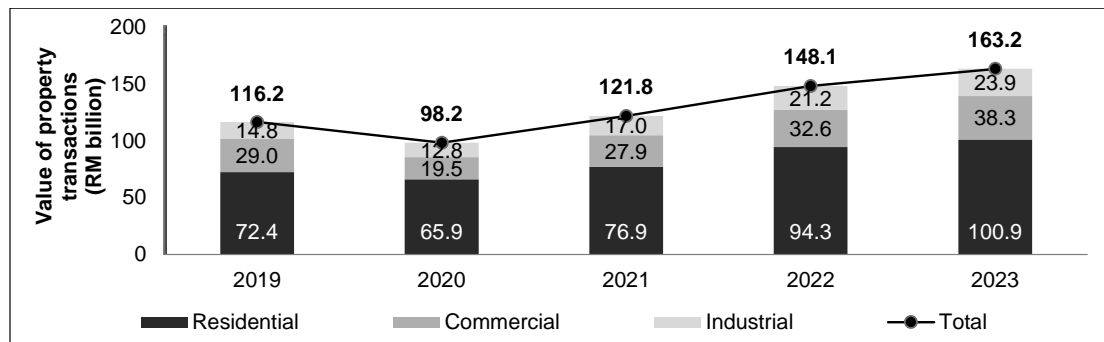
Recovery and growth in the residential, commercial and industrial property markets support demand for solar PV systems

Between 2019 and 2023, residential, commercial and industrial property transactions rose from RM116.2 billion to RM163.2 billion at a CAGR of 8.9%. From this, residential property transactions rose from RM72.4 billion to RM100.9 billion at a CAGR of 8.7%. Comparatively, commercial property transactions rose from RM29.0 billion to RM38.3 billion at a CAGR of 7.2% while industrial property transactions rose from RM14.8 billion to RM23.9 billion at a CAGR of 12.7%.

In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia’s efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise and activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, residential and commercial property transactions were affected in 2020. In 2021, the property market in Malaysia began showing signs of recovery, mainly supported by the implementation of various stimulus packages under Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN), as well as measures under Budget 2021 which sustained consumer confidence and spending.

Growth in the property market in 2022 was supported by the implementation of various government initiatives and assistance, improving labour market conditions and higher tourist arrivals. Several initiatives which were outlined under Budget 2022 contributed to improving property market activities lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies, as well as guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing. Property market growth in 2023 was supported by the implementation of various government initiatives and assistance as well as improving labour market conditions. Several initiatives outlined under Budget 2023 also boosted property market activities.

Residential, commercial and industrial property transactions in Malaysia



Source: National Property Information Centre (NAPIC), PROVIDENCE analysis

8. IMR REPORT (Cont'd)

For 2024, the economy is projected to grow within the range of 4.0% to 5.0%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities. In 2024, the real estate segment is projected to improve owing to the increase in non-residential and residential property transactions.

Collectively, these developments are expected to bode well for industry players offering solar PV EPCC services.

INDUSTRY RISKS AND CHALLENGES***Technical capabilities and industry track record***

EPCC for rooftop projects require a specific level of skill and experience. Project principals would seek to hire companies with proven track record to execute such works. While the fundamentals of electricity generation, transmission and distribution technology have remained constant over the years, skilled engineers and technicians are able to carry out improvements in order to enhance delivery and efficiency, while optimising system performance. Such skill can only be gained through hands-on experience. Due to the level of technicality of this field, industry players bidding for EPCC projects are expected to possess skills and experience in various areas including planning, design, development of solar PV systems; supply, delivery and installation of solar PV module and balance of systems; as well as the associated mechanical and electrical works.

Industry players who have the required technical capabilities are able to build industry track record, which cannot be easily replicated by a new entrant.

Product / service substitution and reliance and vulnerability to imports

There are no direct substitutes for the provision of EPCC services. EPCC services for solar PV facilities in Malaysia are typically performed by local industry players. EPCC industry players are dependent, to a certain extent, on the imports of solar equipment such as solar PV modules, inverters and balance of systems components. Industry players are also exposed to fluctuations in solar PV module pricing arising from raw materials pricing and availability.

COMPETITIVE LANDSCAPE

The solar PV systems EPCC services industry is competitive and comprises industry players that are involved in one or more of the following business activities:

- engineering and design from project initiation to detailed system design, including designing solar PV array, balance of systems as well as interconnection to the power grid;
- procurement of all relevant systems, equipment, including solar PV modules and balance of systems;
- civil and structural construction, mechanical and electrical works, installation and integration of equipment and systems, and interconnection to the utility grid; and
- testing and commissioning of individual equipment, as well as the entire solar PV system once all equipment have been installed and prior to interconnection to the utility grid.

Northern Solar Holdings Berhad is principally involved in the EPCC of solar PV systems, generation of renewable energy as well as operations and maintenance of solar PV equipment and systems.

In the FYE 31 March 2022, Northern Solar Holdings Berhad achieved cumulative solar PV systems installed capacities of 10.0 MW under its EPCC of solar PV systems segment. When compared against the latest publicly available total installed capacity for solar PV systems and facilities of 1,933 MW in 2022, Northern Solar Holdings Berhad secured a market share of 0.5%. Subsequently in FYE 31 March 2023, Northern Solar Holdings Berhad achieved cumulative solar PV systems installed capacities of 25.7 MW under its EPCC of solar PV systems segment. When compared against the latest publicly available total installed capacity for solar PV systems and facilities of 1,933 MW in 2022, Northern Solar Holdings Berhad secured a market share of 1.3%.

8. IMR REPORT (Cont'd)



The following sets out the latest available financial performance of selected industry players that are involved in the provision of solar PV systems EPCC services in Malaysia with revenues ranging between RM20.0 million and RM180.0 million:

Industry player	Latest available FYE	Revenue ^f (RM)	Gross profit / loss (RM)	Gross profit / loss margin (%)	Profit / Loss before tax (RM)	Profit / Loss after tax (RM)	Profit / Loss after tax margin (%)
Coara Solar Sdn Bhd	31 December 2023	42,182,190	34,378,879	81.5	-11,543,381	-11,543,381	-27.4
COEE Engineering Sdn Bhd	31 October 2023	43,537,202	7,702,509	17.7	6,851,668	5,311,984	12.2
Ditrolic Sdn Bhd	30 April 2023	32,797,769	-6,283,583	-19.2	-16,805,347	-15,532,289	-47.4
Dynasynergy Technology Sdn Bhd	31 December 2023	48,950,125	8,321,232	17.0	3,280,580	2,302,965	4.7
El Power Technologies Sdn Bhd	31 December 2023	42,066,547	8,599,431	20.4	6,106,198	4,488,357	102.9
Eleaps Sdn Bhd	30 June 2023	41,735,678	1,617,467	3.9	4,176,482	4,176,482	10.0
Gsparx Sdn Bhd ^b	31 December 2023	51,460,745	14,708,427	28.6	4,856,681	3,725,507	7.2
Hasilwan (M) Sdn Bhd	31 December 2021	65,576,935	6,044,121	9.2	1,299,780	904,027	1.4
JS Solar Sdn Bhd	31 March 2024	140,384,578	15,330,804	10.9	9,235,418	6,399,351	4.6
Kejuruteraan Elektrik KB Sdn Bhd	31 March 2023	62,564,319	10,283,224	16.4	973,546	696,014	1.1
Malaysian Solar Resources Sdn Bhd	31 December 2023	23,633,123	9,753,129	41.3	318,045	1,169,900	5.0
Maqo Engineering Sdn Bhd	31 August 2023	20,968,097	4,003,961	19.1	2,144,381	1,640,841	7.8
Micro Energy Holdings (M) Sdn Bhd	31 December 2023	35,393,211	9,181,343	25.9	738,416	368,764	1.0
NCL Energy Sdn Bhd	31 March 2023	33,115,478	2,935,256	8.9	1,082,123	816,673	2.5
Northern Solar Holdings Berhad	31 March 2024	77,974,073	21,585,677	27.7	12,714,405	10,088,506	12.9
Pekat Solar Sdn Bhd ^c	31 December 2023	136,890,197	17,539,937	12.8	1,013,943	974,945	0.7
Plus Xnergy Services Sdn Bhd	31 March 2023	179,790,237	29,824,772	16.6	6,680,792	5,789,706	3.2
Solarvest Energy Sdn Bhd ^d	31 March 2023	142,328,579	21,185,088	14.9	8,564,298	6,464,136	4.5
Suria Infiniti Sdn Bhd	30 June 2022	31,528,170	2,186,196	6.9	-148,623	-148,623	-0.5
Tera Va Sdn Bhd ^e	31 March 2024	64,604,199	18,221,428	28.2	8,453,995	6,282,747	9.7

Notes:

^a The selected industry players were identified from publicly available sources, such as SEDA's Registered PV Service Provider Directory, the internet and published documents

^b Subsidiary of Tenaga Nasional Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad

^c Subsidiary of Pekat Group Berhad which is listed on the ACE Market of Bursa Malaysia Securities Berhad

^d Subsidiary of Solarvest Holdings Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad

^e Subsidiary of Boilermach Holdings Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad

^f Revenues may be derived from businesses other than the provision of solar PV systems EPCC services

Latest available as at 25 November 2024

Source: SEDA, various annual reports, Companies Commission of Malaysia, PROVIDENCE analysis

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP BEFORE INVESTING IN OUR SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 Our revenue is project-based and our historical financial performance may not be indicative of our future financial performance

Our EPCC projects are non-recurring in nature and are secured on a project-by-project basis. Our Group's ability to compete for and secure sizeable contracts is one of the main contributors to our success as well as ongoing growth and future profitability. Revenue contribution from the EPCC of solar PV systems accounted for almost all of our total revenues in FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

We cannot guarantee that we will be able to continue to secure new contracts after the completion of the existing awarded contracts and that we will always be able to maintain similar levels of profitability every year. In addition, the number and scale of projects, as well as the amount of revenue that we are able to derive therefrom are affected by a series of factors including but not limited to changes in our customers' businesses, economic downturn and lack of funds on the part of project owners. Consequently, our revenue may vary significantly from period to period depending on the actual volume of our business and the progress achieved in the projects we secure. Therefore, we cannot guarantee or reasonably forecast our financial performance as we are unable to guarantee the number or value of projects we may secure in the future.

It is critical for our Group to secure new contracts which are similar or larger in value or number of projects on a continual basis to maintain competitiveness in the solar PV industry. In the event that we are unable to secure new contracts or obtain contract value or number comparable to existing ones, our financial performance and results of operations will be materially impacted. Therefore, the historical financial performance and financial condition of our Group may not be indicative of our future financial performance. Nonetheless, in relation to our EPCC projects, our Group has an order book of approximately RM82.4 million as at LPD, which is expected to be billed up to FYE 2025. Moving forward, we will continue to participate in more tender exercises and grow our order book to sustain the operations of our Group.

The rest of this page is intentionally left blank

9. RISK FACTORS (Cont'd)

9.1.2 Our business and financial performance may be affected in the event of delay or inability to complete projects on a timely basis

Our projects are subject to timelines for us to adhere to. In the event of any delays in the timeline of a project, such delays would usually result in project cost overruns, which attract negative publicity and legal uncertainties such as potential LAD claims from our customers.

Our revenue is recognised based on percentage of completion and billings are based on actual work performed and certified by our customers. Thus, any delays or postponement in projects may influence our resource allocation for the execution of subsequent projects and delay our revenue recognition. Any form of delay in completing the projects will therefore affect our billings, revenue, operational cash flow and financial performance. We may be required to pay our suppliers and subcontractors regardless of such delays if the works have been performed, and as such, it would affect our cash flow.

The timely completion of projects undertaken by our Group is dependent on external factors inherent in the renewable energy industry including, amongst others, the timely receipt of requisite licenses, permits or approvals from regulatory authorities, performance of any subcontractors appointed, safety and site conditions, availability of materials, equipment and/ or labour, adverse weather conditions, economic downturn and changes to government policies. Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing LAD claims on us as stipulated in our contracts and our reputation, financial performance and operational cash flows would be materially affected.

As at LPD, we have not experienced any LAD claims from our customers.

9.1.3 We are subject to the risks of defects liability claims from customers

The nature of our business is subject to risks of defects liability claims by our customers due to defective workmanship for the EPCC of solar PV systems.

Our EPCC contracts normally require defects liability period during which we are responsible for rectifying all defective works, if any. The defects liability period is generally 12 to 24 months after the date of acceptance or handover. During the defects liability period, we are liable for all the repair or rectification works including those carried out by our subcontractors in accordance with the terms of the contract for any defective workmanship.

For commercial and industrial EPCC projects, our customers typically withhold 5.0% of the contract sum as retention funds to safeguard against any defects or non-completion of works. Our customers may utilise the remaining retention sum to remedy the defects if the rectification is not carried out within the agreed period. As such, we may not be able to recover the retention sum if it has been fully utilised for remedy of defective works or non-fulfilment of certain requirements. As at LPD, we have not received any defects liability claims from our customers.

In the event that there are any significant claims raised by our customers against us for defects liability or any default or failure in relation to our works, we may incur significant costs in rectifying such defects and in such event our reputation, financial position and profitability may be materially affected.

9. RISK FACTORS (Cont'd)

9.1.4 Our EPCC projects depend on the timely supply of solar equipment and components at acceptable prices and quality

Our operations depend on our ability to obtain sufficient supply of solar equipment and components at acceptable prices, in satisfactory quality and in a timely manner. We are exposed to the price fluctuations in solar equipment and components and other materials that we use for our EPCC business, which represents a significant portion of our cost of sales. In FYE 2022, FYE 2023, FYE 2024 and FPE 2025, the purchase of project materials for EPCC of solar PV systems accounted for approximately RM12.1 million, RM26.5 million, RM40.5 million and RM17.3 million, representing 70.7%, 79.3%, 71.8% and 71.6% of our total cost of sales respectively.

We typically specify the brands, models and types of equipment and components to procure based on the agreed design and specifications. For projects which require large quantities of solar equipment and components, we will enter into purchase and supply agreements with the specified manufacturers/suppliers for selected solar equipment and components, such as solar PV modules and inverters. In the case of solar PV modules, the price shall be maintained throughout the duration of the agreement if there is no change in the module pricing according to the published weekly overseas module spot price. Our suppliers will renegotiate with us on a periodic basis, depending on module spot prices, for the pricing of the remaining volume of solar PV modules which have not been delivered to us. We may absorb some increase in price if the price fluctuation is not significant. In the event the price fluctuation is significant, we will pass the increased cost to our customers by applying for a variation order.

The other types of solar equipment and components such as mounting structures, inverters, solar PV monitoring systems and cables are procured on purchase order basis according to the quantity required. As we do not have exclusive long-term contracts with our suppliers, we may not be able to obtain sufficient solar equipment and components in a timely manner to meet our project delivery schedule. As a result, if we are unable to purchase the solar equipment and components from those suppliers upon agreed terms or in a cost-effective manner, we may experience delays in our project delivery and incur substantial cost.

As at LPD, due to prudent project budgeting, we have not experienced any material price fluctuations and/or quality issues in our supply of equipment and components which resulted in a material adverse impact on our financial performance or require us to pass on the increased costs to our customers, and we have also not faced material shortages of equipment and materials. Any shortages, quality issues or fluctuations in price that occurs in the future which we are not able to pass on to our customers may materially affect our business operations and financial performance. In addition, any failure to obtain sufficient supply in satisfactory quality and in a timely manner could also materially affect our business operations and financial performance.

9.1.5 Our business is subject to certain regulatory registrations, approvals, licenses and permits

As a solar PV service provider and owner of solar PV systems, we are required to obtain and hold valid approvals, permits and licences such as the Registration of Solar Photovoltaic Service Provider and the Registration of Photovoltaic Investor issued by SEDA and other approvals, permits and licences as set out in Section 6.7. We leverage on existing registrations, approvals, licenses and permits to continue our core business operations. We must comply with the restrictions and conditions imposed by the relevant authorities for us to maintain the validity of such approvals, permits and licenses. Please refer to Section 6.10 for further details on our Group's previous non-compliances.

9. RISK FACTORS (Cont'd)

In the event we fail to comply with the applicable requirements or any required conditions, our registration, approvals, licenses and permits may be cancelled or suspended. Delay in renewing such registrations, approvals, licenses and permits upon expiry may also result in temporary suspension or restriction of our business operations. Therefore, any revocation and/or failure to obtain renewals for such registrations, approvals, licenses and permits which are required for us to continue business activities, will have a material impact on our ability to continue business operations.

9.1.6 We depend on our Managing Director, Executive Director and key senior management for our continued success

Our Group's continued success, future business growth and expansion will depend to a significant extent upon the abilities and continued efforts of our Managing Director, Executive Director, key senior management and employees. Our Managing Director and Executive Director, Lew Shoong Kai and Chew Win Hoe have been actively involved in our Group's operations since the commencement of our Group's business. Our Managing Director and Executive Director are responsible for providing strategic direction of our Group's business growth. They are assisted by our key senior management, who also have knowledge and experience in our business operations and the solar PV industry. Our key senior management are responsible for executing and implementing our Group's business operations and business strategies to drive future growth.

The loss of any of our Managing Director, Executive Director and key senior management simultaneously or within a short period of time may potentially create an unfavourable impact on our Group's business operations, if there is a lack of succession planning, timely replacement or inability to retain qualified personnel. As such, our ability to retain and also attract competent and experienced personnel in the solar PV industry is crucial for our continued success, future business growth and expansion.

Competition for qualified personnel in the renewable energy sector is intense due to the rapidly growing solar PV industry. In an effort to mitigate such risk, we have also taken appropriate measures such as providing adequate compensation, incentives, training and development programmes, as well as rewarding our employees for their contribution to our success. However, any failure to retain such key employees or to hire additional qualified employees with the requisite industry knowledge could materially impact our business operations, financial performance and ability to achieve our business objectives.

9.1.7 Error or inaccurate estimation of project duration and costs will affect our profitability and our financial performance

Our contracts with customers normally have a fixed and pre-determined value throughout the contract period in accordance with the scope of works that we tendered for. In pricing a tender or quotation, we estimate the project costs based on numerous factors including but not limited to:

- (a) scope of works;
- (b) material and labour requirements and costs;
- (c) project complexity;
- (d) time required for completing a project;
- (e) historical fees we charged for similar projects; and
- (f) prevailing market conditions.

Incorrect estimations of our project costs may result in cost overruns and hence will affect our profitability and financial performance. During FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD, we have not faced any project cost overruns.

9. RISK FACTORS (Cont'd)

If the actual costs to complete the projects significantly deviate from the estimated costs when the tenders or quotations were submitted, we may be bound by the contract to undertake the project at a loss and hence our business operations as well as financial performance and profitability may be adversely affected. Our Group may endeavor to enter into variation orders to pass on the increased cost to customers, but our customers are not obliged to accede which may result in our Group to carry out the project at the originally agreed cost. We may not be able to complete the project on time or we may be subject to cost overruns due to certain events that are not within our control, such as timing required to obtain the necessary work permits from local authorities and adverse weather conditions.

9.1.8 We cannot assure you that our insurance coverage is adequate for our operations and able to cover all losses and/ or liabilities arising from potential claims

Pursuant to the terms of the contracts awarded by our customers, we are to procure and maintain insurance policies relevant for commercial and industrial EPCC projects, namely contractor all risks and workmen's compensation.

We are aware of the adverse consequences arising from the inadequate insurance coverage that could potentially affect our business, operations and financial performance. We have also purchased business insurance policies, to protect our business, office furniture and equipment against unexpected losses or damage due to break-ins or loss of monies and policies to insure our vehicles.

Although we have procured and maintain the relevant insurance policies for our projects, we may receive claims from our customers, subcontractors or other parties in respect of various matters concerning our business operations from time to time. There is no assurance that our current insurance policies will sufficiently protect us against all potential liabilities arising from any claims or losses.

Further, our insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events. The outcome of any claim is subject to the relevant parties' negotiation and the result of claims may be unfavourable to us. If we are held liable for uninsured losses or the amounts of claims for insured losses exceed the limit of our insurance coverage, our business and financial performance will be impacted.

As at LPD, we have not encountered any events that resulted in any insurance claims that materially affected our business and financial condition.

9.1.9 We are dependent on our subcontractors

We depend on our subcontractors for the provision of civil and structural works as well as M&E works, which we have not and do not intend to carry out by ourselves.

In FYE 2022, FYE 2023, FYE 2024 and FPE 2025, our subcontracting costs represented approximately 15.9%, 9.3%, 17.2% and 18.0% of our total cost of sales, respectively. However, such costs may vary from year-to-year due to the volume of projects on hand as well as the demand for such services to complement our project capabilities.

We adopt a stringent assessment in selecting subcontractors, which includes evaluating our project requirements, the subcontractors' past track record, their qualifications and certifications acquired, strength of manpower, pricing and ability to meet our project delivery schedule. Please refer to Section 7.14 for further details on our quality control assurance and procedures.

9. RISK FACTORS (Cont'd)

Nonetheless, the engagement of subcontractors may expose us to certain risks, including but not limited to, difficulties in overseeing the performance of subcontractors effectively, possibilities of subcontractors failing to complete their contracted scope of works, onsite safety, non-compliance to regulatory requirements, or inability to hire suitable subcontractors in a timely manner and within our budget. The occurrence of the aforementioned risks may result in incidences onsite, disputes and litigation, all of which may have impact on our profitability, financial performance and operations.

As our subcontractors do not have direct contractual relationships with our customers, we are liable for the risks of our subcontractors' non-performance, poor quality of works, defects, delays or non-compliance caused by them. As a main contractor, we are further held responsible by the regulatory authorities for the overall construction activities that take place onsite. In addition, if the cost required to rectify the defects caused by our subcontractors are significant, it may have an impact on our financial performance. We may be liable for the costs of remedial works, which in turn would increase our costs for the projects as well as delay in our project delivery. We would also typically state in the contracts that our subcontractors shall observe and comply with all the relevant rules and regulations during the course of their execution of works.

We withhold 10.0% of the awarded sub-contract value as retention sum. In the event the subcontractors fail to meet the project requirements such as quality issues concerning substandard works or non-performance, we may utilise such retention sum to engage other subcontractors to complete the rectification works. Consequently, we may need to incur significant time, cost and resources to carry out rectification works. This in turn would affect the project delivery schedule and accordingly, we would be entitled to claim against such subcontractor for LAD, costs and expenses incurred by us.

As at LPD, we have not encountered any claims from our customers due to non-performance or defects of works by our subcontractors. Although we endeavour to maintain the quality of our works including our subcontractors works, there is no assurance that the works carried out will always be to our customers' satisfaction, expectations and requirements.

9.1.10 Our contracts are subject to early termination

In line with industry practice, our contracts with customers ordinarily contain clauses which could give rise to a right of early termination by our customer or us, in the event of, amongst others, suspension of works, our persistent failure to comply with the terms and conditions contained in the contracts, failure for payment of our works as per the payment schedule, and in situations of insolvency faced by our customers or us.

In the event we experience any early termination of our contracts, the loss of revenue and/or costs incurred arising from such termination may have an adverse impact on the financial condition and prospects of our Group. If our Group is at fault, we may also be exposed to the risks of legal claims, liabilities and compensation to our customers. This could have a negative impact on our financial condition and reputation.

As at LPD, our Group has not experienced any events which resulted in the termination of our contracts.

The rest of this page is intentionally left blank

9. RISK FACTORS *(Cont'd)*

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 **The renewable energy and solar PV industries are dependent on government policies, incentives and supportive regulatory framework**

Demand for solar energy depends to a large extent on government incentives which aim to promote greater use of renewable energy. The development of solar energy will be facilitated by favourable government policies, incentives and regulatory framework.

In recent years, the renewable energy and solar PV industries are rapidly growing as a result of support and encouragement towards the development of renewable energy. The Government has initiated incentive programmes to promote the sustainable growth in the renewable energy and solar PV industries as well as attractive pricing mechanism to encourage solar farm investors and homeowners to deploy solar PV systems. Please refer to Section 8 for further details.

Accordingly, the scope and degree of these government incentives are largely influenced by a given country's political and policy developments in relation to the use and development of solar energy. A significant reduction in the scope or discontinuation of government incentive programmes would have a material impact on the demand for our services. We may be affected by any adverse changes in government policies, incentives and supportive mechanism relating to the renewable energy and solar PV industries. Therefore, there is no assurance that adverse changes in government policies, incentives and supportive regulatory framework will not affect our business operations and financial performance in the future.

9.2.2 **We face competition from other industry players**

The renewable energy and solar PV industries are rapidly growing and we face competition from domestic competitors that may be capable of offering similar services. Some of these competitors may have more established relationships with their customers, longer operating histories, be equipped with better resources and technical knowledge as compared to us, thereby allowing them to offer more compelling value propositions. Furthermore, these competitors may adapt to changes in the industry more promptly and efficiently.

We may face competition pressures from existing or new competitors who adopt aggressive pricing strategies. If we are not able to compete effectively and efficiently or are not able to adapt to changes in competitive landscape, our business operations and financial performance will be materially impacted.

There can be no assurance that we will be able to compete effectively with current and new entrants into the renewable energy and solar PV industries in the future and that the level of competition will not intensify in the future.

9.2.3 **We are subject to economic, political and/or regulatory risks in Malaysia**

Our principal market is Malaysia. Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and / or uncertainties in the economic, political and legal environments that are beyond our control in Malaysia. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls. All of these changes are beyond our control.

Any adverse developments in one or more of the abovementioned conditions may cause disruptions in the delivery and completion schedules of projects, which may consequently cause a decline in our revenue, or may cause a decline in demand for our Group's solutions.

9. RISK FACTORS (Cont'd)

As such, there is no assurance that any adverse political, regulatory or economic developments, would not materially affect our business, financial performance and prospects of our Group.

9.2.4 We may not be able to adapt to technological developments and industry standards in the solar PV industry

The solar PV industry is technology-intense and dynamic in technological advances to improve system features, such as efficient power generation and energy storage system, improved aesthetics and enhanced solar monitoring systems.

Our Group's success depends on our continued ability to:

- timely adapt to technology developments in the solar PV industry;
- continuously improve our technical knowledge in the solar PV industry;
- continuously meet the evolving standards, including conformity with new operational standards; and
- continuously enhance the features and develop new functionalities of solar PV systems.

With the development of technology in the solar PV industry, new models/ types of solar equipment and components and associated peripheral systems (information technology) can better meet the energy-saving requirements and enhance our operational and management efficiency. Although we endeavour to keep pace with technological advances in a cost-effective manner and timely basis, we may encounter practical difficulties in upgrading or enhancing our services with the new technology. As such, we may require adequate time to study the technology and improve our technical knowledge.

There is no assurance that we are able to anticipate trends in technological developments and industry standards or are able to adequately upgrade our capabilities to develop and enhance our services.

9.2.5 We face competition from other sources of renewable energy

Although solar energy is one of the popular renewable energy resources, we may face competition from other alternative renewable energy such as wind, biogas, biomass, small hydropower and geothermal resources.

In addition, competition from such renewable energy companies may intensify if the technology used to generate electricity from such other renewable energy sources becomes more sophisticated and cost-effective, or if the government strengthens its support for such other renewable energy sources. The costs from generating this alternate renewable energy may decrease, driven by improving technologies, economies of scale, increasingly competitive supply chains, growing technical experience as well as government subsidies and incentives. As a result, the other forms of renewable energy will be more attractive to investors and consequently may have an adverse effect on our business operations and financial performance.

9. RISK FACTORS (Cont'd)

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop or continue to be developed upon or subsequent to our Listing.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occur:

- (a) the selected investors fail to subscribe for their portion of our IPO Shares;
- (b) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9. RISK FACTORS (Cont'd)

9.4 OTHER RISKS

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

Our Promoters will collectively hold approximately 61.6% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will likely have a deciding vote (i.e. to approve or reject) on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

The rest of this page is intentionally left blank

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
KSI Electcon Sdn Bhd	Northern Solar	Lew Shoong Kai	Lew Shoong Kai is our Promoter, substantial shareholder and Managing Director	Purchase of low voltage electrical components by Northern Solar from KSI Electcon Sdn Bhd	319	⁽²⁾ 1.9	6	⁽²⁾ <0.1	-	-	-	-	-	-
			Lew Shoong Kai is the shareholder and director of KSI Electcon Sdn Bhd	Rental expenses paid by Northern Solar to KSI Electcon Sdn Bhd ⁽⁵⁾	45	⁽³⁾ 2.7	90	⁽³⁾ 2.3	68	⁽³⁾ 1.0	-	-	-	-
NS Powercare	Northern Solar	Lew Shoong Kai and Chew Win Hoe	Lew Shoong Kai and Chew Win Hoe are our Promoters, substantial shareholders and Executive Directors	Provision of O&M services by NS Powercare to Northern Solar. Since 1 January 2024, Northern Solar undertakes all of its O&M activities as NS Powercare has ceased its O&M activities on 31 December 2023	629	⁽²⁾ 3.7	93	⁽²⁾ 0.3	346	⁽²⁾ 0.6	-	-	-	-
			Lew Fui Shi is a shareholder and director of NS Powercare. She is also our Chief Financial Officer											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
			and sister of Lew Shoong Kai	Disposal of shares in Norwatt Power by Northern Solar to NS Powercare ⁽⁶⁾	-	-	-	-	750	⁽⁴⁾ 3.6	-	-	-	-
			Chua Ai Kim is a shareholder of NS Powercare. She is the mother of Chew Win Hoe	Advances from Northern Solar to NS Powercare for working capital	69	⁽⁴⁾ 1.6	1,326	⁽⁴⁾ 12.5	100	⁽⁴⁾ 0.5	-	-	-	-
				Repayment of advances from NS Powercare to Northern Solar	-	-	-	-	1,658	⁽⁴⁾ 8.0	-	-	-	-
Flow Dimensions Sdn Bhd	Northern Solar	Chew Win Hoe	Chew Win Hoe is our Promoter, substantial shareholder and Executive Director	Payment of referral commission by Northern Solar to Flow Dimensions Sdn Bhd ⁽⁷⁾	522	⁽²⁾ 3.0	150	⁽²⁾ 0.5	95	⁽²⁾ 0.2	-	-	-	-
			Chew Win Hoe was a shareholder of Flow Dimensions until 10 November 2022 when he transferred his 99.9% equity interest to his sister, Chew Ann Bee. Chew											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
			father of Chew Win Hoe owns 1 share in Flow Dimensions Sdn Bhd.											
			Chew Win Hoe was a director of Flow Dimensions Sdn Bhd until his resignation on 10 November 2022. Chew Ann Bee, sister of Chew Win Hoe was appointed as a director on 10 November 2022.											
Chong Chee Meng	Northern Solar	Roselinda Binti Mohammad Hashim	Roselinda Binti Mohammad Hashim is our Independent Non-Executive Director	Provision of solar installation services by Northern Solar to Chong Chee Meng	-	-	35	(1)0.1	-	-	-	-	-	-
			Chong Chee Meng is the husband of Roselinda Binti Mohammad Hashim											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Lew Shoong Kai	Northern Solar	Lew Shoong Kai	Lew Shoong Kai is our Managing Director, Promoter and substantial shareholder	Repayment from Lew Shoong Kai to Northern Solar	-	-	135	⁽⁴⁾ 1.3	-	-	-	-	-	-
Chew Ann Bee	Northern Solar	Chew Ann Bee	Chew Ann Bee was the director of Northern Solar and subsequently resigned on 15 December 2023. She is the sister of Chew Win Hoe	Repayment from Chew Ann Bee to Northern Solar	-	-	135	⁽⁴⁾ 1.3	-	-	-	-	-	-
Engtex Energy	Northern Solar	Engtex Group Berhad	Engtex Group Berhad holds 80.0% equity interest in our associated company, Engtex Energy	Provision of EPCC services by Northern Solar to Engtex Energy	-	-	-	-	4,630	⁽¹⁾ 5.9	944	⁽¹⁾ 2.4	-	-

The rest of this page is intentionally left blank

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taraf Nusantara Sdn Bhd	Northern Solar	Lagenda Properties	Lagenda Properties is our substantial shareholder	Provision of EPCC services by Northern Solar to Taraf Nusantara Sdn Bhd	-	-	-	-	182	⁽¹⁾ 0.2	-	-	-	-
			Taraf Nusantara Sdn Bhd is a wholly-owned subsidiary of Lagenda Properties											
Teh Muy Ch'ng	Northern Solar	Teh Muy Ch'ng	Teh Muy Ch'ng is our Independent Non-Executive Director	Provision of solar installation services by Northern Solar to Teh Muy Ch'ng	-	-	-	-	-	-	19	<0.1	-	-
Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd)	Northern Solar	Lagenda Properties	Lagenda Properties is our substantial shareholder and Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd) is a subsidiary of Lagenda Properties	Rental of property (including service charge) by Lagenda Harta Sdn Bhd to Northern Solar ⁽⁸⁾	-	-	-	-	-	-	82	⁽³⁾ 1.6	28	⁽⁹⁾ -

10. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- (1) Computed based on our Group's revenue for each of the respective financial years/period.
- (2) Computed based on our Group's cost of sales for each of the respective financial years/period.
- (3) Computed based on our Group's administrative expenses for each of the respective financial years/period.
- (4) Computed based on our Group's NA for each of the respective financial years/period.
- (5) Northern Solar has rented a property located at 12, Jalan PJU 1A/12, Taman Perindustrian Jaya, 47301 Petaling Jaya, Selangor for use as their head office. The tenancy commenced from 1 September 2020 to 31 December 2023 at an initial monthly rate of RM1,800 for rental of a section of the property, which gradually increased to a monthly rate of RM7,500 for the entire property. The tenancy was terminated effective from 31 December 2023 as our Group moved to the previous head office in B-1-01 and B-1-03, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor.
- (6) On 12 July 2023, Northern Solar disposed its 75% equity interest in Norwatt Power for a total cash consideration of RM750,000. Please refer to Section 7.1.1 for further details on this transaction.
- (7) These referral fees were paid based on Northern Solar's commission scheme (which applies to our Directors as outlined under Section 5.2.4) for sales secured by Flow Dimensions Sdn Bhd. The referral fees paid to Flow Dimensions Sdn Bhd during the financial years under review were pursuant to the sales secured prior to the implementation of our referral fee programme in January 2023. For avoidance of doubt, the commission scheme to Directors pay different rates than the referral fee programme to employees and third parties.
- (8) On 15 March 2024, we entered into a tenancy agreement with Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd), a subsidiary of Lagenda Properties, for the rental of an office unit measuring 8,620 sq ft at 8-01 and 8-02, Lagenda Tower, No. 3, Jalan SS20/27, 47400 Petaling Jaya Selangor. This tenancy agreement is for a period of 3 years commencing 1 July 2024 with an automatic renewal of an additional period of 6 years. The monthly rental for the abovementioned units is RM26,722 for the first 3-year period, a minimum 10% increase in the second 3-year period and a further minimum 10% increase in the third 3-year period. In accordance with the terms of the tenancy agreement, the deposit payments and advance rental for the first month has been paid as at LPD. The monthly rental commenced in July 2024 and will be recurrent related party transactions. Save for this tenancy agreement, our rented properties are from non-related parties. The monthly rental to Lagenda Harta Sdn Bhd is on an arm's length basis and on competitive commercial terms not more favourable to the related parties.
- (9) Not available as no financial statements were prepared for the financial period up to LPD.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Save for the rental expenses paid by Northern Solar to KSI Electcon Sdn Bhd (for which comparable transacted rental rates were unavailable for reference), the related party transactions above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our Group. The tenancy with KSI Electcon Sdn Bhd was terminated on 31 December 2023.

Moving forward, if there are potential related party transactions, the related parties must first inform our Group's Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into. The Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. For avoidance of doubt, our Group will not have any future business dealings or transactions with KSI Electcon Sdn Bhd, NS Powercare and Flow Dimensions Sdn Bhd.

Our Directors are of the view that, save for the rental expenses paid by Northern Solar to KSI Electcon Sdn Bhd (for which comparable transacted rental rates were unavailable for reference), all our related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties.

The rest of this page is intentionally left blank

10. RELATED PARTY TRANSACTIONS (Cont'd)

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

- (i) at least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) if quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

- (i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) the rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

The rest of this page is intentionally left blank

10. RELATED PARTY TRANSACTIONS (Cont'd)**10.2 OTHER TRANSACTIONS****10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2022 to FYE 2024, FPE 2025 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)**(a) Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of the Group.

(b) Guarantees

Our Promoters, substantial shareholders and Executive Directors, namely Lew Shoong Kai and Chew Win Hoe have jointly and severally provided personal guarantees for the banking and hire purchase facilities extended by United Overseas Bank (Malaysia) Bhd, Alliance Bank Malaysia Berhad, Maybank Islamic Berhad, Alliance Islamic Bank Malaysia, Malayan Banking Berhad, Pac Lease Berhad, Public Bank Berhad and CIMB Islamic Bank Berhad (collectively referred to as "Financiers") to our Group:

Financiers/ Borrower	Type of facilities	Outstanding balance as at LPD RM'000	Guaranteed sum RM'000	Guarantors
United Overseas Bank (Malaysia) Bhd/ Northern Solar	1 trade facility	-	500	• Lew Shoong Kai • Chew Win Hoe
United Overseas Bank (Malaysia) Bhd/ Northern Solar	1 trade facility	70 (amount of bank guarantee utilised)	3,150	• Lew Shoong Kai • Chew Win Hoe
Alliance Bank Malaysia Berhad/ Northern Solar	1 term loan	645	1,000	• Lew Shoong Kai • Chew Ann Bee
CIMB Islamic Bank Berhad/ Northern Solar	1 term loan	1,694	2,000	• Lew Shoong Kai • Chew Ann Bee
CIMB Islamic Bank Berhad/ Northern Solar	1 trade facility	2,946 (amount of bank guarantee utilised)	5,000	• Lew Shoong Kai • Chew Ann Bee
Maybank Islamic Berhad/ Northern Solar	1 trade facility	-	3,000	• Lew Shoong Kai • Chew Win Hoe • Chew Ann Bee

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers/ Borrower	Type of facilities	Outstanding balance as at LPD	Guaranteed sum	Guarantors
		RM'000	RM'000	
Alliance Islamic Bank Berhad/ Northern Solar	1 term loan	(1)7,677	8,000	<ul style="list-style-type: none"> • Lew Shoong Kai • Chew Win Hoe
Malayan Banking Berhad/ Northern Solar	3 hire purchase facilities	969	1,633	<ul style="list-style-type: none"> • Lew Shoong Kai • Chew Win Hoe
Pac Lease Berhad/ Northern Solar	2 hire purchase facilities	2,568	3,548	<ul style="list-style-type: none"> • Lew Shoong Kai • Chew Win Hoe

Note:

(1) The drawdown of the term loan was made on 20 May 2024.

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the above personal guarantees by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge are obtained from the respective Financiers, the aforesaid persons will continue to guarantee the banking facilities extended to our Group.

As at LPD, we have received approvals from all the Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers.

(c) Financial assistance provided for the benefit of a related party

As at the date of the Prospectus, there is no financial assistance provided by us for the benefit of any related party.

10.2.3 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 5 December 2023 between our Company and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and
- (b) Underwriting Agreement dated 21 November 2024 entered into between our Company and M&A Securities for the underwriting of 27,692,000 Issue Shares.

The rest of this page is intentionally left blank

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group.

As at LPD, save as disclosed below, none of our Directors and substantial shareholders have any interest, direct or indirect, in the business of our customers and/or suppliers and subcontractors:

(a) Suppliers of our Group

- (i) KSI Electcon Sdn Bhd, for the purchase of low voltage electrical components by Northern Solar from KSI Electcon Sdn Bhd. The transaction value amounted to RM319,000 and RM6,000 in FYE 2022 and FYE 2023 respectively. Lew Shoong Kai is the sole shareholder and director of KSI Electcon Sdn Bhd. He is also our Promoter, substantial shareholder and Managing Director.

KSI Electcon Sdn Bhd principally undertook electrical engineering contracts and electrical systems integration projects. Lew Shoong Kai was responsible for managing the daily operations of KSI Electcon Sdn Bhd, including leading business development and forging business relationships with customers and suppliers.

As at LPD, KSI Electcon Sdn Bhd has ceased the abovementioned business activities (i.e., electrical engineering contracts and electrical systems integration projects) and is principally involved in investment of property, such as renting out its property to a third party.

- (ii) NS Powercare, for the provision of O&M services to Northern Solar. The transaction value amounted to RM629,000, RM93,000 and RM346,000 in FYE 2022, FYE 2023 and FYE 2024 respectively, as well as advances from Northern Solar for working capital of RM69,000, RM1.3 million and RM100,000 for FYE 2022, FYE 2023 and FYE 2024 respectively, which have been fully settled as at LPD. One of the shareholders and the sole director of NS Powercare is Lew Fui Shi, our Chief Financial Officer and a sister of our Executive Director, Lew Shoong Kai. The other shareholder of NS Powercare is Chua Ai Kim, who is the mother of our Executive Director, Chew Win Hoe.

On 31 December 2023, NS Powercare has ceased its business operations. With effect from 1 January 2024, Northern Solar carries out all of its O&M activities with the intention of streamlining its solar PV EPCC operations and O&M operations under one entity.

Moving forward, our Group will not have any future business dealings or transactions with KSI Electcon Sdn Bhd and NS Powercare.

Premised on the above, M&A Securities as the Sponsor is of the view that the abovementioned conflict of interest situation is sufficiently mitigated.

Please refer to Section 10.1 for further details on the related party transactions.

11. CONFLICT OF INTEREST (Cont'd)

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

- (a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

The rest of this page is intentionally left blank

11. CONFLICT OF INTEREST (Cont'd)

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Placement Agent and Underwriter for our Listing;
- (b) Ilham Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;
- (c) BDO PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical combined financial information throughout the financial years/period under review has been prepared in accordance with MFRS and IFRS Accounting Standards. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

12.1.1 Combined statements of comprehensive income

The following table sets out a summary of our combined statements of comprehensive income for the financial years/period under review which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,232	44,672	77,974	38,243	40,156
Cost of sales	(17,178)	(33,367)	(56,388)	(29,530)	(24,167)
GP	5,054	11,305	21,586	8,713	15,989
Other income	37	16	169	25	1,608
Administrative expenses	(1,657)	(3,682)	(6,571)	(2,929)	(5,087)
Other operating expenses	(39)	(95)	(90)	(44)	(616)
Net loss on impairment of financial instruments	-	-	(1,841)	(286)	(1,679)
Profit from operations	3,395	7,544	13,253	5,479	10,215
Finance costs	(62)	(386)	(535)	(271)	(377)
Share of results of an associate, net of tax	-	-	(3)	(2)	2
PBT	3,333	7,158	12,715	5,206	9,840
Tax expense	(227)	(1,043)	(2,626)	(903)	(2,410)
PAT/ total comprehensive income	3,106	6,115	10,089	4,303	7,430
PAT/ total comprehensive income attributable to:					
Owners of the Company	3,106	6,115	10,089	4,303	7,430
Non-controlling interests	-	-	(1)	(1)	-
	3,106	6,115	10,089	4,303	7,430
EBIT ⁽²⁾	3,395	7,538	13,119	5,458	10,089
EBITDA ⁽²⁾	3,453	7,866	13,566	5,631	10,398
GP margin (%) ⁽³⁾	22.7	25.3	27.7	22.8	39.8
PBT margin (%) ⁽⁴⁾	15.0	16.0	16.3	13.6	24.5
PAT margin (%) ⁽⁴⁾	14.0	13.7	12.9	11.3	18.5
EPS (sen) ⁽⁵⁾	0.8	1.5	2.6	1.1	1.9

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Represents less than RM500, being PAT attributable to non-controlling shareholders where such PAT generated from the then non-wholly owned subsidiary, Norwatt Power, which is mainly interest income.
- (2) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	3,106	6,115	10,089	4,303	7,430
Less:					
Interest income	-	(6)	(131)	(19)	(128)
Add:					
Finance costs	62	386	535	271	377
Taxation	227	1,043	2,626	903	2,410
EBIT	3,395	7,538	13,119	5,458	10,089
Add:					
Depreciation	58	328	447	173	309
EBITDA	3,453	7,866	13,566	5,631	10,398

- (3) Calculated based on GP over revenue.
- (4) Calculated based on PBT or PAT over revenue.
- (5) Calculated based on PAT attributable to owners of the Company and enlarged share capital of 395,600,000 Shares after IPO.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 March 2022, 2023 and 2024 as well as 30 September 2024 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	As at 31 March			As at 30
	2022	2023	2024	September
	RM'000	RM'000	RM'000	2024
				RM'000
Non-current assets				
Plant and equipment	135	236	7,090	8,571
Right-of-use assets	495	3,267	2,918	5,093
Investment in an associate	-	60	201	204
Investment in a joint venture	(1)	(1)	-	-
	630	3,563	10,209	13,868
Current assets				
Inventories	2,618	5,117	3,983	4,371
Trade receivables	3,242	8,891	11,519	19,687
Other receivables and prepayments	2,833	2,910	2,238	2,973
Contract assets	-	499	1,162	5,901
Cash and bank balances	2,219	7,724	9,003	16,973
Total current assets	10,912	25,141	27,905	49,905
Total assets	11,542	28,704	38,114	63,773
Equity				
Invested equity	1,000	1,000	1,000	1,000
Retained earnings	3,450	9,566	19,654	22,084
Total equity	4,450	10,566	20,654	23,084
Non-current liabilities				
Borrowings	-	696	2,095	8,547
Lease liabilities	372	3,584	3,430	5,071
Deferred tax liabilities	17	421	126	299
	389	4,701	5,651	13,917
Current liabilities				
Trade payables	4,526	7,045	6,761	10,568
Other payables	1,187	1,203	1,361	2,617
Contract liabilities	192	1,886	591	3,389
Borrowings	500	2,355	564	5,803
Derivative liabilities	-	-	-	97
Lease liabilities	82	832	914	1,165
Current tax liabilities	216	116	1,618	3,133
	6,703	13,437	11,809	26,772
Total liabilities	7,092	18,138	17,460	40,689
Total equity and liabilities	11,542	28,704	38,114	63,773

Note:

(1) Represents less than RM500.

12. FINANCIAL INFORMATION (Cont'd)**12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for the financial years/period under review which has been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities				
PBT	3,333	7,158	12,715	9,840
Adjustments for:				
Depreciation of:				
- Plant and equipment	14	35	146	84
- Right-of-use assets	44	293	301	225
Gain on lease termination	-	-	(17)	-
Fair value loss on derivative liabilities	-	-	-	97
Loss on disposal of a subsidiary	-	-	1	-
Impairment loss on an associate	-	-	6	-
Impairment losses on trade receivables	-	-	1,841	2,266
Reversal of impairment losses on trade receivables	-	-	-	(587)
Interest expenses:				
- Lease liabilities	11	274	313	148
- Borrowing	-	37	111	153
- Other	51	75	111	76
Interest income	-	(6)	(131)	(128)
Plant and equipment written off	-	19	-	-
Unrealised gain on foreign exchange	(4)	(2)	(15)	(162)
Share of loss/ (profit) of an associate, net of tax	-	-	3	(2)
Operating profit before changes in working capital	3,449	7,883	15,385	12,010
Changes in working capital:				
Inventories	(1,487)	(2,499)	1,134	(388)
Receivables	(4,016)	(5,956)	(5,362)	(10,583)
Payables	2,828	2,523	(142)	5,281
Contract assets	-	(499)	(663)	(4,738)
Contract liabilities	192	1,693	(1,295)	2,798
Cash generated from operations	966	3,145	9,057	4,380
Tax paid	(74)	(739)	(1,419)	(722)
Net cash generated from operating activities	892	2,406	7,638	3,658

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Cash flow from investing activities				
Acquisition of:				
- an associate	-	(60)	-	-
- a joint venture	(1)	-	(1)	-
Acquisition of additional interests in an associate	-	-	(151)	-
Net cash inflow on acquisition of a subsidiary	-	-	2	-
Net cash outflow on disposal of a subsidiary	-	-	(255)	-
Additional issuance of shares - Non-controlling interests	-	-	250	-
(Advance to)/ Repayment from a related party	(68)	(1,318)	1,557	(8)
(Advance to)/ Repayment from a joint venture	(5)	(4)	9	-
Repayment from Directors	5	272	17	(25)
Placement of deposits with a licensed bank with original maturity of more than 3 months	-	(354)	(124)	(133)
Placement in restricted bank balances	-	-	-	(716)
Interest received	-	6	131	128
Proceeds from disposal of equity interest in joint venture	-	-	(1)	-
Purchase of plant and equipment	(138)	(154)	(7,000)	(1,566)
Net cash used in investing activities	(206)	(1,612)	(5,564)	(2,320)
Cash flow from financing activities				
Proceeds from subscribers share	-	-	(1)	-
Proceeds from issuance of shares	-	-	-	-
Dividend paid	-	-	-	(5,000)
Net drawdown /(repayments) of borrowings	500	2,551	(391)	11,690
Net (repayments)/ drawdown of lease liabilities	(46)	2,168	(25)	(529)
Interest paid	(51)	(363)	(517)	(356)
Net cash from/ (used in) financing activities	403	4,356	(933)	5,805

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Net increase in cash and cash equivalents	1,089	5,150	1,141	7,143
Cash and cash equivalents at beginning of financial year/ period	1,130	2,219	7,369	8,525
Effect of exchange translation difference	-	-	15	(23)
Cash and cash equivalents at end of financial year/ period	2,219	7,369	8,525	15,645

Note:

(1) Represents less than RM500.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial statements for the financial years/period under review should be read with the Accountants' Report in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

Our Group is involved in renewable energy where we are principally undertaking the following:

- (i) EPCC of solar PV systems: we undertake engineering design and planning, procurement and supply, construction, installation as well as testing and commissioning of solar PV systems for rooftop installations on commercial, industrial and residential buildings.
- (ii) Generation of renewable energy: we own, operate and maintain rooftop solar PV systems that generate and sell the electricity generated to the utility grid in Peninsular Malaysia. We enter into REPPA or SARE in relation to our rooftop solar PV systems that generate and sell electricity to NEM / SELCO consumers in Peninsular Malaysia for period ranging from 15 to 25 years.
- (iii) O&M of solar PV equipment and systems: we offer O&M services for rooftop mounted solar PV systems. Our O&M services help to maintain consistent operations of solar PV equipment and systems for a specific contractual duration. Typically, our O&M contracts range between 1 and 10 years, depending on the scope of services. We commenced our O&M services in April 2024.

We principally operate in Malaysia. For the financial years/period under review, our revenue was mainly derived from the EPCC of solar PV systems segment which accounted for 100.0%, 99.1%, 98.8% and 98.6% for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. Our projects and services were carried out locally and the primary currency used in our invoicing is RM. Our revenue recognition is as follows:

Business segment	Revenue recognition
(i) EPCC of solar PV systems	Our revenue from EPCC of solar PV systems segment is measured and recognised over the period of the contract by reference to the progress towards complete satisfaction of our performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date over to the estimated total construction costs (an input method).

12. FINANCIAL INFORMATION (Cont'd)

Business segment	Revenue recognition
	<p>We become entitled to invoice customers for EPCC services based on achieving a series of performance-related milestones. Our Group recognises a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when an invoice is issued or timing for billing is due in the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances are received from customers, then our Group recognises a contract liability for the difference.</p>
(ii) Generation of renewable energy	<p>Our revenue is recognised upon delivery of electricity, which is measured in kWh to the customers and acceptance by the customers.</p>
(iii) O&M of solar PV equipment and systems	<p>Upon completion of our projects under the EPCC of solar PV systems segment and after the two-year free service, we will generate revenue from the O&M of solar PV equipment and systems. Generally, we are engaged by our customers to provide maintenance and services over a fixed period ranging from 1 year to 10 years, depending on the scope of services.</p>

For avoidance of doubt, from FYE 2022 to 2024, our O&M services have been provided free of charge as part of our obligations under most of our EPCC contracts. In this respect, no revenue has been generated over FYE 2022 to 2024. Nonetheless, as at LPD, we have secured several O&M services contracts, which shall contribute to revenue for the O&M business segment from FPE 2025 onwards.

Our revenue generated from these segments in any financial year/period fluctuates depending on the number of projects and stage of completion of the projects we undertake.

Please refer to Section 7 for our Group's detailed business overview.

(b) Cost of sales

Our cost of sales comprises project materials, subcontractors cost and other overheads as follows:

(i) Project materials

Project materials mainly comprise solar PV panels, mounting structures, inverters, cable and cable accessories.

We generally purchase our project materials based on our projects' requirements. These materials are sourced from our approved suppliers locally and internationally. Our approved suppliers are selected based on their pricing, credibility, availability and lead time for delivery. In addition, we also purchase our project materials from suppliers nominated by our customers, if any. Whilst we have maintained long term business relationship with our approved list of suppliers, we also source for project materials from new suppliers, if the need arises.

12. FINANCIAL INFORMATION (Cont'd)

Our project materials represented between 70.7% and 79.3% of our total cost of sales for the financial years/period under review. The fluctuations in project materials consumed during the financial years/period under review were in tandem with the change in our revenue and level of works performed and milestone achieved.

(ii) Subcontractors cost

We engage subcontractors for the provision of labour-intensive tasks such as civil and infrastructural works as well as M&E installation activities. All works performed by our subcontractors are carried out under our project management and supervision.

Our subcontractors cost represented between 9.3% and 18.0% of our total cost of sales for the financial years/period under review. The fluctuations in our subcontractors' fees were in tandem with the level and type of works performed by our subcontractors.

(iii) Overheads

Overheads comprise freight charges and import duties (such as for solar PV modules), application and processing fee (for the necessary applications to the authorities such as TNB, SEDA and Suruhanjaya Tenaga), project insurance, commission (payable for referrals) and rental of forklifts. These overheads represented between 10.4% and 13.4% of our total cost of sales for the financial years/period under review.

(iv) Depreciation

Being depreciation charged on the solar PV system assets that we own and operate, which are classified as plant and equipment and maintain during the financial years/period under review.

(c) Other income

Other income comprises insurance claims, interest income, gain on foreign exchange, sale of renewable energy certificates and wage subsidy.

(d) Administrative expenses

Administrative expenses mainly comprise overheads incurred to maintain our operations such as staff costs, directors' remuneration, marketing and promotion expenses as well as office expenses.

(e) Other operating expenses

Other operating expenses relate to expenses incurred which are not directly related to our operations such as plant and equipment written off and depreciation on right-of-use assets.

12. FINANCIAL INFORMATION (Cont'd)

(f) Net loss on impairment of financial instruments

For the application of MFRS 9 – Financial Instruments, our Group estimates a lifetime expected credit loss allowance for all financial assets. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables that are credit impaired. We derived the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses which is then adjusted based on reasonable and supportable qualitative and quantitative forward-looking information.

(g) Finance costs

Finance costs comprise lease liabilities interest, borrowings interest and other interests.

(h) Recent developments

Save for the Acquisitions, there are no other significant events subsequent to our Group's audited combined financial statements for FPE 2025.

(i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the financial years/period under review. In addition, our audited combined financial statements for the financial years/period under review were not subject to any audit qualifications.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

12.2.2 Review of our results of operations

(a) Revenue

Analysis of revenue by segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC of solar PV systems	22,232	100.0	44,264	99.1	77,028	98.8	37,769	98.8	39,599	98.6
Generation of renewable energy	-	-	408	0.9	946	1.2	474	1.2	525	1.3
O&M of solar PV equipment and systems	-	-	-	-	-	-	-	-	32	0.1
Total	22,232	100.0	44,672	100.0	77,974	100.0	38,243	100.0	40,156	100.0

Analysis of revenue by type of property

Our Group's revenue contribution by type of property varies from period to period according to the EPCC projects secured by our Group as well as the commercialisation of solar PV assets that we own, operate and maintain in a particular year. The breakdown of revenue over the financial years/period under review is as follows:

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Commercial and industrial projects ⁽¹⁾	21,630	97.3	39,646	88.7	67,808	87.0	34,043	89.0	30,460	75.9
Residential projects ⁽²⁾	602	2.7	5,026	11.3	10,166	13.0	4,200	11.0	9,696	24.1
Total	22,232	100.0	44,672	100.0	77,974	100.0	38,243	100.0	40,156	100.0

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Comprises revenue from the EPCC of solar PV systems on the rooftops of mixed-use properties, and commercial properties and industrial properties of our customers as well as generation of renewable energy on solar PV assets that we own, operate and maintain.
- (2) Comprises revenue from the EPCC of solar PV systems on the rooftops of residential properties.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Analysis of number and revenue of existing and new projects completed and ongoing during the financial years/period under review

The nature of our business is project-based and our projects typically range from 3 months to 1 year. The commencement year of each project is based on the respective LOAs. The completion year of each project is based on the milestone achieved for the respective projects.

The table below presents the breakdown of the revenue during the financial years/period under review which is contributed by newly secured EPCC projects and existing EPCC projects (i.e. from the prior financial year) as well as the corresponding number of EPCC projects respectively contributing to such revenue. For avoidance of doubt, projects which did not contribute to revenue during the year/period are excluded.

	FYE 2022		Audited FYE 2023		FYE 2024		Unaudited FPE 2024		Audited FPE 2025	
	No. of projects	Revenue	No. of projects	Revenue	No. of projects	Revenue	No. of projects	Revenue	No. of projects	Revenue
	Unit	RM'000	Unit	RM'000	Unit	RM'000	Unit	RM'000	Unit	RM'000
Existing projects										
-Completed	26	10,543	53	8,969	46	3,266	54	3,001	264	10,278
-Ongoing	2	709	-	-	11	1,330	3	678	12	2,015
Subtotal for existing projects	28	11,252	53	8,969	57	4,596	57	3,679	276	12,293
New projects										
-Completed	23	6,084	187	27,863	311	23,281	78	4,707	255	16,477
-Ongoing	55	4,896	57	7,432	276	49,151	225	29,383	261	10,829
Subtotal for new projects	78	10,980	244	35,295	587	72,432	303	34,090	516	27,306
Total projects	106	22,232	297	44,264	644	77,028	360	37,769	792	39,599

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Our growing project team, our ability to handover projects to customers in accordance with the project schedule, as well as our experienced project management and business development team in handling the customers enabled us to secure and undertake more projects (through referrals and word of mouth) during the financial years/period under review. Our Group has a referral fee programme to reward our existing customers, employees (excluding our directors, who are instead entitled to our Group's commission scheme for sales secured as set out under Section 5.2.4) and external third parties, for referring new customers to our services. Through the referral programme, the referrer would receive a cash bonus for each successful referral that leads to a new customer relationship or a new project.

During the financial years/period under review, there was an upward trend in terms of the number of new projects secured from 78 new projects in FYE 2022, to 244 new projects in FYE 2023, to 587 new projects in FYE 2024 as well as 303 new projects in FPE 2024 to 516 new projects in FPE 2025. This was mainly contributed by the new number of residential projects: (i) 47 new residential projects representing 60.3% of total number of new projects in FYE 2022; (ii) 183 new residential projects representing 75.0% of total number of new projects in FYE 2023, (iii) 440 new residential projects representing 75.0% of total number of new projects in FYE 2024, (iv) 222 new residential projects representing 73.3% of total number of new projects in FPE 2024 and (v) 467 new residential projects representing 90.5% of total number of new projects in FPE 2025. These new residential projects generally demonstrated a lower average contract sum, i.e. less than RM32,000 per project, as compared to new commercial and industrial projects.

Comparison between FYE 2022 and FYE 2023

Our Group's total revenue increased by RM22.5 million or 101.4% to RM44.7 million in FYE 2023 (FYE 2022: RM22.2 million) and continued to be contributed by projects for commercial and industrial properties, which increased by RM18.0 million or 83.3%. Commercial and industrial projects collectively accounted for 97.3% and 88.7% of our revenues for FYE 2022 and FYE 2023, respectively.

For FYE 2023, our Group secured 244 new projects contributing to a revenue of RM35.3 as compared to 78 new projects contributing to a revenue of RM11.0 in FYE 2022. Out of the 244 new projects, we completed 187 projects contributing to a revenue of RM27.9 million (FYE 2022: 23 completed projects with revenue of RM6.1 million). Separately, 53 out of 55 ongoing projects carried over from FYE 2022 were completed in FYE 2023 and contributed a revenue of RM9.0 million (FYE 2022: 26 ongoing projects that were completed with revenue contribution of RM10.5 million).

EPCC of solar PV systems

The increase in our total revenue was mainly contributed by our EPCC of solar PV systems segment which saw an increase of RM22.1 million or 99.5% to RM44.3 million in FYE 2023 (FYE 2022: RM22.2 million). EPCC of solar PV systems accounted for 100.0% and 99.1% of our total revenues in FYE 2022 and FYE 2023 respectively. The growth in revenue was attributable to the increased in the number of projects and project activities during the financial year.

Our notable projects involving commercial and industrial properties during FYE 2023 were as follows:

- (a) 1 newly secured project for a metal manufacturer at Klang, Selangor from which we recorded a revenue of RM4.5 million during FYE 2023. This project was completed in FYE 2023.

12. FINANCIAL INFORMATION (Cont'd)

- (b) 1 newly secured project for a food processing manufacturer at Klang, Selangor from which we recorded a revenue of RM2.4 million during FYE 2023. This project was completed in FYE 2023.
- (c) 1 newly secured project for Customer A at Klang, Selangor from which we recorded a revenue of RM2.3 million during FYE 2023. This project was completed in FYE 2023.
- (d) 1 newly secured project for a metal manufacturer at Klang, Selangor from which we recorded a revenue of RM2.3 million during FYE 2023. This project was completed in FYE 2023.
- (e) 1 newly secured project for a concrete manufacturer at Klang, Selangor from which we recorded a revenue of RM2.1 million during FYE 2023. This project was completed in FYE 2023.
- (f) 1 newly secured project for a packing material manufacturer at Jasin, Melaka from which we recorded a revenue of RM1.7 million during FYE 2023. This project was completed in FYE 2023.
- (g) 1 ongoing project for a papermill in Krubong, Melaka from which our revenue increased by RM1.0 million from RM0.7 million in FYE 2022 to RM1.7 million in FYE 2023. This project was completed in in FYE 2023.
- (h) 1 newly secured project for a wholesaler at Simpang Renggam, Johor from which we recorded a revenue of RM1.5 million during FYE 2023. This project was completed in FYE 2023.

Generation of renewable energy

In FYE 2023, we own, operate and maintain 10 rooftop solar PV system assets located across Peninsular Malaysia. The EPCC works for these 10 rooftop solar PV systems were carried out by our Group and were completed in FYE 2023. In FYE 2023, we recorded a revenue of RM0.4 million from the generation of renewable energy from 10 commercialised rooftop solar PV system assets.

Comparison between FYE 2023 and FYE 2024

Our Group's total revenue increased by RM33.3 million or 74.5% to RM78.0 million in FYE 2024 (FYE 2023: RM44.7 million). This was mainly from commercial and industrial projects which contributed to an increase of RM28.2 million or 71.2%. The commercial and industrial projects accounted for 88.7% and 87.0% of our revenue for FYE 2023 and FYE 2024, respectively.

For FYE 2024, our Group secured 587 new projects contributing to a revenue of RM72.4 million as compared to 244 new projects contributing to a revenue of RM35.3 million in FYE 2023. Out of the 587 new projects, we completed 311 projects contributing to a revenue of RM23.3 million (FYE 2023: 187 completed projects with revenue of RM27.9 million). Separately, there were 57 ongoing projects that continued from FYE 2023, of which we completed 46 projects, thereby contributing a revenue of RM3.3 million (FYE 2023: 53 ongoing projects that were completed, contributing revenue of RM9.0 million).

12. FINANCIAL INFORMATION (Cont'd)EPCC of solar PV systems

The increase in our total revenue was mainly contributed by the increase in revenue generated from our EPCC of solar PV systems segment of RM32.7 million or 73.8% to RM77.0 million in FYE 2024 (FYE 2023: RM44.3 million). The EPCC of solar PV systems accounted for 99.1% and 98.8% of total revenue of FYE 2023 and FYE 2024 respectively. The growth in revenue was attributable to the continued increase in the number of projects and project activities during the financial year.

Our notable projects involving commercial and industrial properties during FYE 2024 were as follows:

- (a) 1 newly secured project for a mould fabrication company at Pulau Pinang from which we recorded a revenue of RM4.1 million during FYE 2024. This project was completed in FPE 2025.
- (b) 1 newly secured project for a medical glove manufacturer at Kemaman, Terengganu from which we recorded a revenue of RM2.9 million during FYE 2024. This project was completed in FPE 2025.
- (c) 1 newly secured project for an electronic component manufacturer at Kuala Lumpur from which we recorded a revenue of RM2.5 million during FYE 2024. This project was completed in FPE 2025.
- (d) 1 newly secured project for Customer A at Pulau Pinang, from which we recorded a revenue of RM1.9 million during FYE 2024. This project was completed in FYE 2024.
- (e) 1 newly secured project for Customer A at Bukit Gajah, Perak, from which we recorded a revenue of RM1.9 million during FYE 2024. This project was completed in FYE 2024.
- (f) 1 newly secured project for Customer A at Klang, Selangor from which we recorded a revenue of RM1.7 million during FYE 2024. This project was completed in FYE 2024.
- (g) 1 newly secured project for Customer A at Baling, Kedah, from which we recorded a revenue of RM1.7 million during FYE 2024. This project was completed in FYE 2024.
- (h) 1 newly secured project for an infrastructure and property developer at Puchong, Selangor from which we recorded a revenue of RM1.6 million during FYE 2024. This project was completed in FYE 2024.
- (i) 1 newly secured project for Customer A at Jelapang, Perak, from which we recorded a revenue of RM1.5 million during FYE 2024. This project was completed in FYE 2024.
- (j) 1 newly secured project for Customer A at Port Dickson, Negeri Sembilan from which we recorded a revenue of RM1.4 million during FYE 2024. This project was completed in FYE 2024.
- (k) 1 newly secured project for a plastic bags manufacturer at Klang, Selangor from which we recorded a revenue of RM1.3 million during FYE 2024. This project was completed in FYE 2024.

12. FINANCIAL INFORMATION (Cont'd)

- (l) 1 newly secured project for a mobile and transportation equipment manufacturer at Pasir Gudang, Johor from which we recorded a revenue of RM1.3 million during FYE 2024. This project was completed in FYE 2024.
- (m) 1 newly secured project for Customer A at Kubang Kerian, Kelantan from which we recorded a revenue of RM1.2 million during FYE 2024. This project was completed in FYE 2024.
- (n) 1 newly secured project for a food manufacturer at Seri Kembangan, Selangor from which we recorded a revenue of RM1.2 million during FYE 2024. This project was completed in FYE 2024.
- (o) 1 newly secured project for Customer A at Jerantut, Pahang from which we recorded a revenue of RM1.1 million during FYE 2024. This project was completed in FYE 2024.
- (p) 2 newly secured projects for a high school at Kulai and Seri Alam in Johor, from which we recorded a combined revenue of RM2.2 million during FYE 2024. These projects were still ongoing at the end of FYE 2024 and completed as at LPD.
- (q) 1 newly secured project for Customer A at Shah Alam, Selangor, from which we recorded a revenue of RM1.0 million during FYE 2024. This project was completed in FYE 2024.

Generation of renewable energy

In FYE 2024, revenue from the generation of renewable energy increased by RM0.5 million or 125.0%, to RM0.9 million (FYE 2023: RM0.4 million) attributable to full 12 months electricity generated from 9 solar PV system assets we own and operate in FYE 2024 as compared to 5 solar PV system assets that were commercialised in second half of FYE 2023.

Comparison between FPE 2024 and FPE 2025

Our Group's total revenue increased by RM2.0 million or 5.2% to RM40.2 million in FPE 2025 (FPE 2024: RM38.2 million). This was mainly from residential projects which contributed to an increase of RM5.5 million or 131.0%, which was offset by the decrease in commercial and industrial projects revenue of RM3.5 million or 10.3% accounted for 89.0% and 75.9% of our Group's revenue for FPE 2024 and FPE 2025, respectively.

For FPE 2025, our Group secured 516 new projects contributing to a revenue of RM27.3 million as compared to 303 new projects contributing to a revenue of RM34.1 million in FPE 2024. Out of the 516 new projects, our Group completed 255 projects contributing to a revenue of RM16.5 million (FPE 2024: 78 completed projects with revenue of RM4.7 million). Separately, there were 276 on-going projects that continued from FYE 2024, of which we completed 264 projects, thereby contributing a revenue of RM10.3 million (FPE 2024: 54 ongoing projects that were completed, contributing revenue of RM3.0 million).

12. FINANCIAL INFORMATION (Cont'd)EPCC of solar PV systems

The increase in our Group's total revenue was contributed by the increase in revenue generated from our EPCC of solar PV systems segment of RM1.8 million or 4.8% to RM39.6 million in FPE 2025 (FPE 2024: RM37.8 million). The EPCC of solar PV systems accounted for 98.8% and 98.6% of total revenue of FPE 2024 and FPE 2025 respectively. The growth in revenue was attributable to continued increase in the number of projects and project activities during the financial period.

Our notable projects involving commercial and industrial properties during FPE 2025 were as follows:

- (a) 5 newly secured projects for an industrial pipe manufacturer at Shah Alam, Selangor from which we recorded a revenue of RM5.8 million during FPE 2025. These projects were completed in FPE 2025.
- (b) 3 newly secured projects for a renewable energy company at Petaling Jaya, Selangor from which we recorded a revenue of RM4.7 million during FPE 2025. These projects are still ongoing as at LPD.
- (c) 1 newly secured project for a retail shop at Lenggeng, Negeri Sembilan from which we recorded a revenue of RM1.7 million during FPE 2025. This project is still ongoing as at LPD.
- (d) 1 ongoing project for a medical glove manufacturer at Kemaman, Terengganu from which we recorded a revenue of RM1.1 million during FPE 2025. This project was completed as at LPD.
- (e) 2 newly secured projects for an industrial packaging manufacturer at Melaka from which we recorded a revenue of RM0.9 million during FPE 2025. These projects are still ongoing as at LPD.
- (f) 1 newly secured project for a printer company at Shah Alam, Selangor from which we recorded a revenue of RM0.9 million during FPE 2025. This project is still ongoing as at LPD.
- (g) 1 newly secured project for a logistic and warehouse company at Johor Bahru from which we recorded a revenue of RM0.9 million during FPE 2025. This project was completed in FPE 2025.
- (h) 1 newly secured project for an automotive parts manufacturer at Seri Kembangan, Selangor from which we recorded a revenue of RM0.9 million during FPE 2025. This project is still ongoing as at LPD.
- (i) 1 newly secured project for a warehouse company at Klang, Selangor from which we recorded a revenue of RM0.8 million during FPE 2025. This project is still ongoing as at LPD.
- (j) Retention sums of 46 projects which were completed mainly for Customer A in FYE 2024. We recorded and recognised as revenue of RM3.7 million during FPE 2025.

12. FINANCIAL INFORMATION (Cont'd)

Generation of renewable energy

Our revenue from the generation of renewable energy recorded RM0.5 million for FPE 2024 and FPE 2025 attributable to 6 months electricity generated from 10 solar PV system assets the Group own and operate in FPE 2024 and FPE 2025.

O&M of solar PV equipment and systems

Our revenue from O&M of solar PV equipment and systems services recorded RM0.03 million in FPE 2025 for O&M contracts commencing in FPE 2025.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**(b) Cost of sales, GP and GP margin**

Our Group prices our projects based on project cost estimates after taking into consideration, amongst others, the size, complexity and specifications of the projects. The project cost is estimated at the beginning of the project based on expected project materials, subcontractors cost, overheads and project duration. Generally, the project cost estimates will be revised towards the end of each project period to reflect the actual incurred costs. Apart from project costs estimates, each project's GP may differ based on the scope of project, project duration and project margin.

Analysis of cost of sales by cost items

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Project materials ⁽¹⁾	12,139	70.7	26,453	79.3	40,482	71.8	22,427	75.9	17,293	71.6
Subcontractors cost ⁽¹⁾	2,731	15.9	3,119	9.3	9,691	17.2	4,209	14.3	4,339	18.0
Sub-total	14,870	86.6	29,572	88.6	50,173	89.0	26,636	90.2	21,632	89.6
Overheads:										
Freight charges and import duty	1,028	6.0	2,380	7.1	3,922	7.0	2,162	7.3	1,237	5.1
Application and processing fee	343	2.0	510	1.5	1,120	2.0	473	1.6	653	2.6
Project insurance	62	0.3	96	0.3	196	0.3	101	0.3	49	0.2
Commission	776	4.5	456	1.4	181	0.3	35	0.1	175	0.7
Staff cost	-	-	123	0.4	507	0.9	25	0.1	270	1.1
Rental of forklift	99	0.6	72	0.2	33	0.1	19	0.1	37	0.2
Depreciation for solar PV system assets ⁽²⁾	-	-	158	0.5	256	0.4	79	0.3	114	0.5
Sub-total	2,308	13.4	3,795	11.4	6,215	11.0	2,894	9.8	2,535	10.4
Total	17,178	100.0	33,367	100.0	56,388	100.0	29,530	100.0	24,167	100.0

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) The major components of our cost of sales are project materials and subcontractors cost that collectively represents between 86.6% and 89.6% of our Group's cost of sales from financial years/period under review.
- (2) Being depreciation charged on the solar PV system assets under plant and equipment that we own, operate and maintain during the financial years/period under review.

Comparison between FYE 2022 and FYE 2023

Our cost of sales increased by RM16.2 million or 94.2% to RM33.4 million in FYE 2023 (FYE 2022: RM17.2 million), which corresponded with our Group's higher revenue during the same period, attributable to the following:

- (a) Project materials increased by RM14.4 million or 119.0% to RM26.5 million in FYE 2023 (FYE 2022: RM12.1 million), mainly arising from the increase in project materials used for new commercial and industrial projects that were completed in FYE 2023;
- (b) Freight charges and import duties increased by RM1.4 million or 140.0% to RM2.4 million in FYE 2023 (FYE 2022: RM1.0 million), arising from the solar PV modules and inverters we purchased for new projects secured in FYE 2023;
- (c) Subcontractors cost increased by RM0.4 million or 14.8% to RM3.1 million in FYE 2023 (FYE 2022: RM2.7 million), mainly arising from the increased manpower required for new commercial and industrial projects in FYE 2023;
- (d) Application and processing fees increased by RM0.2 million or 66.7% to RM0.5 million in FYE 2023 (FYE 2022: RM0.3 million) mainly for new commercial and industrial projects that were completed in FYE 2023; and
- (e) Staff cost of RM0.1 million in FYE 2023 as we recruited a project team to manage our EPCC projects in FYE 2023.

The abovementioned increases were offset by the decrease in commission of RM0.3 million or 37.5% to RM0.5 million in FYE 2023 (FYE 2022: RM0.8 million) as most of new projects were mainly brought in by our marketing team and Executive Directors.

Comparison between FYE 2023 and FYE 2024

Our cost of sales increased by RM23.0 million or 68.9% to RM56.4 million in FYE 2024 (FYE 2023: RM33.4 million), which corresponded with our Group's higher revenue during the same period, mainly attributable to the following:

- (a) Project materials increased by RM14.0 million or 52.8% to RM40.5 million in FYE 2024 (FYE 2023: RM26.5 million), mainly arising from the increase in project materials used for commercial and industrial projects in FYE 2024;
- (b) Subcontractors cost increased by RM6.6 million or 212.9% to RM9.7 million in FYE 2024 (FYE 2023: RM3.1 million), mainly arising from the increased manpower required for new and ongoing commercial and industrial projects in FYE 2024;

12. FINANCIAL INFORMATION (Cont'd)

- (c) Freight charges and import duties increased by RM1.5 million or 62.5% to RM3.9 million in FYE 2024 (FYE 2023: RM2.4 million), arising from the solar PV modules and inverters we purchased for new projects to commence in FYE 2024; and
- (d) Application and processing fees increased by RM0.6 million or 120.0% to RM1.1 million in FYE 2024 (FYE 2023: RM0.5 million) mainly for new and ongoing commercial and industrial projects in FYE 2024.

Comparison between FPE 2024 and FPE 2025

Our Group's cost of sales decreased by RM5.3 million or 18.0% to RM24.2 million in FPE 2025 (FPE 2024: RM29.5 million), mainly attributable to the following:

- (a) Project materials decreased by RM5.1 million or 22.8% to RM17.3 million in FPE 2025 (FPE 2024: RM22.4 million), mainly arising from the decrease in project materials cost as the purchase price decreased in solar panels and systems during FPE 2025; and
- (b) Freight charges and import duties decreased by RM1.0 million or 45.5% to RM1.2 million in FPE 2025 (FPE 2024: RM2.2 million), arising from less overseas purchases made and lower solar PV modules and inverters cost for new projects in FPE 2025.

The decrease in our Group's cost of sales was offset by the following:

- (a) Staff cost increased by RM0.3 million attributable to salaries for increased headcount under project management team;
- (b) Application and processing fees increased by RM0.2 million mainly for new and ongoing commercial and industrial projects in FPE 2025; and
- (c) Commission increased by RM0.2 million attributable to the referral fee for the new projects from third parties.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Analysis of GP and GP margin by segment

	FYE 2022		Audited FYE 2023		FYE 2024		Unaudited FPE 2024		Audited FPE 2025	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC of solar PV systems	5,054	22.7	11,055	25.0	20,896	27.1	8,318	22.0	15,549	39.3
Generation of renewable energy ⁽¹⁾	-	-	250	61.3	690	72.9	395	83.3	411	78.3
O&M of solar PV equipment and systems	-	-	-	-	-	-	-	-	29	90.6
	5,054	22.7	11,305	25.3	21,586	27.7	8,713	22.8	15,989	39.8

Note:

- ⁽¹⁾ For the financial years/period under review, costs incurred for the generation of renewable energy comprised the installation costs and labour costs for our solar PV system assets (which were capitalised and recorded under plant and equipment as well as inventories) as well as depreciation of our solar PV system assets that are recorded under plant and equipment (the depreciation were charged off to cost of sales). Hence, our GP margin from the generation of renewable energy segment fluctuates with the depreciation charged on our solar PV system assets operated during financial years/period under review.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2022 and FYE 2023

Our overall GP increased by RM6.2 million or 121.6% from RM5.1 million in FYE 2022 to RM11.3 million in FYE 2023. The increased overall GP was mainly contributed by the increase in GP from EPCC of solar PV systems.

EPCC of solar PV systems

Our GP from EPCC of solar PV systems increased by RM6.0 million or 117.6% to RM11.1 million in FYE 2023 (FYE 2022: RM5.1 million). This was contributed by the 187 new projects and 53 ongoing projects which were completed in FYE 2023, which collectively contributed GP of RM10.0 million and an average GP margin of 27.1%. Combined with the GP from remaining ongoing projects in FYE 2023 which had a GP of RM1.1 million and an average GP margin of 14.6% in FYE 2023, our GP margin for EPCC solar PV systems was 25.0%. The remaining ongoing projects generated lower GP margin (i.e. 14.6%) mainly attributed to the timing difference in revenue and cost recognition as the milestones for progress claims of these EPCC projects were not yet achieved despite us incurring the associated costs (such as project materials, freight charges and import duties).

Generation of renewable energy

Our GP and GP margin from generation of renewable energy were RM0.3 million and 61.3% in FYE 2023, respectively. During FYE 2023, we own, operate and maintain 10 rooftop solar PV system assets, of which 4 rooftop solar PV system assets were recorded as plant and machineries and charged with depreciation costs. The remaining 6 rooftop solar PV system assets were classified as inventories as our Group had intended to secure potential buyers for these assets.

Comparison between FYE 2023 and FYE 2024

Our GP increased by RM10.3 million or 91.2% from RM11.3 million in FYE 2023 to RM21.6 million in FYE 2024. The increased GP was mainly contributed by the increase in GP from EPCC of solar PV systems.

EPCC of solar PV systems

Our GP from EPCC of solar PV systems increased by RM9.8 million or 88.3% to RM20.9 million in FYE 2024 (FYE 2023: RM11.1 million). The increased GP was mainly contributed by the new and ongoing projects that were completed in FYE 2024 which collectively contributed GP of RM10.2 million at an average GP margin of 38.5%. Combined with the GP from ongoing projects with a collective GP of RM10.7 million and an average GP margin of 21.2% in FYE 2024, our GP margin from EPCC of solar PV systems was 27.1%. The remaining ongoing projects generated lower GP margin (i.e. 21.2%) mainly attributed to the timing difference in revenue and cost recognition, as explained above.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)Generation of renewable energy

Our GP and GP margin from generation of renewable energy increased by RM0.4 million in FYE 2024 or 133.3% to RM0.7 million in FYE 2024 (FYE 2023: RM0.3 million) and 72.9% in FYE 2024 (FYE 2023: 61.3%), respectively. The higher GP and GP margin were attributable to the full 12 months electricity generated from 9 solar PV system assets we own and operate in FYE 2024 as compared to 5 solar PV system assets commercialised in second half of FYE 2023. This resulted in higher revenue generated in FYE 2024 as compared to the FYE 2023. The depreciation costs were also charged on full year for 5 rooftop solar PV system assets and 9 rooftop solar PV system assets in FYE 2023 and FYE 2024, respectively. However, the increase in depreciation costs for the solar PV system assets were lower than the growth in revenue generated from these assets.

Comparison between FPE 2024 and FPE 2025

Our Group's GP increased by RM7.3 million or 83.9% from RM8.7 million in FPE 2024 to RM16.0 million in FPE 2025. The increased GP was mainly contributed by the increase in GP from EPCC of solar PV systems.

EPCC of solar PV systems

Our Group's GP from EPCC of solar PV systems increased by RM7.2 million or 86.7% to RM15.5 million in FPE 2025 (FPE 2024: RM8.3 million) and GP margin increased to 39.3% (FPE 2024: 22.0%). The increased GP and GP margin were mainly contributed by the significant higher GP and GP margin from the following:

- (i) decrease in project materials cost as the purchase price decreased in solar panels and systems, as well as freight charges and import duties during FPE 2025; and
- (ii) retention sums of the 46 projects which were completed in FYE 2024 (for illustrative purpose, assuming the absence of profit for the retention sum of 46 projects, the GP margin for EPCC of solar PV systems for FPE 2025 would be 33.8%).

Generation of renewable energy

Our Group's GP from generation of renewable energy recorded RM0.4 million for FPE 2024 and FPE 2025. The GP margin was 78.3% in FPE 2025 (FPE 2024: 83.3%). The lower GP margin was attributable to higher depreciation costs charged on 6 months for 10 rooftop solar PV system assets in FPE 2025 as compared to 5 rooftop solar PV system assets in FPE 2024.

O&M of solar PV equipment and systems

Our Group's GP from O&M of solar PV equipment and systems was RM0.02 million and GP margin for O&M of solar PV equipment and systems was 90.6%. The higher GP margin for O&M of solar PV equipment and systems in FPE 2025 was due to our provision of maintenance services, which incurred minimal costs by leveraging on existing manpower, resulting in better GP margins compared to other segments.

12. FINANCIAL INFORMATION (Cont'd)**(c) Other income**

	FYE 2022		Audited FYE 2023		FYE 2024		Unaudited FPE 2024		Audited FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	Sale of renewable energy certificate ⁽¹⁾	-	-	6	37.5	-	-	-	-	1,095
Interest income ⁽²⁾	-	-	6	37.5	131	77.5	19	76.0	128	8.0
Gain on foreign exchange ⁽³⁾	35	94.6	2	12.5	15	8.9	-	-	385	23.9
Gain on lease termination	-	-	-	-	17	10.1	-	-	-	-
Insurance claims ⁽⁴⁾	2	5.4	2	12.5	6	3.5	6	24.0	-	-
	37	100.0	16	100.0	169	100.0	25	100.0	1,608	100.0

Notes:

- (1) Relates to renewable energy certificates claimed under Transition Renewable Energy Certificates (TRECs) which was sold to third party during FYE 2023 and sale of renewable energy certificates to third party during FPE 2025. Please refer to Section 12.12 (c) for further information.
- (2) Relates to interest income from bank balances deposited in licenced banks.
- (3) Mainly relates to the settlement of foreign currency payables, due to the conversion of RM to USD (payment to overseas suppliers) being lower than the book rate (based on the average exchange rate of approximately RM4.21:USD1.00 for FYE 2022, RM4.36:USD1.00 for FYE 2023, RM4.68:USD1.00 for FYE 2024, RM4.65:USD1.00 for FPE 2024 and RM4.62:RM1.00 for FPE 2025).
- (4) Relates to insurance claims on damaged solar PV modules and inverters.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2022 and FYE 2023

We recorded minimal other income during FYE 2022 and FYE 2023.

Comparison between FYE 2023 and FYE 2024

Our other income increased by RM0.2 million in FYE 2024 (FYE 2023: less than RM0.1 million), attributable to higher interest income of RM0.1 million as a result of higher cash and bank balance during FYE 2024, amounting to RM9.0 million as at 31 March 2024.

Comparison between FPE 2024 and FPE 2025

Our other income increased by RM1.6 million in FPE 2025 (FPE 2024: nil), mainly attributable to sale of renewable energy certificates to third party of RM1.1 million during FPE 2025 and gain on foreign exchange of RM0.4 million where realised gain on forex of RM0.2 million for the payment made to overseas suppliers and unrealised gain on forex of RM0.2 million for the conversion of exchange differences on translation of USD to RM, due to the strengthening of RM during FPE 2025.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**(d) Administrative expenses**

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	1,164	70.2	2,345	63.7	3,776	57.5	1,698	58.0	3,244	63.8
Directors' remuneration	124	7.5	274	7.5	830	12.6	181	6.2	815	16.0
Marketing and promotion expenses ⁽¹⁾	40	2.4	233	6.3	463	7.1	276	9.4	338	6.6
Office expenses ⁽²⁾	60	3.6	129	3.5	594	9.0	208	7.1	227	4.5
Travelling expenses	156	9.4	255	6.9	443	6.7	191	6.5	264	5.2
Depreciation for plant and equipment	19	1.2	94	2.6	107	1.6	50	1.7	79	1.5
Professional fee ⁽³⁾	62	3.7	126	3.4	253	3.9	183	6.2	59	1.2
Loss on foreign exchange	-	-	177	4.8	11	0.2	103	3.5	-	-
Upkeep and maintenance ⁽⁴⁾	28	1.7	30	0.8	59	0.9	23	0.8	41	0.8
Utilities	4	0.3	19	0.5	35	0.5	16	0.6	20	0.4
	1,657	100.0	3,682	100.0	6,571	100.0	2,929	100.0	5,087	100.0

Notes:

- (1) Mainly incurred for business development activities such as entertainment expenses, advertisements, and exhibition participation fees.
- (2) Comprised mainly license fees, subscription fees (for SEDA, CTOS Data Systems Sdn Bhd, Federation of Malaysian Manufacturers and The Chinese Chamber of Commerce), stamp duties, printing, courier and stationery as well as rental of photocopiers.
- (3) Comprised mainly fees incurred for audit, company secretarial, legal and tax services.
- (4) Comprised mainly maintenance of computers, motor vehicles, office equipment as well as insurance and road tax of motor vehicles.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM2.0 million or 117.6% to RM3.7 million in FYE 2023 (FYE 2022: RM1.7 million), attributable to the following:

- (a) increase in staff costs of RM1.1 million or 91.7% to RM2.3 million, due to annual salary adjustment for existing staff and expansion of our headcount from 25 employees in FYE 2022 to 42 employees in FYE 2023 to support our increased projects and business operations;
- (b) increase in directors' remuneration of RM0.2 million or 200.0% to RM0.3 million, due to increase in salaries and allowances as well as sales commission;
- (c) increase in marketing and promotion expenses of RM0.2 million or 100.0%, mainly expenses incurred for our participation in the HOMEDEC exhibition in May 2022 of RM0.1 million;
- (d) increase in travelling expenses of RM0.1 million or 50.0% to RM0.3 million, mainly expenses incurred for exhibition participation and customer/supplier visits in FYE 2023;
- (e) increase in depreciation of plant and equipment of RM0.1 million or 100.0%, mainly due to additional plant and equipment mainly 1 unit of motor vehicle (RM0.2 million); and
- (f) realised loss on foreign exchange of RM0.2 million, due to strengthening of the USD against RM upon our settlement of amount payable owing to suppliers.

Comparison between FYE 2023 and FYE 2024

Our administrative expenses increased by RM2.9 million or 78.4% to RM6.6 million in FYE 2024 (FYE 2023: RM3.7 million), mainly attributable to the following:

- (a) increase in staff costs of RM1.5 million or 65.2% to RM3.8 million, due to expansion of our headcount from 42 employees in FYE 2023 to 65 employees in FYE 2024 to support our increased projects and business operations;
- (b) increase in directors' remuneration of RM0.5 million or 166.7% to RM0.8 million, due to increase in salaries and allowances as well as sales commission;
- (c) increase in marketing and promotion expenses of RM0.3 million or 150.0% to RM0.5 million, mainly expenses incurred for entertainment of RM0.1 million and our participation in the few exhibitions in FYE 2024 of RM0.1 million; and
- (d) increase in office expenses of RM0.5 million or 500.0% to RM0.6 million, mainly renewals of subscription fees, credit card terminal charges, project tender fees and stamp duties for agreements relating to new projects for EPCC of solar PV systems.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FPE 2024 and FPE 2025

Our administrative expenses increased by RM2.2 million or 75.9% to RM5.1 million in FPE 2025 (FPE 2024: RM2.9 million), mainly attributable to the following:

- (a) increase in staff costs of RM1.5 million or 88.2% to RM3.2 million, due to increased salaries from salaries adjustment on existing staff, bonus payout and expansion of our headcount to support our increased projects and business operations; and
- (b) increase in directors' remuneration of RM0.6 million or 300.0% to RM0.8 million, due to increase in salaries after inclusion of Chew Win Hoe as Executive Director in December 2023 and increase in sales commission.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**(e) Other operating expenses**

	FYE 2022		Audited FYE 2023		FYE 2024		Unaudited FPE 2024		Audited FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	Plant and equipment written off	-	-	19	20.0	-	-	-	-	-
Depreciation on right-of-use assets	39	100.0	76	80.0	84	93.3	44	100.0	116	18.8
Purchase of renewable energy certificates	-	-	-	-	-	-	-	-	403	65.4
Fair value loss on derivatives	-	-	-	-	-	-	-	-	97	15.8
Impairment loss on an associate	-	-	-	-	6	6.7	-	-	-	-
	39	100.0	95	100.0	90	100.0	44	100.0	616	100.0

Other expenses comprised depreciation of right-of-use assets arising from rental obligation of rented offices, the writing off of 1 full set Vimigo standard plan system classified under computer system and categorised under plant and equipment as well as impairment for investment in an associate when there is an indication of impairment.

In FYE 2024, the impairment loss on an associate (i.e Engtex Energy) of RM6,465 was recognised attributable to the recoverable amount being less than the carrying amount after the dilution of Northern Solar's shareholdings in Engtex Energy.

In FPE 2025, our Group purchased the renewable energy certificates of RM0.4 million which was sold at RM1.1 million recognised as other income. The fair value loss on derivative relates to the USD forward currency derivatives which are payable upon termination of the outstanding position. It is arising from and is determined by reference to the difference between contracted rate and the forward exchange rate as at the 30 September 2024 applied to a contract of similar amount and maturity profile.

12. FINANCIAL INFORMATION (Cont'd)

(f) Net loss on impairment of financial instruments

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Impairment loss on trade receivables	-	-	-	-	1,841	100.0	286	100.0	2,266	135.0
Reversal of impairment losses on trade receivables	-	-	-	-	-	-	-	-	(587)	(35.0)
	-	-	-	-	1,841	100.0	286	100.0	1,679	100.0

In FYE 2024, the impairment losses on trade receivables of RM1.8 million represented the following:

- (i) collective impairment of RM1.0 million arising from the expected credit loss computation under MFRS 9 where the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product (GDP), inflation rate and unemployment rate) and multiplied by the amount of the expected loss arising from default. Generally, our Group will reassess the collective impairment of trade receivables at the end of each financial period, considering the credit risk and the number of days the receivables are past due. Based on this reassessment, we will either reverse any excess collective impairment recognised in the previous financial period or increase the collective impairment as needed for the upcoming financial period; and
- (ii) individual impairment of RM0.8 million from amount owing by 4 customers where such receivables were deemed unrecoverable due to payments being outstanding beyond the 90-day credit period and the customers experiencing financial difficulties and unable to make any payments at the end of FYE 2024. However, as at LPD, RM0.7 million of the impaired debt has been partially collected.

In FPE 2025, the impairment losses on trade receivables of RM2.3 million represented the individual impairment from amount owing by 47 customers where such receivables were deemed unrecoverable due to payments being outstanding beyond the 90-day credit period and the customers experiencing financial difficulties and unable to make any payments at the end of FPE 2025. However, as at LPD, RM1.4 million of the impaired debt has been partially collected.

In FPE 2025, there were also reversal of impairment loss amounting to RM0.6 million where we reversed the excess collective impairment recognised in the FYE 2024 after the reassessment, considering the credit risk and the number of days the receivables are past due.

12. FINANCIAL INFORMATION (Cont'd)

The impairment of trade receivables will not impact the respective solar PV systems' LAD, warranties entitlement and/or status of related retention amount as the LAD, warranties entitlement and retention amount are calculated based on the project handover date, which is the Certified Practical Completion date or also known as the system commercial date of the solar PV systems.

(g) Finance costs

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interests charged on:										
Lease liabilities	11	17.7	274	71.0	313	58.6	166	61.2	148	39.2
Borrowings ⁽¹⁾	-	-	37	9.6	111	20.7	53	19.6	153	40.6
Others ⁽²⁾	51	82.3	75	19.4	111	20.7	52	19.2	76	20.2
	62	100.0	386	100.0	535	100.0	271	100.0	377	100.0

Notes:

- (1) Refer to interests charged on bankers' acceptance, term loan and invoice financing.
- (2) Refer to interests charged on letter of credit, performance bond/bank guarantee as well as credit card terminal charges.

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.3 million or 300.0% to RM0.4 million in FYE 2023 (FYE 2022: RM0.1 million), mainly attributable to the following:

- (a) increase in lease liabilities interests of RM0.3 million due to drawdown of 5 new hire purchase facilities totalling RM4.5 million to finance solar PV system assets (RM1.6 million) and 1 unit of motor vehicle (RM0.2 million); and
- (b) increase in interests on borrowings of RM0.04 million for 1 term loan which was drawn down in the second half of FYE 2023 to finance our projects and interests charged on invoice financing.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2023 and FYE 2024

Our finance costs increased by RM0.1 million or 25.0% to RM0.5 million in FYE 2024 (FYE 2023: RM0.4 million), mainly attributable to the increase in interests on borrowings of RM0.1 million for 1 term loan to finance our working capital.

Comparison between FPE 2024 and FPE 2025

Our finance costs increased by RM0.1 million or 33.3% to RM0.4 million in FPE 2025 (FPE 2024: RM0.3 million), mainly attributable to interest on borrowings of RM0.1 million for: 1 term loan of RM8.0 million used to finance our working capital; and utilisation of bankers' acceptance of RM4.2 million to purchase of projects materials.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**(h) Tax expense, PBT and PAT**

The following tables set out the comparison between the statutory tax rates and our effective tax rates for the financial years/period under review:

	FYE 2022	Audited FYE 2023	FYE 2024	Unaudited FPE 2024	Audited FPE 2025
Malaysia statutory tax rate ⁽¹⁾					
- on the first RM150,000 (%)	-	-	15	15	(2)-
- on the first RM600,000 (with effective from year of assessment 2023, RM150,001 to RM600,000) (%)	17	17	17	17	(2)-
- the balance of chargeable income (%)	24	24	24	24	24
Tax expenses (RM'000)	227	1,043	2,626	903	2,410
Effective tax rate (%)	6.8	14.6	20.7	17.3	24.5

Notes:

- (1) We qualified for the tax rate of 17.00% on the first chargeable income of RM600,000 for FYE 2022 and FYE 2023 as well as 15.0% on the first chargeable income of RM150,000 and 17.0% on the subsequent chargeable income of up to RM600,000 for FYE 2024. Our Company qualified as a small and medium enterprise in the years of assessment 2022, 2023 and 2024 as our paid-up capital was below RM2.5 million.
- (2) Not applicable as our Company is not qualified as a small and medium enterprise in FPE 2025.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

The following tables set out our PBT, PBT margin, PAT and PAT margin for the financial years/period under review:

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
PBT (RM'000)	3,333	7,158	12,715	5,206	9,840
PBT margin (%)	15.0	16.0	16.3	13.6	24.5
PAT (RM'000)	3,106	6,115	10,089	4,303	7,430
PAT margin (%)	14.0	13.7	12.9	11.3	18.5

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT of RM3.9 million or 118.2% from RM3.3 million for FYE 2022 to RM7.2 million for FYE 2023. The increase in PBT was from the substantial increase in our revenue for new and completed projects in FYE 2023 and higher associated GP and GP margin from these new and completed projects. The increased PBT was offset by higher administrative expenses. Hence, our PBT margin increased from 15.0% in FYE 2022 to 16.0% in FYE 2023.

Despite our PAT increasing from RM3.1 million in FYE 2022 to RM6.1 million in FYE 2023, our PAT margin decreased from 14.0% in FYE 2022 to 13.7% in FYE 2023. The decreased PAT margin in FYE 2023 was contributed by the higher effective tax rate for FYE 2023 that had brought down the PAT margin to 13.7% in FYE 2023 as compared to FYE 2022.

Our effective tax rate of 14.6% for FYE 2023 (FYE 2022: 6.8%) was lower than the statutory tax rate of 24.0% mainly due to income tax exemption of RM0.8 million under Section 127(3)(b) and this was offset by the underprovision of income tax in the prior year of RM0.2 million.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2023 and FYE 2024

We recorded an increase in PBT of RM5.5 million or 76.4% from RM7.2 million for FYE 2023 to RM12.7 million for FYE 2024. The increase in PBT was from the increase in our revenue for new and existing projects in FYE 2024. The increased PBT was offset by higher administrative expenses and net loss on impairment of financial instruments. As a result, our PBT margin increased from 16.0% in FYE 2023 to 16.3% in FYE 2024.

Despite our PAT increasing from RM6.1 million in FYE 2023 to RM10.1 million in FYE 2024, our PAT margin decreased from 13.7% in FYE 2023 to 12.9% in FYE 2024. The decreased PAT margin in FYE 2024 was contributed by the higher effective tax rate for FYE 2024 that had brought down the PAT margin to 12.9% in FYE 2024 as compared to FYE 2023.

Our effective tax rate of 20.7% for FYE 2024 (FYE 2023: 14.6%) was lower than the statutory tax rate of 24.0% mainly due to income tax exemption of RM0.4 million under Section 127(3)(b) and overprovision of deferred tax in prior years of RM0.4 million. This was offset by the underprovision of income tax in the prior year of RM0.3 million and provision for deferred tax in current year of RM0.1 million.

Comparison between FPE 2024 and FPE 2025

We recorded an increase in PBT of RM4.6 million or 88.5% from RM5.2 million for FPE 2024 to RM9.8 million for FPE 2025. The increase in PBT was from the increase in our GP and GP margin from the lower purchase price in solar panels and systems as well as freight charges and import duties during FPE 2025. The increased PBT was offset by higher administrative expenses and impairment loss on trade receivables. Hence, our PBT margin increased from 13.6% in FPE 2024 to 24.5% in FPE 2025.

Despite the higher effective tax rate for FPE 2025, our PAT margin increased from 11.3% in FPE 2024 to 18.5% in FPE 2025.

Our effective tax rate of 24.5% for FPE 2025 (FPE 2024: 17.3%) was higher than the statutory tax rate of 24.0% mainly due to add-back of non-allowable expenses.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.2.3 Review of cash flows**

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	892	2,406	7,638	3,658
Net cash used in investing activities	(206)	(1,612)	(5,564)	(2,320)
Net cash from/ (used in) financing activities	403	4,356	(933)	5,805
Net increase in cash and cash equivalents	1,089	5,150	1,141	7,143
Effect of exchange translation difference	-	-	15	(23)
Cash and cash equivalents at the beginning of financial year/period	1,130	2,219	7,369	8,525
Cash and cash equivalents at end of financial year/period	2,219	7,369	8,525	15,645

Cash and cash equivalents at end of the financial year/period comprise:

Cash and bank	2,219	7,724	9,003	16,973
Deposit with licensed bank with maturity of over 3 months	-	(355)	(478)	(612)
Restricted bank balances	-	-	-	(716)
	2,219	7,369	8,525	15,645

FYE 2022**Net cash from operating activities**

For FYE 2022, we recorded net operating cash inflow of RM0.9 million after taking into consideration our operating profit of RM3.5 million and the following working capital changes:

- (a) increase in inventories of RM1.5 million as we made more purchases of project materials towards the last quarter of FYE 2022 to cater for increasing upcoming project needs in FYE 2023;
- (b) increase in trade receivables and other receivables of RM4.0 million, mainly due to the increase in invoices billed to customers in line with the increase in revenue recorded in FYE 2022 and increase in prepayments for advance payments made to 2 suppliers of solar PV modules and inverters;
- (c) increase in trade payables and other payables of RM2.8 million, in line with the purchases of project materials towards the last quarter of FYE 2022 to cater for project needs in FYE 2023 as well as higher accrued agent commission and subcontractors' cost; and
- (d) income tax paid of RM0.1 million.

12. FINANCIAL INFORMATION (Cont'd)**Net cash used in investing activities**

For FYE 2022, we recorded a net cash outflow of RM0.2 million for our investing activities, mainly attributable to cash payment of RM0.1 million for acquisition of plant and equipment totalling RM0.2 million, which mainly consisted of 2 units of motor vehicles (RM0.1 million) and computer systems (RM0.1 million). The remaining balance of RM0.1 million was financed via hire purchase arrangement.

Net cash from financing activities

For FYE 2022, we recorded a net cash inflow of RM0.4 million from our financing activities, due to drawdown of bankers' acceptance of RM0.5 million which were used as payments to suppliers.

The cash inflow was mainly offset by the payment of interests of RM0.1 million mainly charged on letter of credit, performance bond/bank guarantee as well as credit card charges.

FYE 2023**Net cash from operating activities**

For FYE 2023, we recorded net operating cash inflow of RM2.4 million after taking into consideration our operating profit of RM7.9 million and the following working capital changes:

- (a) increase in inventories of RM2.5 million as we made more purchases of project materials towards the last quarter of FYE 2023 to cater for increasing project needs in FYE 2024;
- (b) increase in trade receivables and other receivables of RM6.0 million, mainly due to the increase in invoices billed to customers in line with the increase in revenue recorded in FYE 2023 and prepayment to our subcontractor for O&M services;
- (c) increase in trade payables and other payables of RM2.5 million, in line with the purchases of project materials made towards the last quarter of FYE 2023 to cater for upcoming project needs in FYE 2024;
- (d) increase in contract assets of RM0.5 million due to 1 project for which the progress was achieved and recognised ahead of billings issued in FYE 2023;
- (e) increase in contract liabilities of RM1.7 million being prepayments for advance billings made before the material costs of the services were incurred; and
- (f) income tax paid of RM0.7 million.

Net cash used in investing activities

For FYE 2023, we recorded a net cash outflow of RM1.6 million for our investing activities, attributable to the following:

- (a) advance of RM1.3 million to NS Powercare for its working capital purpose;
- (b) cash payment of RM0.2 million for acquisition of plant and equipment of RM1.9 million, which mainly consisted of 4 solar PV system assets (RM1.6 million) and 1 unit of motor vehicle (RM0.2 million). The remaining balance of RM1.8 million was financed via hire purchase; and

12. FINANCIAL INFORMATION (Cont'd)

- (c) placement of deposit with a licensed bank of RM0.4 million.

The cash outflow was offset by the repayment of advances of RM0.3 million from the directors of Northern Solar, namely Chew Ann Bee and Lew Shoong Kai for working capital purpose.

Net cash from financing activities

For FYE 2023, we recorded a net cash inflow of RM4.4 million from our financing activities, due to the following:

- (a) drawdown of a term loan and invoice financing of RM1.0 million and RM2.1 million, respectively which were used as our working capital; and
- (b) drawdown of lease liabilities of RM2.7 million for motor vehicles and solar PV system assets under hire purchases arrangement.

The cash inflow was offset by the following:

- (a) repayment of lease liabilities of RM0.5 million mainly for motor vehicles and solar PV system assets under hire purchase arrangement as well as lease for offices in FYE 2023;
- (b) repayment of term loans and bankers' acceptance of RM0.5 million; and
- (c) payment of interests of RM0.4 million mainly interests charged on lease liabilities and term loans.

FYE 2024**Net cash generated from operating activities**

For FYE 2024, we recorded net operating cash inflow of RM7.6 million after taking into consideration our operating profit of RM15.4 million and the following working capital changes:

- (a) decrease in inventories of RM1.1 million mainly due to the reclassification of solar PV system assets from closing inventories to plant and equipment in FYE 2024;
- (b) increase in trade receivables and other receivables of RM5.4 million, mainly due to the increase in invoices billed to customers in line with the increase in revenue recorded in FYE 2024;
- (c) decrease in trade payables and other payables of RM0.1 million, mainly due to payment made to our suppliers and subcontractors towards the last quarter of FYE 2024;
- (d) increase in contract assets of RM0.7 million for billings eventually issued for project progress achieved earlier during FYE 2024;
- (e) decrease in contract liabilities of RM1.3 million, attributable to the material costs and services were eventually performed and incurred for projects in FYE 2024 in associated with the prepayments for advance billings collected in FYE 2023; and
- (f) payment of income tax of RM1.4 million.

12. FINANCIAL INFORMATION (Cont'd)

Net cash used in investing activities

For FYE 2024, we recorded a net cash outflow of RM5.6 million for our investing activities, mainly attributable to the following:

- (a) net cash outflow of RM0.3 million on disposal of our 75%-equity interest in Norwatt Power for a total sales consideration of RM0.75 million;
- (b) cash payment of RM7.0 million for construction-in-progress of solar PV system assets for 14 sites of RM5.5 million and 4 rooftop solar PV system assets of RM1.3 million;
- (c) cash payment for acquisition of additional interests in an associated company, i.e Engtex Energy Sdn Bhd for RM0.2 million; and
- (d) placement of fixed deposit with a licensed bank of RM0.1 million.

The cash inflow was offset by the following:

- (a) repayment of advances (RM0.2 million in FPE 2021, less than RM0.1 million in FYE 2022, RM1.3 million in FYE 2023, and RM0.1 million in FYE 2024) received from NS Powercare of RM1.6 million; and
- (b) issuance of ordinary shares of Norwatt Power to non-controlling shareholders of Norwatt Power amounted to RM0.3 million.

Net cash used in financing activities

For FYE 2024, we recorded a net cash outflow of RM0.9 million for our financing activities, due to the following:

- (a) repayment of invoice financing and term loan of RM2.4 million;
- (b) repayment of lease liabilities of RM0.8 million; and
- (c) payment of interests of RM0.5 million, which are mainly interests charged on lease liabilities and term loans.

The cash outflow was offset by the following:

- (a) drawdown of a term loan of RM2.0 million which were used as our working capital; and
- (b) drawdown of lease liabilities of RM0.8 million mainly for solar PV system assets under hire purchase arrangement.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**FPE 2025****Net cash generated from operating activities**

For FPE 2025, we recorded net operating cash inflow of RM3.7 million after taking into consideration our operating profit of RM12.0 million and the following working capital changes:

- (a) increase in inventories of RM0.4 million as we made more purchases of project materials towards the end of FPE 2025 to cater for increasing project needs in following period;
- (b) increase in trade receivables and other receivables of RM10.6 million, mainly due to higher billing to our customers towards the end of FPE 2025;
- (c) increase in trade payables and other payables of RM5.3 million, in line with the purchases of project materials made towards the last quarter of FPE 2025 to cater for upcoming project needs in the following financial period;
- (d) increase in contract assets of RM4.7 million due to 58 projects for which progress was achieved and recognised ahead of billings issued in FPE 2025;
- (e) increase in contract liabilities of RM2.8 million being prepayments for advance billings made before the material costs of the services were incurred; and
- (f) income tax paid of RM0.7 million.

Net cash used in investing activities

For FPE 2025, we recorded a net cash outflow of RM2.3 million for our investing activities, mainly attributable to the following:

- (a) cash payment of RM1.6 million for purchase of 1 unit of motor vehicle of RM0.2 million and renovation for our new office for RM1.1 million; and
- (b) placement of fixed deposit with a licensed bank of RM0.1 million and placement in restricted bank balances of RM0.7 million as security for banking facilities.

Net cash used in financing activities

For FPE 2025, we recorded a net cash inflow of RM5.8 million for our financing activities, due to drawdown of a term loan of RM8.0 million which were used for our working capital, and utilisation of bankers' acceptance of RM4.2 million.

The cash inflow was offset by the following:

- (a) payment of dividend of RM5.0 million in respect of FYE 2024;
- (b) repayment of term loan and lease liabilities of RM1.1 million collectively; and
- (c) payment of interests of RM0.3 million, which are mainly interest charged on lease liabilities and term loans.

12. FINANCIAL INFORMATION (Cont'd)

12.3 LIQUIDITY AND CAPITAL RESOURCES**12.3.1 Working capital**

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term loans, invoice financing, bank guarantees, bankers' acceptance as well as finance lease liabilities.

After taking into consideration the following, we have sufficient working capital for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

- (a) Our cash and cash equivalent of approximately RM14.7 million as at LPD;
- (b) Our expected future cash flows from operations;
- (c) Our total banking facilities as at LPD of RM22.5 million (excluding finance leases), of which RM14.3 million have been utilised; and
- (d) Our pro forma gearing level of less than 0.2 times, based on our pro forma statements of financial position as at 30 September 2024 after the Acquisitions, IPO and utilisation of proceeds.

Given that we still have sufficient unutilised banking facilities as at LPD and based on our existing order book as at LPD, we do not foresee additional external financing to fund our working capital within the next 12 months from the date of this Prospectus. However, we will carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.4 BORROWINGS**

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings (bank borrowings and lease liabilities) as at 30 September 2024 stood at RM20.6 million, details of which are set out below:

Borrowings	Purpose	Security	Tenure of the facility	Effective interest rate %	As at 30 September 2024 RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Term loans	Working capital	(a) Joint and several guarantee executed by Directors ⁽³⁾ and former director Chew Ann Bee;	5 to 7 years	3.9 to 8.2	1,596
		(b) Guarantee from Credit Guarantee Corporation Malaysia Berhad; and			
		(c) Guarantees from Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽⁴⁾			
Bankers' acceptance	Purchase of project materials	(a) Joint and several guarantee executed by Directors ⁽³⁾ ; and	Up to 120 days	4.9	4,207
		(b) Guarantee executed by Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽⁴⁾			

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Borrowings	Purpose	Security	Tenure of the facility	Effective interest rate	As at 30 September 2024
				%	RM'000
Lease liabilities	To finance the purchase of motor vehicles, solar PV system assets and includes rental obligations of rented offices	Certain lease liabilities are secured by motor vehicles and solar PV system assets under hire purchase arrangements. Lease liabilities for purchase of motor vehicles are secured by guarantee from Lew Shoong Kai. ⁽⁵⁾ Lease for purchase of solar PV systems assets are secured by joint and several guarantee executed by Directors ⁽³⁾	2 to 7 years	4.4	1,165
					6,968
Interest bearing long-term borrowings, payable after 1 year:					
Term loans	Working capital	(a) Joint and several guarantee executed by Directors ⁽³⁾ ; (b) Guarantee from Credit Guarantee Corporation Malaysia Berhad; and (c) Guarantees from Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽⁴⁾	5 to 7 years	3.9 to 8.2	8,547

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Borrowings	Purpose	Security	Tenure of the facility	Effective interest rate	As at 30 September 2024
				%	RM'000
Lease liabilities	To finance the purchase of motor vehicles and includes rental obligations of rented offices	Certain lease liabilities are secured by motor vehicles under hire purchase arrangements. Lease liabilities for purchase of motor vehicles are secured by guarantee from Lew Shoong Kai. ⁽⁵⁾ Lease for purchase of solar PV systems assets are secured by joint and several guarantee executed by Directors ⁽³⁾	2 to 7 years	4.4	5,071
Total borrowings					13,618
					20,583
Gearing (times)					
	After Acquisitions but before IPO and utilisation of proceeds ⁽¹⁾				0.9
	After Acquisitions and utilisation of proceeds ⁽²⁾				0.2

Notes:

- (1) Computed based on our pro forma equity attributable to the owners of the Company of RM23.1 million in the pro forma statements of financial position after the Acquisitions but before the Public Issue and utilisation of proceeds.
- (2) Computed based on our pro forma equity attributable to the owners of the Company of RM60.9 million in the pro forma statements of financial position after the Acquisitions, Public Issue and utilisation of proceeds.
- (3) In conjunction with our Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. As at LPD, we have obtained conditional release and/or discharge of the said personal guarantees by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge are obtained from the respective financiers, our Directors and former director will continue to guarantee the banking facilities extended to our Group.

12. FINANCIAL INFORMATION (Cont'd)

- (4) Syarikat Jaminan Pembiayaan Perniagaan is a wholly-owned company of the Ministry of Finance (Incorporated) Malaysia which administers and manages various government guarantee schemes to enable businesses, in particular small medium enterprises, to obtain financing without the need of providing collateral. The Government of Malaysia will guarantee the participating financial institutions for the credit facilities of up to 80% coverage.
- (5) As at LPD, we have fully settled the hire purchase in relation to the purchase of motor vehicles. As such, the personal guarantee provided by Lew Shoong Kai is released and/or discharged accordingly.

We have also included the following lease liabilities on the right-of-use assets which are denominated in RM:

	<u>Purpose</u>	<u>Tenure</u>	<u>As at 30 September 2024 RM'000</u>
Lease liabilities payable within 1 year	Rental of office	Between 2 and 9 years	316
Lease liabilities payable after 1 year	Rental of office	Between 2 and 9 years	2,132
			<u>2,448</u>

We also rely on bank guarantees for tender bonds and performance bonds. Such bank guarantees are used for all aspects of the project construction contract lifecycle from the start of tender process to expiration of our liability towards the customer in accordance with the terms of each contract. The bank guarantees allow us to tender, execute and guarantee our deliverables to our customers. The tenure requirements for the bank guarantees are structured to match the underlying construction contracts with the respective counterparties.

Our total bank guarantees as at 30 September 2024 stood at RM0.6 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM.

	<u>Purpose</u>	<u>Security</u>	<u>Tenure</u>	<u>Commission rate % per annum</u>	<u>As at 30 September 2024 RM'000</u>	<u>As at LPD RM'000</u>
Bank guarantees	Performance guarantees for EPCC projects carried out by our Group ⁽²⁾	(a) Joint and several guarantee executed by Directors ⁽¹⁾ and former director Chew Ann Bee (b) Guarantees from Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽³⁾	12 to 18 months	1.2 – 1.5	667	3,016

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) In conjunction with our Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors and former director will continue to guarantee the banking facilities extended to our Group.
- (2) The performance guarantees are issued to our customers or at the request of our customers, as security for the performance of contractual obligations under the projects awarded.
- (3) Syarikat Jaminan Pembiayaan Perniagaan is a wholly-owned company of the Ministry of Finance (Incorporated) Malaysia which administers and manages various government guarantee schemes to enable businesses, in particular small medium enterprises, to obtain financing without the need of providing collateral. The Government of Malaysia will guarantee the participating financial institutions for the credit facilities of up to 80% coverage.

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customers of the performance guarantees in accordance with the terms and conditions of such EPCC contracts. During financial years under review, we did not experience any call of the performance guarantees issued to our customers.

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout financial years/period under review and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During financial years/period under review, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used towards the purchase of project materials, plant and equipment and our business operations. As at 30 September 2024, save for our finance lease liabilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	To be funded from proceeds of our Public Issue
	RM'000
<u>Authorised and not contracted for:</u>	
- Business expansion: renovation costs of expanded regional office in Johor and new regional office in Pulau Pinang	1,067
- Purchase of equipment	445
<u>Authorised and contracted for:</u>	
- Business expansion: renovation costs of new corporate office in Selangor	1,533
- Purchase of equipment	105
	3,150

Further details of the use of proceeds, arising from our Public Issue are set out in Section 4.9.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

As at LPD, save for the bank guarantees amounting to RM3.0 million as disclosed in Section 12.4, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for financial years/period under review are as follows:

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
Trade receivables turnover (days) ⁽¹⁾	34	49	47	71
Trade payables turnover (days) ⁽²⁾	61	62	45	66
Inventory turnover (days) ⁽³⁾	57	42	35	43
Current ratio (times) ⁽⁴⁾	1.6	1.9	2.4	1.9
Gearing ratio (times) ⁽⁵⁾	0.2	0.7	0.3	0.9

Notes:

- (1) Computed based on average opening and closing trade receivables over revenue for the year/period multiplied by 365 days for financial years under review and 183 days for FPE 2025.
- (2) Computed based on average opening and closing trade payables (excluding retention sum) over project materials and subcontractors cost for the year/period multiplied by 365 days for financial years under review and 183 days for FPE 2025.
- (3) Computed based on the average opening and closing inventories over purchases for the year, multiplied by 365 days for financial years under review and 183 days for FPE 2025.
- (4) Computed based on current assets over current liabilities as at the end of each respective financial years/period.
- (5) Computed based on total borrowings (including lease liabilities) divided by total equity as at the end of each respective financial years/period.

12.8.1 Trade receivables turnover

Our average trade receivables' turnover period (in days) for financial years/period under review is stated as below:

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	895	3,242	8,891	11,519
Closing trade receivables	3,242	8,891	11,519	19,687
Average trade receivables	2,069	6,067	10,205	15,603
Revenue	22,232	44,672	77,974	40,156
Average trade receivables turnover period (days)	34	49	47	71

The normal trade credit period granted by our Group to our customers ranges from 30 days and up to 90 days from the date of our invoices. Our trade credit period to customers is assessed and approved on an individual customer basis taking into consideration various factors such as our relationship with customers, customers' payment history, their credit worthiness, quantum of amount owing as well as the reason for the customers' inability to pay within the normal credit period. There were no changes to our credit policies and procedures during the financial years/period under review.

12. FINANCIAL INFORMATION (Cont'd)

Our Group has outstanding trade receivables of approximately RM19.7 million as at 30 September 2024. Our trade receivable turnover periods for the financial years/period under review were between 34 days and 71 days which were within our normal credit period.

For FYE 2023, our Group's trade receivables turnover period increased to 49 days in FYE 2023 (FYE 2022: 34 days), mainly due to more billings issued in line with project progress milestones for projects being achieved at the end of the year.

For FYE 2024, our Group's trade receivables turnover period decreased to 47 days in FYE 2024 (FYE 2023: 49 days) due to improved collections from customers.

For FPE 2025, our Group's trade receivables turnover period increased to 71 days (FYE 2024: 47 days), mainly due to more billings issued in line with project progress milestones for projects being achieved at the end of the period.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade receivables as at 30 September 2024 is as follows:

	Trade receivables as at 30 September 2024						
	Gross trade receivables	Impaired trade receivables		Net trade receivables	Percentage of trade receivables	Amount collected from 1 October 2024 up to LPD	Balance of trade receivables which have yet to be collected as at LPD
		Collective impaired	Individual impaired				
	RM'000	RM'000	RM'000	RM'000	%	RM'000	RM'000
	(a)	(b1)	(b2)	(c)	(c)/total of (c)	(d)	(e) = (c)-(d)
Within credit period	⁽¹⁾ 17,775	⁽²⁾ (224)	-	17,551	89.2	(6,014)	(11,537)
Exceeding credit period:	5,432	(194)	(3,102)	2,136	10.8	(898)	(1,238)
- 1 to 30 days	2,330	(194)	-	2,136	10.8	(898)	(1,238)
- 31 to 60 days	1,665	-	(1,665)	-	-	-	-
- more than 60 days	1,437	-	(1,437)	-	-	-	-
Total	23,207	(418)	(3,102)	19,687	100.0	(6,912)	(12,775)

Notes:

- (1) Includes amounts owing by related party (i.e. Engtex Energy) of RM0.1 million which was fully collected as at the LPD. These transactions will not subsist post Listing.
- (2) Notwithstanding the receivables being within the credit period, the amount impaired is arising from the expected credit loss computation under MFRS 9 where the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product (GDP), inflation rate and unemployment rate) and multiplied by the amount of the expected loss arising from default, the amount represents collective impairment which was based on the Group's credit risk.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Subsequent to 30 September 2024 and up to LPD, we collected RM6.9 million, representing 35.1% of the total trade receivables as at 30 September 2024, of which RM0.9 million were relating to trade receivable past due as at 30 September 2024.

Our Group has not encountered any major disputes with our trade receivables. With respect to overdue debts, we have generally been able to collect payment eventually as evidenced by our subsequent collections after 30 September 2024.

Our Group has in place a credit procedure to monitor and minimise the exposure of default. Our credit procedure includes the following:

- (i) Receivables are monitored on a regular and an ongoing basis;
- (ii) Credit evaluations are performed on all customers requiring credit over certain amount;
- (iii) Weekly review of our Group's collection recovery cases by our Executive Directors, Chief Financial Officer and project team;
- (iv) Conducting meetings with debtors; and
- (v) Implementing project commencement requirements i.e., upon certain long outstanding debts owing by customers being settled before progressing to the next stage of works.

Such credit procedure was implemented in 2023 and has improved payment collection from our customers as evidenced by our improved trade receivables turnover period in FYE 2024.

Our management closely monitors the recoverability of trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. As at LPD, an allowance for impairment losses amounting to RM3.5 million, being the collective impairment of RM0.4 million and individual impairment of RM3.1 million, has been made for the trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with our customers, as well as our efforts to improve collection with various credit control measures to reduce the potential exposure on credit risk.

12.8.2 Trade payables turnover

Our average trade payables' turnover period (in days) for financial years/period under review is stated as below:

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Opening trade payables ⁽¹⁾	1,400	3,647	6,448	6,012
Closing trade payables ⁽¹⁾	3,647	6,448	6,012	9,697
Average trade payables	2,524	5,048	6,230	7,855
Project materials plus subcontractors cost	14,870	29,572	50,173	21,632
Average trade payables turnover period (days)	61	62	45	66

Note:

- ⁽¹⁾ Excluding retention sum.

12. FINANCIAL INFORMATION (Cont'd)

The normal credit periods granted by our suppliers to our Group ranges from 30 days and up to 90 days from the date of their invoices.

Our Group has outstanding trade payables (excluding retention sum) of approximately RM9.7 million as at 30 September 2024. Our trade payables turnover periods for financial years/period under review were between 45 days and 62 days which were within our normal credit period.

For FYE 2024, our Group's trade payables turnover period decreased to 45 days in FYE 2024 (FYE 2023: 62 days) due to payment made to our suppliers and subcontractors towards the last quarter of FYE 2024.

For FPE 2025, our Group's trade payables turnover period increased to 66 days (FYE 2024: 45 days) as we took longer period to process payments to our suppliers and subcontractors towards the end of FPE 2025. Nonetheless, trade payables turnover period for FPE 2025 was still within our credit period granted by our suppliers and subcontractors.

The ageing analysis of our trade payables as at 30 September 2024 is as follows:

	Trade payables as at 30 September 2024	Percentage of trade payables (a)/total of (a)	Amount paid from 1 October 2024 up to LPD (b)	Balance of trade payables which have yet to be paid as at LPD (c) = (a)-(b)
	RM'000		RM'000	RM'000
Within credit period	8,657	89.3	(4,459)	4,198
Exceeding credit period:	1,040	10.7	(566)	474
- 1 to 30 days	338	3.5	(302)	36
- 31 to 60 days	63	0.6	(46)	17
- More than 60 days	639	6.6	(218)	421
Total	9,697	100.0	(5,025)	4,672

As at LPD, we have paid RM5.0 million or 51.8% of our trade payables as at 30 September 2024. Our Group has yet to make payment for trade payables exceeding credit period of RM0.5 million as at LPD mainly due to our working capital management strategy to utilise the credit terms granted by suppliers and our suppliers allowed us to make payment in longer period. Nevertheless, as at LPD, there are no disputes in respect of our trade payables and we are not aware of any legal action initiated by our suppliers or subcontractors to demand for payment.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.8.3 Inventory turnover**

Our inventories consist of project materials used such as solar PV modules, inverters and mounting structures as well as 6 rooftop solar PV system assets (in FYE 2023) were classified as inventories as our Group had intended to secure potential buyers for these assets.

For the purposes of calculating the average inventories turnover period for the EPCC of solar PV systems segment, the inventory amount of solar PV system assets is excluded from the computation.

Our inventories as at the end of the financial years/period under review are as stated as below:

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Solar PV modules, inverters and mounting structures	2,618	3,762	3,983	4,371
Solar PV system assets	-	1,355	-	-
Total inventories	2,618	5,117	3,983	4,371

Our average inventories turnover periods (in days) in relation to the revenue derived from the EPCC of solar PV systems as well as O&M services for solar PV equipment and systems for FYE 2022 to FYE 2024, and FPE 2025 are as stated as below:

Inventory turnover days	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Opening inventories	1,131	2,618	3,762	3,983
Closing inventories	2,618	3,762	3,983	4,371
Average inventories	1,875	3,190	3,873	4,177
Purchases related to EPCC projects	11,911	27,354	40,341	17,575
Average inventory turnover period (days)	57	42	35	43

Our Group practices first-in first-out basis in computing the cost of inventories. The costs of supplies include invoiced value of supplies purchased and expenditure incurred in acquiring inventories.

We typically maintain an inventory level of less than 2 months and purchases are made on a monthly basis in accordance with our planned project activities and order book. Some inventories will be stored at our forwarder's warehouse prior to delivery to our project sites as we do not have a warehouse. We perform and reconcile monthly inventory records with our forwarder to ensure completeness of inventory records.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

Our inventories turnover days for FYE 2022 to FYE 2024 were maintained below 60 days level. For FYE 2024, our inventory turnover days reduced to 35 days as we used up our inventories for project activities at a rate faster than our purchases in FYE 2024. We continued to purchase project materials to ensure sufficient project materials for our project activities in every following periods. For FPE 2025, our inventory turnover days increased to 43 days as we made more purchases of project materials towards the end of FPE 2025 to cater for increasing project needs in the following financial period.

We conduct a monthly internal meeting to review our inventory level and inventory ageing. Approval is required from our management for the replenishment of project materials. During the financial years/period under review and up to LPD, our Group did not have any inventories that were written down.

12.8.4 Current ratio

Our current ratio throughout the financial years/period under review is as follows:

	Audited			As at 30
	As at 31 March			September
	2022	2023	2024	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	10,912	25,141	27,905	49,905
Current liabilities	6,703	13,437	11,809	26,772
Net current assets	4,209	11,704	16,096	23,133
Current ratio (times)	1.6	1.9	2.4	1.9

Our current ratio ranged between 1.6 times and 2.4 times for the financial years/period under review. This indicates that our Group is capable of meeting its current obligations using the current assets, which can be readily converted to cash to meet immediate current liabilities.

The increase in our current ratio for the financial years under review was mainly due to:

- (a) increase in trade receivables and other receivables mainly due to more invoices issued to customers in line with our growth in revenue; and
- (b) increase in cash and bank balances attributable to higher internally generated funds through revenue generated from operations.

In FPE 2025, the decrease in our current ratio as at 30 September 2024 to 1.9 times as compared to 2.4 times as at 31 March 2024 was mainly due to increase in borrowings attributable to drawdown of term loan of RM8.0 million in FPE 2025 which were used for our working capital and utilisation of bankers' acceptance of RM4.2 million, as well as increase in trade payables attributable to increase in purchases of project materials made towards the last quarter of FPE 2025 to cater for upcoming project needs in the following financial period.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.8.5 Gearing ratio**

Our gearing ratio throughout the financial years/period under review is as follows:

	Audited			
	As at 31 March			As at 30 September
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
Total borrowings (including lease liabilities)	954	7,467	7,003	20,586
Total equity	4,450	10,566	20,654	23,084
Gearing ratio (times)	0.2	0.7	0.3	0.9

Our gearing ratio ranged between 0.2 times and 0.9 times for the financial years/period under review.

Our Group's gearing ratio further increased from 0.2 times in FYE 2022 to 0.7 times in FYE 2023. This was mainly attributable to the following:

- (a) drawdown of a term loan and invoice financing of RM1.0 million and RM2.1 million, respectively which were both used as our working capital; and
- (b) drawdown of lease liabilities of RM2.7 million for motor vehicles and solar PV system assets under hire purchases arrangement.

The increase was offset by the gradual repayment of borrowings and lease liabilities in FYE 2023 and the higher total equity as a result of higher retained earnings (31 March 2022: RM3.5 million; 31 March 2023: RM9.6 million).

Our Group's gearing ratio decreased from 0.7 times in FYE 2023 to 0.3 times in FYE 2024. This was attributable to the increase in total equity as a result of retained earnings accumulated for the year (31 March 2023: RM9.6 million; 31 March 2024: RM19.6 million) despite the outstanding borrowings and lease liabilities as at 31 March 2024 of RM7.0 million.

Our Group's gearing ratio increased from 0.3 times in FYE 2024 to 0.9 times in FPE 2025. This was mainly attributable to increase in total borrowings arising from the drawdown of a term loan of RM8.0 million which were used as our working capital.

12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE

Section 9 details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but not limited to the following:

- (a) Our EPCC projects are non-recurring in nature and are secured on a project-by-project basis. It is critical for our Group to secure new contracts which are similar or larger in value or number of projects on a continual basis to main competitiveness in the solar PV industry. In the event that we are unable to secure new contracts or obtain contract value or number comparable to existing ones, our financial performance and results of operations will be materially impacted.

12. FINANCIAL INFORMATION (Cont'd)

- (b) Our revenue is recognised based on percentage of completion and billing are based on actual work performed and certified by our customers. Thus, any delays or postponement in projects may influence our resource allocation for the execution of subsequent projects and delay our revenue recognition. Any form of delay in completing the projects will therefore affect our billings, revenue, operational cash flow and financial performance. We may be required to pay our suppliers and subcontractors regardless of such delays if the works have been performed, and as such, it would affect our cash flow.
- (c) Our successful operations depend on our ability to obtain sufficient supply of solar equipment and components at acceptable prices, in satisfactory quality and in a timely manner. We are exposed to the price fluctuations in solar equipment and components and other materials that we use for our EPCC business, which represents a significant portion of our cost of sales. Any shortages, quality issues or fluctuations in price that occurs in the future which we are not able to pass on to our customers may materially affect our business operations and financial performance.
- (d) Our contracts with customers normally have a fixed and pre-determined value throughout the contract period in accordance with the scope of works that we tendered for. In pricing a tender or quotation, we estimate the project costs based on numerous factors. Incorrect estimations of our project costs may result in cost overruns and hence will affect our profitability and financial performance. If the actual costs to complete the projects significantly deviate from the estimated costs when the tenders or quotations were submitted, we may be bound by the contract to undertake the project at a loss and hence our business operations as well as financial performance and profitability may be adversely affected.
- (e) We depend on our subcontractors for the provision of civil and structural works as well as M&E installation activities, which we have not and do not intend to carry out by ourselves. As our subcontractors do not have direct contractual relationships with our customers, we are liable for the risks of our subcontractors' non-performance, poor quality of works, defects, delays or non-compliance caused by them. If the cost required to rectify the defects caused by our subcontractors are significant, it may have an impact on our financial performance. We may be liable for the costs of remedial works, which in turn would increase our costs for the projects as well as delay in our project delivery. Although we endeavour to maintain the quality of our works including our subcontractors works, there is no assurance that the works carried out will always be to our customers' satisfaction, expectations and requirements.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12.11 IMPACT OF INFLATION

During financial years/period under review, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

(a) Impact of foreign exchange rates

Our sales transactions are principally denominated in RM. Our purchases denominated in local and foreign currencies are as follows:

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases denominated in:								
RM	3,599	29.6	3,260	12.3	6,234	15.4	6,972	40.3
USD	8,540	70.4	19,082	72.1	23,054	56.9	7,598	43.9
RMB	-	0.0	4,111	15.6	11,194	27.7	2,723	15.8
Total	12,139	100.0	26,453	100.0	40,482	100.0	17,293	100.0

For FYE 2022 to FYE 2024 and FPE 2025, our purchases of project materials from our overseas suppliers were denominated in RMB and USD which collectively contributed between 59.7% and 87.7% of our total purchases. A depreciation of the RM against the foreign currencies will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies.

For FYE 2022 to FYE 2024, and FPE 2025, our net loss from foreign exchange fluctuations are as follows:

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Realised gain/(loss) on foreign exchange	31	(177)	(11)	223
Unrealised gain on foreign exchange	4	2	15	162
Net gain/ (loss) on foreign exchange	35	(175)	4	385

12. FINANCIAL INFORMATION (Cont'd)

Since September 2022, we began to enter into forward currency contracts to hedge our exposure against fluctuations in foreign currencies for the purchases of our project materials. The forward currency contracts that our Group has entered into as at 31 March 2024 and 30 September 2024, are as follows:

	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	Foreign currency '000	RM '000	Foreign currency '000	RM '000	Foreign currency '000	RM '000	Foreign currency '000	RM '000
USD denominated forward contracts	-	-	-	-	438	2,063	424	1,845
RMB denominated forward contracts	-	-	-	-	-	-	7	4

Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

(b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

A sensitivity analysis performed on our Group based on the outstanding floating rate of the bank borrowings as at 30 September 2024 indicates that our PAT for FPE 2025 would increase or decrease by approximately RM2,510 as a result of increase or decrease in interest rates by 50 basis points on these borrowings.

Our financial results for financial years/period under review were not materially affected by fluctuations in interest rates.

(c) Impact of commodity prices

Our project materials mainly consist of materials such as solar PV modules, inverters and mounting structures. These project materials are widely available from a large base of overseas suppliers and in Malaysia. In addition, our Group buys and sells renewable energy certificates (RECs) to third parties, which are environmental commodities. The price of RECs fluctuates due to factors such as supply and demand, global disclosure standards and requirements, geographical considerations and energy source quality. Our Group aims to sell RECs at higher prices and purchase them at lower prices to gain economic benefits and improve our financial performance.

We were not directly affected by fluctuations in commodity prices for financial years/period under review.

12. FINANCIAL INFORMATION (Cont'd)**12.13 ORDER BOOK**

Details of our unbilled order book are as follows:

Project details	As at 30 September 2024	As at LPD
	RM'000	RM'000
EPCC of solar PV systems for:		
- Commercial and industrial buildings	61,887	68,640
- Residential buildings	11,523	13,775
O&M of solar PV equipment and systems	813	813
Total	74,223	83,228

The above unbilled order book relates to the EPCC of solar PV systems are contract value of projects secured as at LPD, for which our Group has yet to commence EPCC works for newly secured EPCC project and remaining unbilled invoices for ongoing projects as at LPD. This unbilled order book will be recognised as revenue by the end of FYE 2025, based on the expected progress of each project.

Further to the above, the unbilled order book relates to the remaining unbilled invoices for ongoing O&M services as at LPD. This unbilled order book will be recognised as revenue by the end of FYE 2033, based on the agreed service period of each contract.

As at LPD, none of our order book is awarded by related party such as Lagenda Properties and Engtex Energy. Our unbilled order book of RM83.2 million as at LPD represents 1.7 times of our average revenue of RM48.3 million, calculated based on our audited revenues from FYE 2022 to FYE 2024.

12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) Our Group's revenue will remain sustainable in line with our unbilled order book as set out in Section 12.13;
- (b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.18; and
- (c) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.15 TREND INFORMATION**

Based on our track record for financial years/period under review, the following trends may continue to affect our business:

- (a) During the financial years/period under review, more than 95.0% of our revenue was derived from the EPCC of solar PV systems. We expect this segment to continue contributing significantly to our revenue in the future;
- (b) During the financial years/period under review, commercial and industrial properties has been our main focus for building segment and we will continue to focus on these properties for our EPCC of solar PV systems segment;
- (c) The main components of our cost of sales are project materials and subcontractors cost which collectively accounted for more than 85.0% of our total cost of sales during financial years/period under review. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our project materials and subcontractors' costs; and
- (d) We achieved a GP margin between 22.7% and 39.8% for FYE 2022, FYE 2023, FYE 2024 and FPE 2025. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and the types and complexity of projects that we can secure in the future.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (ii) Material commitments for capital expenditure save as disclosed in Section 12.6;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12; and
- (v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12.

Based on the above, our Board is optimistic about the future prospects of our Group given the positive outlook of the solar PV industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.17 and our Group's intention to implement the business strategies as set out in Section 7.18.

12. FINANCIAL INFORMATION (Cont'd)**12.16 DIVIDEND POLICY**

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us.

During FYE 2022 to 2024, FPE 2025, and up to LPD, we declared and paid the following dividends:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>	<u>1 October 2024 up to LPD</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Dividends declared and paid	-	-	-	(1)5,000	-

Note:

- (1) The final dividend of RM5.0 million in respect of FYE 2024 was declared on 6 May 2024 and paid on 31 May 2024.

Save for the above, there were no further dividends declared and/or paid up to LPD. In addition, we do not intend to declare or pay any dividends from LPD up to our Listing. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

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

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.17 CAPITALISATION AND INDEBTEDNESS**

The following information should be read in conjunction with the Reporting Accountants' report on the pro forma statement of financial position set out in Section 14.

The table below summarises our capitalisation and indebtedness:

- (a) Based on our Group's latest unaudited combined financial information as at 31 October 2024; and
- (b) After adjusting for the effects of the Acquisitions, IPO and utilisation of proceeds.

	Unaudited	
	As at 31	After IPO and
	October	utilisation of
	2024	proceeds
	RM'000	RM'000
Indebtedness		
Current		
<i>Secured and guaranteed</i>		
Term loans	1,601	1,019
Lease liabilities (solar PV system assets under hire purchase arrangement)	819	-
<i>Secured and unguaranteed</i>		
Lease liabilities (motor vehicles under hire purchase arrangement)	37	37
<i>Unsecured and unguaranteed</i>		
Lease liabilities (relates to rented offices)	317	317
Non-current		
<i>Secured and guaranteed</i>		
Term loans	8,415	7,068
Lease liabilities (solar PV system assets under hire purchase arrangement)	2,752	-
<i>Secured and unguaranteed</i>		
Lease liabilities (motor vehicles under hire purchase arrangement)	110	110
<i>Unsecured and unguaranteed</i>		
Lease liabilities (relates to rented offices)	2,113	2,113
Total indebtedness	16,164	10,664
Capitalisation		
Shareholders' equity/ capitalisation	24,412	62,228
Total capitalisation and indebtedness	40,576	72,892
Gearing ratio⁽¹⁾	0.66	0.17

Note:

- (1) Calculated based on total indebtedness divided by Shareholders' equity.

13. ACCOUNTANTS' REPORT



Tel : +603 2616 2888
Fax : +603 2616 3190 / 3191
www.bdo.my

Level 8
BDO @ Menara CenTARA
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
Northern Solar Holdings Berhad
Unit 8-01 & 8-02, Level 8, Menara Lagenda,
No.3, Jalan SS20/27,
47400 Petaling Jaya, Selangor.

Date: 29 November 2024

Our ref: BDO/PZH/CPN/swc

Dear Sirs

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Northern Solar Holdings Berhad (the "Company")

Opinion

We have audited the combined financial statements of Northern Solar Holdings Berhad and its combining entities ("the Group"), which comprise the combined statements of financial position as at 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 of the Group, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 and notes to the combined financial statements, including material accounting policy information, as set out in this report.

These historical combined financial statements have been prepared for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing and quotation of the entire ordinary shares in the Company on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 and of their financial performance and their cash flows for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

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 *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

13. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Northern Solar Holdings Berhad (the "Company") (continued)

Directors' Responsibilities for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with MFRSs and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) 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 internal control of the Group.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Northern Solar Holdings Berhad (the "Company") (continued)

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


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

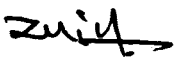
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matters

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.


BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants


Pang Zhi Hao
03450/09/2025 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
ASSETS					
Non-current assets					
Plant and equipment	6	135,289	235,831	7,089,567	8,571,554
Right-of-use assets	6	494,950	3,266,953	2,917,921	5,092,689
Investment in an associate	8	-	59,849	201,295	203,706
Investment in a joint venture	9	50	50	-	-
		630,289	3,562,683	10,208,783	13,867,949
Current assets					
Inventories	10	2,618,078	5,116,880	3,982,840	4,371,017
Trade and other receivables	11	6,075,333	11,801,349	13,756,606	22,660,378
Contract assets	17	-	499,165	1,162,209	5,900,656
Cash and bank balances	12	2,218,814	7,723,501	9,003,447	16,972,520
		10,912,225	25,140,895	27,905,102	49,904,571
TOTAL ASSETS		11,542,514	28,703,578	38,113,885	63,772,520
EQUITY AND LIABILITIES					
<i>Equity attributable to common controlling shareholders of the combining entities</i>					
Invested equity	19	1,000,000	1,000,000	1,000,001	1,000,001
Retained earnings		3,450,431	9,565,630	19,653,972	22,083,789
TOTAL EQUITY		4,450,431	10,565,630	20,653,973	23,083,790
LIABILITIES					
Non-current liabilities					
Borrowings	13	-	696,034	2,094,747	8,547,349
Lease liabilities	14	372,258	3,584,413	3,430,248	5,070,765
Deferred tax liabilities	18	16,755	420,455	125,620	299,236
		389,013	4,700,902	5,650,615	13,917,350

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION (continued)

	31.3.2022	31.3.2023	31.3.2024	30.9.2024
	Audited	Audited	Audited	Audited
Note	RM	RM	RM	RM
EQUITY AND LIABILITIES (continued)				
LIABILITIES (continued)				
Current liabilities				
Borrowings	13 500,000	2,354,830	564,792	5,802,530
Lease liabilities	14 82,491	832,262	913,531	1,164,586
Trade and other payables	15 5,712,509	8,248,161	8,121,858	13,185,668
Derivative liabilities	16 -	-	-	96,641
Contract liabilities	17 192,289	1,885,424	590,667	3,388,964
Current tax liabilities	215,781	116,369	1,618,449	3,132,991
	<u>6,703,070</u>	<u>13,437,046</u>	<u>11,809,297</u>	<u>26,771,380</u>
TOTAL LIABILITIES	<u>7,092,083</u>	<u>18,137,948</u>	<u>17,459,912</u>	<u>40,688,730</u>
TOTAL EQUITY AND LIABILITIES	<u>11,542,514</u>	<u>28,703,578</u>	<u>38,113,885</u>	<u>63,772,520</u>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Revenue	20	22,231,997	44,672,391	77,974,073	40,156,248	38,243,083
Cost of sales		<u>(17,177,760)</u>	<u>(33,366,896)</u>	<u>(56,388,396)</u>	<u>(24,167,345)</u>	<u>(29,529,774)</u>
Gross profit		5,054,237	11,305,495	21,585,677	15,988,903	8,713,309
Other income		37,284	15,553	168,899	1,607,957	25,416
Administrative expenses		(1,657,140)	(3,682,103)	(6,571,350)	(5,087,440)	(2,929,262)
Other operating expenses		(38,952)	(95,315)	(90,245)	(615,975)	(43,730)
Net loss on impairment of financial instruments		-	-	(1,841,150)	(1,679,384)	(286,680)
Profit from operations		3,395,429	7,543,630	13,251,831	10,214,061	5,479,053
Finance costs	24	(61,724)	(385,543)	(534,337)	(376,832)	(270,824)
Share of results of an associate, net of tax	8(f)	-	-	(3,089)	2,411	(2,567)
Profit before tax	21	3,333,705	7,158,087	12,714,405	9,839,640	5,205,662
Tax expense	25	<u>(227,557)</u>	<u>(1,042,888)</u>	<u>(2,625,899)</u>	<u>(2,409,823)</u>	<u>(902,637)</u>
Profit for the financial year/period, representing total comprehensive income for the financial year/period		<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,506</u>	<u>7,429,817</u>	<u>4,303,025</u>
Profit attributable to:						
Common controlling shareholders of the combining entities		3,106,148	6,115,199	10,088,342	7,429,817	4,302,861
Non-controlling interests		-	-	164	-	164
		<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,506</u>	<u>7,429,817</u>	<u>4,303,025</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

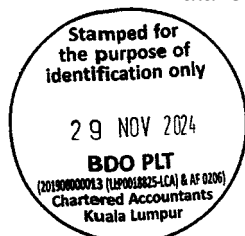
	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Note					
Total comprehensive income attributable to:					
Common controlling shareholders of the combining entities	3,106,148	6,115,199	10,088,342	7,429,817	4,302,861
Non-controlling interests	-	-	164	-	164
	<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,506</u>	<u>7,429,817</u>	<u>4,303,025</u>
Earnings per share attributable to common controlling shareholders of the combining entities					
Basic and diluted	26	3.11	6.12	10.09	7.43
				7.43	4.30

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



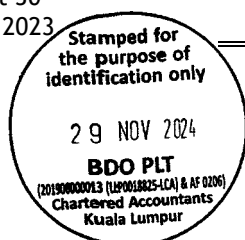
13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***COMBINED STATEMENTS OF CHANGES IN EQUITY**

<u>Audited</u>	Ordinary shares capital RM	<i>Distributable</i> Retained earnings RM	Total attributable to common controlling shareholders RM	Non- controlling interests RM	Total equity RM
Balance as at 1 April 2021	1,000,000	344,283	1,344,283	-	1,344,283
Profit for the financial year	-	3,106,148	3,106,148	-	3,106,148
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	3,106,148	3,106,148	-	3,106,148
Balance as at 31 March 2022/ 1 April 2022	1,000,000	3,450,431	4,450,431	-	4,450,431
Profit for the financial year	-	6,115,199	6,115,199	-	6,115,199
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	6,115,199	6,115,199	-	6,115,199
Balance as at 31 March 2023/ 1 April 2023	1,000,000	9,565,630	10,565,630	-	10,565,630
Profit for the financial year	-	10,088,342	10,088,342	164	10,088,506
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	10,088,342	10,088,342	164	10,088,506
Transactions with common controlling shareholders					
Issuance of ordinary shares	1	-	1	-	1
Acquisition of a subsidiary	-	-	-	(4,413)	(4,413)
Additional issuance of shares in a subsidiary	-	-	-	250,000	250,000
Disposal of a subsidiary	-	-	-	(245,751)	(245,751)
Total transactions with common controlling shareholders	1	-	1	(164)	(163)
Balance as at 31 March 2024	1,000,001	19,653,972	20,653,973	-	20,653,973



13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)**

<u>Audited</u>	Note	Ordinary shares capital RM	<i>Distributable</i> Retained earnings RM	Total attributable to common controlling shareholders RM	Non- controlling interests RM	Total equity RM
Balance as at 1 April 2024		1,000,001	19,653,972	20,653,973	-	20,653,973
Profit for the financial period		-	7,429,817	7,429,817	-	7,429,817
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	7,429,817	7,429,817	-	7,429,817
Transaction with common controlling shareholders						
Dividend paid	27	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Total transaction with owners		-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance as at 30 September 2024		1,000,001	22,083,789	23,083,790	-	23,083,790
Unaudited						
Balance as at 1 April 2023		1,000,000	9,565,630	10,565,630	-	10,565,630
Profit for the financial period		-	4,302,861	4,302,861	164	4,303,025
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	4,302,861	4,302,861	164	4,303,025
Transactions with common controlling shareholders						
Acquisition of a subsidiary		-	-	-	(4,413)	(4,413)
Additional issuance of shares in a subsidiary		-	-	-	250,000	250,000
Disposal of a subsidiary		-	-	-	(245,751)	(245,751)
Total transactions with owners		-	-	-	(164)	(164)
Balance as at 30 September 2023		1,000,000	13,868,491	14,868,491	-	14,868,491

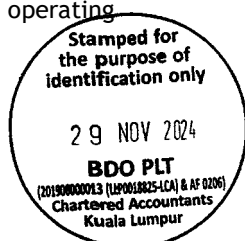


9

285

13. ACCOUNTANTS' REPORT (Cont'd)**Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS**

		1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
CASH FLOWS FROM OPERATING ACTIVITIES	Note					
Profit before tax		3,333,705	7,158,087	12,714,405	9,839,640	5,205,662
Adjustments for:						
Depreciation of:						
- Plant and equipment	6	13,981	34,827	146,188	83,691	20,168
- Right-of-use assets	6	44,054	293,359	300,737	224,998	152,182
Gain on lease termination	21	-	-	(16,949)	-	-
Fair value loss on derivative liabilities	21	-	-	-	96,641	-
Loss on disposal of a subsidiary	7(b)	-	-	546	-	546
Impairment loss on investment in an associate	8(g)	-	-	6,465	-	-
Impairment losses on trade receivables	11(h)	-	-	1,841,150	2,266,762	286,680
Reversal of impairment losses on trade receivables	11(h)	-	-	-	(587,378)	-
Interest expenses:						
- Lease liabilities	24	10,924	273,877	312,630	147,539	166,075
- Borrowings	24	-	37,191	110,435	153,113	52,462
- Others	24	50,800	74,475	111,272	76,180	52,287
Interest income	21	-	(6,012)	(130,943)	(128,169)	(19,183)
Plant and equipment written off	21	-	18,963	-	-	-
(Gain)/Loss on unrealised foreign exchange	21	(4,408)	(2,339)	(14,773)	(162,168)	30,434
Share of loss/(profit) of an associate, net of tax	8(f)	-	-	3,089	(2,411)	2,567
Operating profit before working capital changes		3,449,056	7,882,428	15,384,252	12,008,438	5,949,880
Changes in working capital:						
Inventories		(1,487,435)	(2,498,802)	1,134,040	(388,177)	741,286
Receivables		(4,015,736)	(5,955,746)	(5,362,335)	(10,583,156)	(2,680,110)
Payables		2,828,426	2,523,307	(141,931)	5,281,270	2,343,958
Contract assets		-	(499,165)	(663,044)	(4,738,447)	168,939
Contract liabilities		192,289	1,693,135	(1,294,757)	2,798,297	(1,186,383)
Cash generated from operations		966,600	3,145,157	9,056,225	4,378,225	5,337,570
Tax paid		(74,300)	(738,600)	(1,418,654)	(721,665)	(255,209)
Net cash from operating activities		892,300	2,406,557	7,637,571	3,656,560	5,082,361

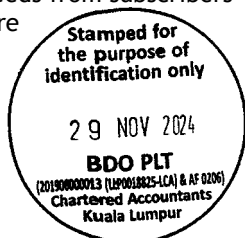


10

286

13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***COMBINED STATEMENTS OF CASH FLOWS (continued)**

	Note	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of:						
- an associate	8	-	(59,849)	-	-	-
- a joint venture	9	(50)	-	(50)	-	(50)
Acquisition of additional interests in an associate	8(d)	-	-	(151,000)	-	-
Net cash inflow on acquisition of a subsidiary	7(a)	-	-	2,066	-	2,066
Net cash outflow on disposal of a subsidiary	7(b)	-	-	(254,528)	-	(254,528)
Additional issuance of shares - Non-controlling interests		-	-	250,000	-	250,000
(Advance to)/Repayments from related parties		(68,543)	(1,318,162)	1,557,058	(7,500)	(100,000)
(Advance to)/Repayments from a joint venture		(5,186)	(3,684)	8,870	-	4,651
Advances from/(to) Directors		4,923	272,261	17,430	(24,614)	1,940
Placement of deposits with a licensed bank with original maturity of more than three (3) months		-	(354,125)	(124,337)	(132,978)	(63,075)
Placement in restricted bank balances	12(e)	-	-	-	(716,473)	-
Interest received		-	6,012	130,943	128,169	19,183
Proceeds from disposal of equity interest in joint venture	9(e)	-	-	50	-	-
Purchase of plant and equipment	6(a)	(137,610)	(154,332)	(6,999,924)	(1,565,678)	(74,644)
Net cash used in investing activities		(206,466)	(1,611,879)	(5,563,422)	(2,319,074)	(214,457)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend paid	27	-	-	-	(5,000,000)	-
Net drawdown/ (repayments) of borrowings		500,000	2,550,864	(391,325)	11,690,340	(2,207,579)
Net (repayments)/ drawdown of lease liabilities		(46,225)	2,167,852	(24,824)	(529,322)	408,793
Interest paid		(51,191)	(362,832)	(517,165)	(355,704)	(260,290)
Proceeds from subscribers' share		-	-	1	-	-

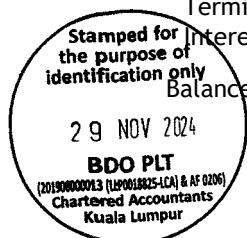


13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***COMBINED STATEMENTS OF CASH FLOWS (continued)**

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Net cash from/(used in) financing activities	402,584	4,355,884	(933,313)	5,805,314	(2,059,076)
Net increase in cash and cash equivalents	1,088,418	5,150,562	1,140,836	7,142,800	2,808,828
Effects of exchange rate on cash and cash equivalents	-	-	14,773	(23,178)	9,460
Cash and cash equivalents at beginning of financial year/period	1,130,396	2,218,814	7,369,376	8,524,985	7,369,376
Cash and cash equivalents at end of financial year/period	12(e) 2,218,814	7,369,376	8,524,985	15,644,607	10,187,664

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities 1.4.2021 to 31.3.2022 Audited RM	Borrowings 1.4.2021 to 31.3.2022 Audited RM	Lease liabilities 1.4.2022 to 31.3.2023 Audited RM	Borrowings 1.4.2022 to 31.3.2023 Audited RM	Lease liabilities 1.4.2023 to 31.3.2024 Audited RM	Borrowings 1.4.2023 to 31.3.2024 Audited RM
Balance as at 1 April	150,465	-	454,749	500,000	4,416,675	3,050,864
Cash flows:						
Drawdown of borrowings	-	500,000	-	3,114,830	-	2,000,000
Drawdown of lease liabilities*	-	-	2,718,418	-	832,670	-
Payment of borrowings	-	-	-	(601,157)	-	(2,501,760)
Payment of lease liabilities	(46,616)	-	(801,732)	-	(1,152,952)	-
Interest paid	391	-	251,166	37,191	295,458	110,435
Non-cash flows:						
Additions of lease liabilities	85,000	-	1,771,363	-	184,955	-
Reassessment and modification of lease	254,976	-	-	-	-	-
Termination of lease	-	-	-	-	(250,199)	-
Interest expense	10,533	-	22,711	-	17,172	-
Balance as at 31 March	454,749	500,000	4,416,675	3,050,864	4,343,779	2,659,539



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

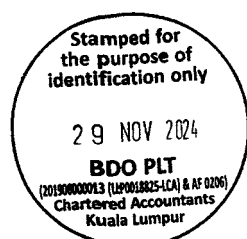
COMBINED STATEMENTS OF CASH FLOWS (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Lease liabilities 1.4.2024 to 30.9.2024 Audited RM	Borrowings 1.4.2024 to 30.9.2024 Audited RM	Lease liabilities 1.4.2023 to 30.9.2023 Unaudited RM	Borrowings 1.4.2023 to 30.9.2023 Unaudited RM
Balance as at 1 April	4,343,779	2,659,539	4,416,675	3,050,864
Cash flows:				
Drawdown of borrowings	-	12,206,559	-	-
Drawdown of lease liabilities*	-	-	832,670	-
Payment of borrowings	-	(669,332)	-	(2,260,041)
Payment of lease liabilities	(655,733)	-	(579,418)	-
Interest paid	126,411	153,113	155,541	52,462
Non-cash flows:				
Additions of lease liabilities	2,399,766	-	29,133	-
Interest expense	21,128	-	10,534	-
Balance as at 30 September	<u>6,235,351</u>	<u>14,349,879</u>	<u>4,865,135</u>	<u>843,285</u>

* The amount represents lease liabilities drawdown during the financial year/period for assets manufactured and used by the Group during the financial years ended 31 March 2022 and 31 March 2023.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS**1. CORPORATE INFORMATION**

The Company was incorporated in Malaysia under the Companies Act 2016 on 9 January 2024 as a private limited company under the name of Northern Solar Holdings Sdn. Bhd. and was subsequently converted to a public limited company on 20 March 2024.

The registered office of the Company is located at Unit 7-01, Level 7, Menara Lagenda, No.3, Jalan SS20/27, 47400 Petaling Jaya, Selangor.

The principal place of business of the Company is located at Unit 8-01 & 8-02, Level 8, Menara Lagenda, No.3, Jalan SS20/27, 47400 Petaling Jaya, Selangor.

The Company is principally engaged in investment holdings activities. Northern Solar Sdn. Bhd. ("NSSB") is principally involved in the provision of engineering, procurement, construction and commissioning of solar photovoltaics systems and plant, generation of electricity as well as operations and maintenance services. There have been no significant changes on the nature of these activities during the financial period.

2. BASIS OF PREPARATION

The combined financial statements of the Group has been prepared in accordance with paragraph 10.04 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines. The combined financial statements of the Group consist of the combined financial statements of the Company and its combining entities are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and based on the Guidance Note on Combined Financial Statements issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements of the Group for the relevant period are prepared under historical cost convention except as otherwise stated in the combined financial statements. The combined financial statements are prepared for the relevant period in a manner similar to the "pooling of interest" method of accounting, as if the combining entities were operating as a single economic enterprise from beginning of the earliest comparative period covered for the relevant period. Such manner of presentation reflects the economic substance of the combined entities, which are under common control throughout the relevant period.

The Group's historical audited financial information for the purpose stated above were prepared in accordance with MFRSs and IFRS Accounting Standards.

The statutory auditors of the combining entities of the Group are as follows:

Company	Relevant financial period/years	Auditors
Northern Solar Holdings Berhad	Financial Period Ended ("FPE") 31 March 2024 ^	BDO PLT (First Auditors)
	FPE 30 September 2024	BDO PLT
Northern Solar Sdn. Bhd.	Financial Year Ended ("FYE") 31 March 2022*	J K Huan & Co.
	FYE 31 March 2023	BDO PLT
	FYE 31 March 2024	BDO PLT
	FPE 30 September 2024	BDO PLT



13. ACCOUNTANTS' REPORT (*Cont'd*)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

2. BASIS OF PREPARATION (continued)

The statutory auditors of the combining entities of the Group are as follows: (continued)

[^] There was no audited financial statements for Northern Solar Holdings Berhad for FYE 31 March 2022 and FYE 31 March 2023 as the entity was incorporated on 9 January 2024.

^{*} The financial statements of combining entities for the financial year ended 31 March 2022 were re-prepared by management and re-audited by BDO PLT for the purpose of inclusion into the combined financial statements of the Group.

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of accounting

The combined financial statements of the Group for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

The combined financial statements of the Group have been prepared under the historical cost convention except as otherwise stated in the combined financial statements.

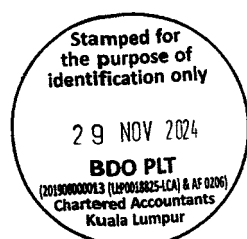
The preparation of these combined financial statements in conformity with MFRSs and IFRS Accounting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the combined financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of combination

Combining entities

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities ("Controlling Shareholders"), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of equity of the combining entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.2 Basis of combination (continued)****Combining entities (continued)**

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have *de facto* power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee's return.

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

3.3 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

After initial recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

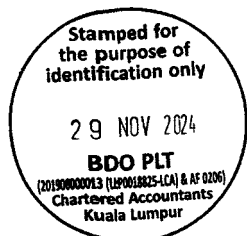
When significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the 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.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The principal annual depreciation rates are as follows:

Air conditioner	10%
Computer system	20%
Electrical and fittings	10%
Furniture and fittings	10%
Motor vehicle	20%
Office equipment	10%
Operating equipment	10%
Power - purchase agreement ("PPA") - Solar PV System	15 years - 25 years
Renovation	20%
Signboard	10%
Website	10%

Construction-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.3 Plant and equipment (continued)**

The residual value, useful life and depreciation method are reviewed at end of each reporting period, and adjusted prospectively, if appropriate.

An item of 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 Investments**(a) Subsidiary**

A subsidiary is an entity in which the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of NSSB at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of NSSB. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale).

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognises all assets, liabilities and non-controlling interests at their carrying amounts and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the combined financial statements using the equity method of accounting. The investment in associate in the combined statements of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.4 Investments (continued)****(b) Associate (continued)**

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year/period is included in the combined financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group do not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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

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



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.4 Investments (continued)****(c) Joint venture**

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- (a) Joint ventures: where the Group has rights to only the net assets of the joint arrangement;
or
- (b) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- (a) The structure of the joint arrangement;
- (b) The legal form of joint arrangements structured through a separate vehicle;
- (c) The contractual terms of the joint arrangement agreement; and
- (d) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interest in a joint venture in the same manner as investments in associates (i.e. using the equity method as disclosed in Note 3.3(b) to the combined financial statements).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in a joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. In accordance with MFRS 11 *Joint Arrangements*, the Group is required to apply all of the principles of MFRS 3 *Business Combinations* when it acquires an interest in a joint operation that constitutes a business as defined by MFRS 3.

For all joint arrangements structured in separate vehicles, the Group must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation).



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Investments (continued)

(c) Joint venture (continued)

Factors the Group must consider include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as joint venture.

3.5 Goodwill on consolidation

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.6 Impairment of non-financial assets (continued)**

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

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.7 Current versus non-current classification

The Group presents assets and liabilities in the combined statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.8 Financial instruments - initial recognition and subsequent measurement****(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Categories of financial instruments and subsequent measurement***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequently unless there is a change in the business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income - debt securities

A debt security is measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model with the objective of both holding to collect contractual cash flows and selling; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as at fair value through profit or loss ("FVTPL").

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income ("OCI"). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(ii) Categories of financial instruments and subsequent measurement (continued)***Financial assets (continued)***(c) Fair value through other comprehensive income - equity securities**

For an equity investment that is not held for trading, the Group may irrevocably elect to subsequently measure the equity securities at FVOCI on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

(d) Fair value through profit or loss

All financial assets not classified and measured at amortised costs or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gain or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment.

Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables that do not contain a significant financing component.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers based on grouping of customers sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method. The expected loss rates are based on the Group's historical credit losses experience over the three (3) years period prior to the period end.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(ii) Categories of financial instruments and subsequent measurement (continued)***Financial assets (continued)***Impairment of financial assets (continued)**

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product ("GDP"), inflation rate and unemployment rate and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other financial assets is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the other financial assets. For those in which the credit risk has not increased significantly since initial recognition of the other financial assets, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for other financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other financial assets is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for the other financial assets.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(ii) Categories of financial instruments and subsequent measurement (continued)*****Financial liabilities***

The categories of financial liabilities classified at initial recognition are as follows:

(a) Fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest expense recognised in profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the amount of change in fair value of the financial liability that is attributable to change in credit risk are recognised in the other comprehensive income and the remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the credit risk of the liability would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset is expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the combined statements of profit or loss and other comprehensive income.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(iv) Offsetting**

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

3.9 Inventories

Inventories are determined on the first-in, first-out basis and stated at the lower of cost and estimated selling price less costs to complete and sell.

3.10 Cash and cash equivalents

Cash and cash equivalents in the combined statements of financial position comprise cash in hand and cash at banks, which are subject to an insignificant risk of change in value.

3.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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.

3.12 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 expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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 incurred in connection with the borrowing of funds.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.13 Employee benefits****(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year/period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

(b) Defined contribution plan

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

3.14 Leases**(a) As lessee**

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.14 Leases (continued)****(a) As lessee (continued)****Measurement and recognition of leases as a lessee (continued)**

The Group depreciates the right-of-use assets on a straight-line basis from the lease 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 term of right-of-use assets are as follows:

Motor vehicles	5 years
PPA - Solar PV System	15 years - 25 years
Office buildings	2 - 9 years

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

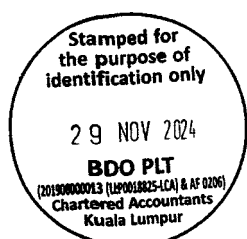
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(b) As lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.15 Revenue recognition**

Revenue is measured based on the consideration to which the Group expects 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.

Sale of goods

Revenue from sale of products and services is recognised at a point in time when products have been transferred or the services have been rendered to the customers and coincide with the delivery of products and services and acceptance by customers.

Construction contracts

When the outcomes of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

Change in accounting policy

During the financial period ended 30 September 2024, the Group effected the change in classification of revenue streams by including the sale of goods and construction contracts into engineering, procurement, construction and commissioning ("EPCC") of solar PV systems. The change in accounting policy did not have material impact to the Group.

Engineering, procurement, construction and commissioning ("EPCC") of solar PV systems

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.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)**3.15 Revenue recognition (continued)****Engineering, procurement, construction and commissioning ("EPCC") of solar PV systems (continued)**

EPCC of solar PV systems is recognised over time when products have been transferred or the services have been rendered to the customers 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 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.

When the outcomes of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

Sale of electricity through solar energy generation

In the previous financial years, the Group sold electricity generated through its self-constructed rooftop solar PV systems under a 15 to 25 years renewable energy power purchase agreement. Revenue is recognised upon delivery of electricity by kilowatt-hour to the customers and acceptance by the customers.

Change in accounting policy

During the financial period ended 30 September 2024, the Group effected the change in accounting policy in respect of the timing of revenue recognition from point in time to over time. Revenue is recognised upon supply of electricity by kilowatt-hour to the customers. The change in accounting policy did not have material impact to the Group.

Operations and maintenance services

Revenue from operations and maintenance services is recognised over time as and when the customer simultaneously receives and consumes the benefits provided by this service and it is probable that the Company would collect the consideration to which it will be entitled in exchange for the service that would be performed to the customer.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)

3.15 Revenue recognition (continued)

Revenue recognition not in relation to performance obligations is described below:

Interest income

Interest income is recognised as it accrues, using the effective interest method.

3.16 Taxes

(a) Current income 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 in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the combined statements of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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.
- in respect of taxable temporary differences associated with investments 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- when 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.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.16 Taxes (continued)****(b) Deferred tax (continued)**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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: (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests 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 the 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset, if 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Sales and services tax ("SST")

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

3. MATERIAL ACCOUNTING POLICIES (continued)

3.17 Fair value measurements

The fair value of an asset or a liability 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 fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

3.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity and are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.19 Contingent liability

A contingent liability or asset is a possible obligation or asset respectively that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the combined statements of financial position of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.20 Earnings per share****(a) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs**4.1 New MFRSs adopted during the financial period ended 30 September 2024**

The following Amendments to the MFRSs issued by Malaysian Accounting Standards Board ("MASB") were adopted by the Group during the financial period ended 30 September 2024:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group.

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i> (Amendments to Classification and Measurement of Financial Instruments)	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

4. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (continued)

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January (continued)

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable in future financial years.

5. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATION

The preparation of the combined financial statements of the Group requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future year.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the combined financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes reflected in the assumptions when they occur.

(i) Provision for expected credit losses of trade receivables

The impairment provisions for financial assets are based on assumptions about the 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.

(ii) Estimating incremental borrowing rates for lease liabilities

Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

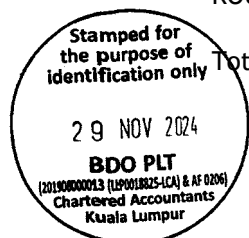
(iii) Allocation of transaction price to performance obligations of EPCC of solar PV systems

Significant judgement is required to be exercised by management in determining the allocation of transaction price for EPCC of solar PV systems, ascertaining the number of multiple arrangement elements embedded in the contracts, assessing the satisfaction of the performance obligations over time, completeness of the estimated costs to complete the respective performance obligations and accuracy of measurement of construction progress. These include assessing the subjectivity and estimation uncertainty on determining the estimated costs for the remaining obligations and contingencies of the project over the contractual period.



13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS**

31 March 2022	Balance as at 1.4.2021 Audited RM	Additions Audited RM	Reassessment and modification of lease Audited RM	Balance as at 31.3.2022 Audited RM
Cost				
Air conditioner	10,390	-	-	10,390
Computer system	7,820	43,658	-	51,478
Electrical and fittings	1,200	-	-	1,200
Furniture and fittings	6,220	10,358	-	16,578
Office equipment	4,050	11,895	-	15,945
Operating equipment	18,798	22,166	-	40,964
Renovation	7,950	-	-	7,950
Signboard	3,800	-	-	3,800
Website	2,250	-	-	2,250
Total	62,478	88,077	-	150,555
Motor vehicles	-	134,533	-	134,533
ROU - Office building	157,363	-	254,976	412,339
Total	157,363	134,533	254,976	546,872
31 March 2022				
Accumulated depreciation				
Air conditioner		61	1,039	1,100
Computer system		206	5,914	6,120
Electrical and fittings		7	120	127
Furniture and fittings		36	1,054	1,090
Office equipment		24	847	871
Operating equipment		574	2,812	3,386
Renovation		93	1,590	1,683
Signboard		59	380	439
Website		225	225	450
Total		1,285	13,981	15,266
Motor vehicles		-	5,102	5,102
ROU - Office building		7,868	38,952	46,820
Total		7,868	44,054	51,922



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

31 March 2023	Balance as at 1.4.2022 Audited RM	Additions Audited RM	Transfer from prepayment Audited RM	Written off Audited RM	Reclassification Audited RM	Balance as at 31.3.2023 Audited RM
Cost						
Air conditioner	10,390	5,640	-	-	-	16,030
Computer system	51,478	50,093	-	(20,318)	-	81,253
Electrical and fittings	1,200	2,375	-	-	-	3,575
Furniture and fittings	16,578	16,083	-	-	-	32,661
Office equipment	15,945	53,090	-	-	40,964	109,999
Operating equipment	40,964	-	-	-	(40,964)	-
Renovation	7,950	7,547	-	-	-	15,497
Signboard	3,800	-	-	-	-	3,800
Website	2,250	19,504	-	-	-	21,754
Total	<u>150,555</u>	<u>154,332</u>	<u>-</u>	<u>(20,318)</u>	<u>-</u>	<u>284,569</u>
Motor vehicles	134,533	162,997	-	-	-	297,530
PPA - Solar PV System	-	1,608,366	1,293,999	-	-	2,902,365
ROU - Office building	412,339	-	-	-	-	412,339
Total	<u>546,872</u>	<u>1,771,363</u>	<u>1,293,999</u>	<u>-</u>	<u>-</u>	<u>3,612,234</u>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



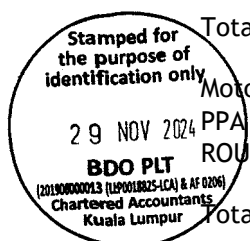
13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

31 March 2023	Balance as at 1.4.2022 Audited RM	Charge for the financial year Audited RM	Written off Audited RM	Reclassification Audited RM	Balance as at 31.3.2023 Audited RM
Accumulated depreciation					
Air conditioner	1,100	1,603	-	-	2,703
Computer system	6,120	14,896	(1,355)	-	19,661
Electrical and fittings	127	358	-	-	485
Furniture and fittings	1,090	3,266	-	-	4,356
Office equipment	871	10,999	-	3,386	15,256
Operating equipment	3,386	-	-	(3,386)	-
Renovation	1,683	3,100	-	-	4,783
Signboard	439	380	-	-	819
Website	450	225	-	-	675
Total	15,266	34,827	(1,355)	-	48,738
Motor vehicles	5,102	59,506	-	-	64,608
PPA - Solar PV System	-	157,501	-	-	157,501
ROU - Office building	46,820	76,352	-	-	123,172
Total	51,922	293,359	-	-	345,281

31 March 2024	Balance as at 1.4.2023 Audited RM	Additions Audited RM	Termination Audited RM	Balance as at 31.3.2024 Audited RM
Cost				
Air conditioner	16,030	3,100	-	19,130
Computer system	81,253	79,726	-	160,979
Electrical and fittings	3,575	-	-	3,575
Furniture and fittings	32,661	23,551	-	56,212
Office equipment	109,999	32,762	-	142,761
Operating equipment	-	23,602	-	23,602
Renovation	15,497	33,200	-	48,697
Signboard	3,800	-	-	3,800
Website	21,754	39,850	-	61,604
PPA - Solar PV System	-	1,286,747	-	1,286,747
Construction-in-progress - PPA Solar PV System	-	5,477,386	-	5,477,386
Total	284,569	6,999,924	-	7,284,493
Motor vehicles	297,530	-	-	297,530
PPA - Solar PV System	2,902,365	-	-	2,902,365
ROU - Office buildings	412,339	184,955	(412,339)	184,955
Total	3,612,234	184,955	(412,339)	3,384,850



13. ACCOUNTANTS' REPORT (Cont'd)**Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report****6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

31 March 2024	Balance as at 1.4.2023 Audited RM	Charge for the financial year Audited RM	Termination Audited RM	Balance as at 31.3.2024 Audited RM
Accumulated depreciation				
Air conditioner	2,703	1,680	-	4,383
Computer system	19,661	20,921	-	40,582
Electrical and fittings	485	358	-	843
Furniture and fittings	4,356	4,332	-	8,688
Office equipment	15,256	13,001	-	28,257
Operating equipment	-	196	-	196
Renovation	4,783	3,710	-	8,493
Signboard	819	380	-	1,199
Website	675	2,991	-	3,666
PPA - Solar PV System	-	98,619	-	98,619
Total	48,738	146,188	-	194,926
Motor vehicles	64,608	59,506	-	124,114
PPA - Solar PV System	157,501	157,501	-	315,002
ROU - Office buildings	123,172	83,730	(179,089)	27,813
Total	345,281	300,737	(179,089)	466,929

30 September 2024	Balance as at 1.4.2024 Audited RM	Additions Audited RM	Balance as at 30.9.2024 Audited RM
Cost			
Air conditioner	19,130	1,150	20,280
Computer system	160,979	143,043	304,022
Electrical and fittings	3,575	-	3,575
Furniture and fittings	56,212	137,808	194,020
Office equipment	142,761	3,699	146,460
Motor vehicle	-	180,000	180,000
Operating equipment	23,602	-	23,602
Renovation	48,697	1,091,848	1,140,545
Signboard	3,800	-	3,800
Website	61,604	-	61,604
PPA - Solar PV System	1,286,747	-	1,286,747
Construction-in-progress - PPA Solar PV System	5,477,386	8,130	5,485,516
Total	7,284,493	1,565,678	8,850,171
Motor vehicles	297,530	-	297,530
PPA - Solar PV System	2,902,365	-	2,902,365
ROU - Office buildings	184,955	2,399,766	2,584,721
Total	3,384,850	2,399,766	5,784,616

Stamped for
the purpose of
identification only

29 NOV 2024

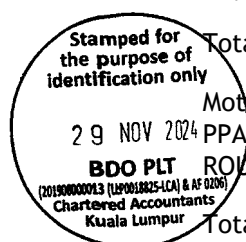
BDO PLT

(2019000013 (LP001825-ICA) & AF 0206)
Chartered Accountants
Kuala Lumpur

13. ACCOUNTANTS' REPORT (Cont'd)**Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report****6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

30 September 2024	Balance as at 1.4.2024 Audited RM	Charge for the financial period Audited RM	Balance as at 30.9.2024 Audited RM
Accumulated depreciation			
Air conditioner	4,383	966	5,349
Computer system	40,582	18,325	58,907
Electrical and fittings	843	179	1,022
Furniture and fittings	8,688	2,951	11,639
Office equipment	28,257	7,170	35,427
Motor vehicle	-	12,000	12,000
Operating equipment	196	1,180	1,376
Renovation	8,493	2,770	11,263
Signboard	1,199	190	1,389
Website	3,666	3,080	6,746
PPA - Solar PV System	98,619	34,880	133,499
Total	194,926	83,691	278,617
Motor vehicles	124,114	29,753	153,867
PPA - Solar PV System	315,002	78,751	393,753
ROU - Office buildings	27,813	116,494	144,307
Total	466,929	224,998	691,927

Carrying amount	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Air conditioner	9,290	13,327	14,747	14,931
Computer system	45,358	61,592	120,397	245,115
Electrical and fittings	1,073	3,090	2,732	2,553
Furniture and fittings	15,488	28,305	47,524	182,381
Office equipment	15,074	94,743	114,504	111,033
Motor vehicle	-	-	-	168,000
Operating equipment	37,578	-	23,406	22,226
Renovation	6,267	10,714	40,204	1,129,282
Signboard	3,361	2,981	2,601	2,411
Website	1,800	21,079	57,938	54,858
PPA - Solar PV System	-	-	1,188,128	1,153,248
Construction-in-progress - PPA Solar PV System	-	-	5,477,386	5,485,516
Total	135,289	235,831	7,089,567	8,571,554
Motor vehicles	129,431	232,922	173,416	143,663
PPA - Solar PV System	-	2,744,864	2,587,363	2,508,612
ROU - Office buildings	365,519	289,167	157,142	2,440,414
Total	494,950	3,266,953	2,917,921	5,092,689



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

- (a) During the financial years/period, the Group made the following cash payments to purchase plant and equipment:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	31.3.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Purchase of plant and equipment	222,610	1,925,695	7,184,879	3,965,444	103,777
Financed by hire purchase and lease liabilities	(85,000)	(1,771,363)	(184,955)	(2,399,766)	(29,133)
Cash payments on purchase of plant and equipment	<u>137,610</u>	<u>154,332</u>	<u>6,999,924</u>	<u>1,565,678</u>	<u>74,644</u>

7. INVESTMENT IN A SUBSIDIARY

- (a) Deemed acquisition of Norwatt Power Sdn. Bhd. ("NPSB")

On 14 April 2023, NSSB has acquired additional 25 ordinary shares in NPSB for a total consideration of RM25. Following this transaction, NSSB's equity interest in NPSB has increased from 50% to 75%, which resulted in NSSB obtaining control of NPSB in accordance with MFRS 10 *Consolidated Financial Statements*. Consequently, NPSB became a subsidiary of NSSB.

On 14 April 2023, NPSB increased its issued and paid-up capital from 100 ordinary shares to 1,000,000 ordinary shares by an allotment of 999,900 ordinary shares. The consideration paid by NSSB for the new shares allotted amounted to RM749,925.

Fair values of the identifiable assets and liabilities acquired and the effects on cash flow arising from the acquisition were as follows:

	Audited RM
Cash and bank balances	2,066
Trade and other payables	(19,719)
Net liabilities assumed	(17,653)
Non-controlling interest at the date of acquisition	4,413
Less: Carrying amount of previously held equity interest in investment in a joint venture as at date of deemed acquisition	(50)
Goodwill	13,290
Cost of acquisition	-
Cash and bank balances of a subsidiary acquired	2,066
Net cash inflow on acquisition	<u>2,066</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

7. INVESTMENT IN A SUBSIDIARY (continued)

- (a) Deemed acquisition of Norwatt Power Sdn. Bhd. ("NPSB") (continued)

NPSB had contributed the following results to the Group for the financial year ended 31 March 2024 from the acquisition date.

	14.4.2023 to 30.6.2023 Audited RM
Revenue	-
Profit for the financial year	<u>658</u>

Had the acquisition occurred on 1 April 2023, revenue and profit after tax of the Group for the financial year ended 31 March 2024 are as follows:

	31.3.2024 Audited RM
Revenue	77,974,073
Profit for the financial year	<u>10,089,000</u>

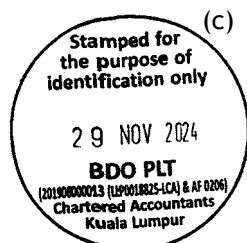
- (b) Disposal of a NPSB

On 9 June 2023, NSSB completed the disposal of its entire equity interest (equivalent to 75%) in a subsidiary, Norwatt Power Sdn. Bhd., a company incorporated in Malaysia, which installs and develops solar farms for a total cash consideration of RM750,000.

The loss on disposal of the subsidiary during the financial year was as follows:

	Audited RM
Cash and bank balances	1,004,528
Trade and other payables	<u>(21,521)</u>
Net assets disposed	983,007
Non-controlling interest at the date of disposal	<u>(245,751)</u>
Goodwill	13,290
	<u>750,546</u>
Loss on disposal of a subsidiary	<u>(546)</u>
Net consideration from disposal	750,000
Cash and bank balances of a subsidiary disposed	<u>(1,004,528)</u>
Net cash outflow on disposal	<u>(254,528)</u>

- (c) The Group does not have any subsidiary that has non-controlling interests, which is material to the Group for the financial period ended 30 September 2024.



13. ACCOUNTANTS' REPORT (Cont'd)**Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report****8. INVESTMENT IN AN ASSOCIATE**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Unquoted shares, at cost	-	59,849	210,849	210,849
Accumulated share of post acquisition losses	-	-	(3,089)	(678)
Less: Impairment loss	-	-	(6,465)	(6,465)
	-	59,849	201,295	203,706

(a) The Group recognises its interest in an associate as an investment and accounts for its investment using the equity method.

(b) The details of the associate are as follows:

Name of company	Country of Incorporation/ Principal place of business	Effective interest in equity			Principal activities
		31.3.2023 %	31.3.2024 %	30.9.2024 %	
Engtex Energy Sdn. Bhd. ^{*^} ("EESB")	Malaysia	49	20	20	Specialist in photovoltaics industry, develop solar system and other renewable energy

* Not audited by BDO PLT

^ This associate has a financial year end of 31 December, which is not conterminous with the Group. The unaudited financial statements of the associate for financial year ended 31 March 2024 and 30 September 2024 has been used in applying the equity method of accounting.

(c) During the financial year ended 31 March 2023, the Group has acquired 49,000 ordinary shares representing 49% equity interest in EESB for a total consideration of RM59,849.

(d) On 14 November 2023, EESB increased its issued and paid-up capital from 100,000 ordinary shares to 1,000,000 ordinary shares by an allotment of 999,000 ordinary shares. The consideration paid by the Group for the new shares allotted amounted to RM151,000. Following this transaction, the Group's equity interest in EESB has decreased from 49% to 20%.

(e) The summarised financial information of the associate which is accounted for by the Group using the equity method are as follows:

Assets and liabilities	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Non current assets	-	4,638,000	5,695,151
Current assets	128,839	1,014,328	317,802
Current liabilities	(8,592)	(4,645,855)	(4,994,425)
Net assets	120,247	1,006,473	1,018,528

43

319



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

8. INVESTMENT IN AN ASSOCIATE (continued)

- (e) The summarised financial information of the associate which is accounted for by the Group using the equity method are as follows: (continued)

	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Results			
(Loss)/Profit for the financial year/period	-	(15,445)	12,055

- (f) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Share of net assets	58,921	201,295	203,706
Goodwill	928	-	-
Carrying amount in the combined statements of financial position	59,849	201,295	203,706

Share of results

Share of total comprehensive (loss)/profit	-	(3,089)	2,411
--	---	---------	-------

- (g) Management reviews the investment in an associate for impairment when there is an indication of impairment. Recoverable amount of the investment in an associate is assessed by reference to the fair value less costs of disposal ("FVLCD") of the underlying assets of the associate. As at 30 September 2024, the carrying amount of the cost investment in EESB amounted to RM203,706 (net of impairment losses of RM6,465). The recoverable amount of the cost of investment is based on the share of net assets of the associate.

9. INVESTMENT IN A JOINT VENTURE

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Unquoted shares, at cost	50	50	-	-

- (a) The Group recognises its interest in an associate as an investment and accounts for its investments using the equity method.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

9. INVESTMENT IN A JOINT VENTURE (continued)

(b) The details of joint venture are as follows:

Name of company	Country of Incorporation/ Principal place of business	Effective interest in equity			Principal activities
		31.3.2022 %	31.3.2023 %	31.3.2024 %	
Termeloh Solar Sdn. Bhd. *	Malaysia	-	-	-	Trading of solar assets, solar utility and solar energy
Norwatt Power Sdn. Bhd. [^] ("NPSB")	Malaysia	50	50	- #	Install and develop solar farm

* Not audited by BDO PLT

[^]The joint venture has a financial year end of 31 December, which is not conterminous with the Group. The unaudited financial statements of the joint venture for the financial year ended 31 March 2022 and 31 March 2023 have been used in applying the equity method of accounting.

NPSB became subsidiary of the Group and the financial effects on the changes in the composition of the Group arising from the remeasurement of the previously held equity interest are disclosed in Note 7 to the combined financial statements.

- (c) During the financial year ended 31 March 2022, the Group has acquired 50 ordinary shares representing 50% equity interest in Norwatt Power Sdn. Bhd. for a total consideration of RM50.
- (d) During the financial year ended 31 March 2024, the Group acquired 50 ordinary shares, representing 50% equity interest in Termeloh Solar Sdn. Bhd. for a total consideration of RM50.
- (e) On 15 December 2023, the Group disposed off its entire interest (equivalent to 50%) in a joint venture, Termeloh Solar Sdn. Bhd. for a total consideration of RM50.
- (f) The Group does not have any joint venture, which is material to the Group for the financial period ended 30 September 2024.

10. INVENTORIES

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
At cost				
Material product	<u>2,618,078</u>	<u>5,116,880</u>	<u>3,982,840</u>	<u>4,371,017</u>



45

321

13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

10. INVENTORIES (continued)

- (a) Inventories of the Group recognised as cost of sales during the financial years/period are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Inventories recognised as cost of sales	<u>12,138,856</u>	<u>26,452,830</u>	<u>40,295,772</u>	<u>17,212,874</u>

11. TRADE AND OTHER RECEIVABLES

	Note	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Trade receivables					
Third parties		3,241,501	8,890,742	9,909,545	23,067,983
Amounts owing by related parties		-	-	3,450,396	139,336
		<u>3,241,501</u>	<u>8,890,742</u>	<u>13,359,941</u>	<u>23,207,319</u>
Less: Impairment loss		-	-	(1,841,150)	(3,520,534)
(b)		3,241,501	8,890,742	11,518,791	19,686,785
Other receivables					
Third parties		6,000	10,908	55,889	127,800
Amount owing by a related party	(c)	231,396	1,557,058	-	-
Amount owing by a joint venture	(c)	5,186	8,870	-	-
Amounts owing by Directors	(c)	265,077	-	-	-
Deposits		251,690	166,461	166,712	141,508
		<u>759,349</u>	<u>1,743,297</u>	<u>222,601</u>	<u>269,308</u>
Total receivables		4,000,850	10,634,039	11,741,392	19,956,093
Prepayments		<u>2,074,483</u>	<u>1,167,310</u>	<u>2,015,214</u>	<u>2,704,285</u>
Total trade and other receivables		<u>6,075,333</u>	<u>11,801,349</u>	<u>13,756,606</u>	<u>22,660,378</u>

- (a) Trade and other receivables excluding prepayments are classified as financial assets and measured at amortised cost.

- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group are 30 days to 90 days (31.3.2024: 30 days to 90 days; 31.3.2023: 30 days to 90 days; 31.3.2022: 30 days to 90 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

11. TRADE AND OTHER RECEIVABLES (continued)

- (c) In the previous financial years, amounts owing by a related party, a joint venture and Directors are non-trade transactions which were unsecured, non-interest bearing and repayable within one (1) year.
- (d) In the previous financial year, amounts owing by Directors were subject to deemed interest section under S140B, Income Tax Act, 1967. Interest income derived thereon is to be calculated at the average lending rate of commercial banks as determined by Bank Negara which was ranged from 3.40% to 3.48% per annum.
- (e) During the financial years/period, the Group did not renegotiate the terms of any trade receivables.
- (f) These receivables are not secured by any collateral or credit enhancement.
- (g) The ageing analysis of trade receivables of the Group are as follows:

Audited	Gross carrying amount RM	Impaired RM	Net carrying amount RM
31 March 2022			
Current	2,375,572	-	2,375,572
Past due			
1 to 30 days	424,243	-	424,243
31 to 60 days	700	-	700
More than 60 days	440,986	-	440,986
	<u>865,929</u>	<u>-</u>	<u>865,929</u>
	<u>3,241,501</u>	<u>-</u>	<u>3,241,501</u>
31 March 2023			
Current	8,386,670	-	8,386,670
Past due			
1 to 30 days	294,551	-	294,551
31 to 60 days	-	-	-
More than 60 days	209,521	-	209,521
	<u>504,072</u>	<u>-</u>	<u>504,072</u>
	<u>8,890,742</u>	<u>-</u>	<u>8,890,742</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

11. TRADE AND OTHER RECEIVABLES (continued)

(g) The ageing analysis of trade receivables of the Group are as follows: (continued)

Audited	Gross carrying amount RM	Impaired RM	Net carrying amount RM
31 March 2024			
Current	10,648,710	(217,448)	10,431,262
Past due			
1 to 30 days	769,886	(103,785)	666,101
31 to 60 days	309,020	(191,316)	117,704
More than 60 days	797,395	(493,671)	303,724
	1,876,301	(788,772)	1,087,529
Individual assessment	834,930	(834,930)	-
	<u>13,359,941</u>	<u>(1,841,150)</u>	<u>11,518,791</u>
30 September 2024			
Current	17,775,465	(224,988)	17,550,477
Past due			
1 to 30 days	2,330,162	(193,854)	2,136,308
31 to 60 days	-	-	-
More than 60 days	-	-	-
	2,330,162	(193,854)	2,136,308
Individual assessment	3,101,692	(3,101,692)	-
	<u>23,207,319</u>	<u>(3,520,534)</u>	<u>19,686,785</u>

(h) The reconciliation of movements in the impairment losses on trade receivable is as follows:

Audited	Lifetime ECL Allowance RM	Credit impaired RM	Total allowance RM
At 31 March 2022			
At beginning/end of financial year	-	-	-
At 31 March 2023			
At beginning/end of financial year	-	-	-



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

11. TRADE AND OTHER RECEIVABLES (continued)

- (h) The reconciliation of movements in the impairment losses on trade receivable is as follows:
(continued)

Audited	Lifetime ECL Allowance RM	Credit impaired RM	Total allowance RM
At 31 March 2024			
At beginning of financial year	-	-	-
Charge for the financial year	1,006,220	834,930	1,841,150
At end of financial year	<u>1,006,220</u>	<u>834,930</u>	<u>1,841,150</u>
At 30 September 2024			
At beginning of financial period	1,006,220	834,930	1,841,150
Charge for the financial period	-	2,266,762	2,266,762
Reversal of impairment loss	(587,378)	-	(587,378)
At end of financial period	<u>418,842</u>	<u>3,101,692</u>	<u>3,520,534</u>

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

- (i) No expected credit loss is recognised arising from other receivables as it is negligible.
- (j) Trade and other receivables are denominated in RM.
- (k) Information on financial risks of trade and other receivables is disclosed in Note 30 to the combined financial statements.

12. CASH AND BANK BALANCES

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Cash at banks and on hand	2,218,814	7,369,376	8,524,985	16,298,503
Deposits with licensed banks	-	354,125	478,462	674,017
	<u>2,218,814</u>	<u>7,723,501</u>	<u>9,003,447</u>	<u>16,972,520</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Deposits with licensed banks of the Group have maturity period ranging from 30 days to 368 days (31.3.2024: 365 days to 368 days; 31.3.2023: 365 days to 367 days; 31.3.2022: nil) with interest rates ranging from 2.40% to 2.70% (31.3.2024: 2.40% to 2.70%; 31.3.2023: 2.40% to 2.55%; 31.3.2022: nil) per annum.



13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***12. CASH AND BANK BALANCES (continued)**

(c) The currency exposure profile of cash and bank balances is as follow:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Ringgit Malaysia	2,203,681	7,489,715	8,730,702	16,731,950
Singapore Dollar	-	221,356	255,565	234,663
United States Dollar	15,133	12,430	17,180	5,907
	<u>2,218,814</u>	<u>7,723,501</u>	<u>9,003,447</u>	<u>16,972,520</u>

(d) No expected credit losses were recognised arising from the cash and bank balances because the probability of default by these financial institutions were negligible.

(e) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as the end of each reporting period:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Cash and bank balances	2,218,814	7,723,501	9,003,447	16,972,520
Less: Deposits with licensed banks with maturity of over 3 months	-	(354,125)	(478,462)	(611,440)
Restricted bank balances	-	-	-	(716,473)
Total cash and cash equivalents	<u>2,218,814</u>	<u>7,369,376</u>	<u>8,524,985</u>	<u>15,644,607</u>

(f) Information on financial risks of cash and bank balances is disclosed in Note 30 to the combined financial statements.

13. BORROWINGS

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Non-current liabilities				
Term loan	-	696,034	2,094,747	8,547,349
Current liabilities				
Term loan	-	240,000	564,792	1,595,971
Banker's acceptance	500,000	-	-	4,206,559
Invoice financing	-	2,114,830	-	-
	<u>500,000</u>	<u>2,354,830</u>	<u>564,792</u>	<u>5,802,530</u>
	<u>500,000</u>	<u>3,050,864</u>	<u>2,659,539</u>	<u>14,349,879</u>

50

326



13. ACCOUNTANTS' REPORT (Cont'd)

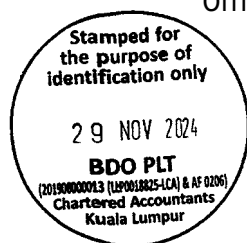
Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

13. BORROWINGS (continued)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Banker's acceptance and invoice financing are secured by the following:
- (i) Joint and several guarantee executed by Chew Win Hoe and Lew Shoong Kai; and
- (ii) Guarantee executed by Syarikat Jaminan Pembiayaan Perniagaan Berhad.
- (c) Term loan is secured by the following:
- (i) Joint and several guarantee executed by Chew Win Hoe and Lew Shoong Kai; and
- (ii) Guarantee from Credit Guarantee Corporation Malaysia Berhad; and
- (iii) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.
- (d) Term loan of the Group are repayable by monthly instalments ranging from 60 to 84 months (31.3.2024: 60 months; 31.3.2023: 60 months; 31.3.2022: nil).
- (e) The interest rates of the borrowings are ranging from 3.90% to 8.17% (31.3.2024: 4.00% to 8.17%; 31.3.2023: 5.22% to 7.42%; 31.3.2022: 3.00%) per annum.
- (f) All borrowings are denominated in Ringgit Malaysia.
- (g) Information of financial risks of borrowings is disclosed in Note 30 to the combined financial statements.

14. LEASE LIABILITIES

Carrying amount	Balance as at 1.4.2021 Audited RM	Additions Audited RM	Lease modification and reassessment Audited RM	Lease payments Audited RM	Interest expense Audited RM	Balance as at 31.3.2022 Audited RM
Motor vehicles	-	85,000	-	(1,616)	391	83,775
Office building	150,465	-	254,976	(45,000)	10,533	370,974
	150,465	85,000	254,976	(46,616)	10,924	454,749
Carrying amount	Balance as at 1.4.2022 Audited RM	Additions Audited RM	Lease payments Audited RM	Interest expense Audited RM	Balance as at 31.3.2023 Audited RM	
Motor vehicles	83,775	141,000	(31,260)	7,624	201,139	
PPA - Solar system	-	4,348,781	(680,472)	243,542	3,911,851	
Office building	370,974	-	(90,000)	22,711	303,685	
	454,749	4,489,781	(801,732)	273,877	4,416,675	



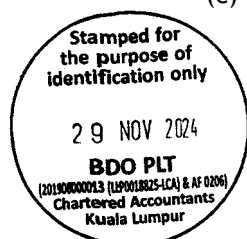
13. ACCOUNTANTS' REPORT (Cont'd)**Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report****14. LEASE LIABILITIES (continued)**

Carrying amount	Balance as at 1.4.2023 Audited RM	Additions Audited RM	Lease payments Audited RM	Interest expense Audited RM	Termination Audited RM	Balance as at 31.3.2024 Audited RM
Motor vehicles	201,139	-	(43,128)	9,360	-	167,371
PPA - Solar system	3,911,851	832,670	(1,010,274)	286,098	-	4,020,345
Office buildings	303,685	184,955	(99,550)	17,172	(250,199)	156,063
	<u>4,416,675</u>	<u>1,017,625</u>	<u>(1,152,952)</u>	<u>312,630</u>	<u>(250,199)</u>	<u>4,343,779</u>

Carrying amount	Balance as at 1.4.2024 Audited RM	Additions Audited RM	Lease payments Audited RM	Interest expense Audited RM	Balance as at 30.9.2024 Audited RM
Motor vehicles	167,371	-	(21,564)	3,948	149,755
PPA - Solar system	4,020,345	-	(505,703)	122,463	3,637,105
Office buildings	156,063	2,399,766	(128,466)	21,128	2,448,491
	<u>4,343,779</u>	<u>2,399,766</u>	<u>(655,733)</u>	<u>147,539</u>	<u>6,235,351</u>

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Represented by:				
Non-current liabilities	372,258	3,584,413	3,430,248	5,070,765
Current liabilities	82,491	832,262	913,531	1,164,586
	<u>454,749</u>	<u>4,416,675</u>	<u>4,343,779</u>	<u>6,235,351</u>
Lease liabilities owing to financial institutions	83,775	4,112,990	4,187,716	3,786,860
Lease liabilities owing to non-financial institutions	370,974	303,685	156,063	2,448,491
	<u>454,749</u>	<u>4,416,675</u>	<u>4,343,779</u>	<u>6,235,351</u>

- (a) Lease liabilities are classified as financial liabilities measured at amortised cost.
- (b) The periodic rent of building leases is to be reset periodically to market rental rates. The periodic rent is fixed over the lease term.
- (c) The Group has certain low value leases of RM10,000 and below. The Group applies the "lease of low-value assets" exemptions for these leases.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

14. LEASE LIABILITIES (continued)

(d) The following are the amounts recognised in profit or loss:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2022 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Depreciation charge of right-of use assets: (included in cost of sales)	-	157,501	157,501	78,751	78,749
(included in administrative expenses)	5,102	59,506	59,506	29,753	29,753
(included in other operating expenses)	38,952	76,352	83,730	116,494	43,680
Interest expense on lease liabilities: (included in finance costs)	10,924	273,877	312,630	147,539	166,075
Expense relating to low-value assets: (included in administrative expenses)	4,340	7,220	13,606	7,260	6,128
	<u>59,318</u>	<u>574,456</u>	<u>626,973</u>	<u>379,797</u>	<u>324,385</u>

(e) Lease liabilities are denominated in RM.

(f) Information of financial risks of the lease liabilities is disclosed in Note 30 to the combined financial statements.

15. TRADE AND OTHER PAYABLES

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Trade payables				
Third parties	3,912,850	7,045,663	6,696,719	10,567,685
Amount owing to a related party	613,350	-	64,495	-
(b)	4,526,200	7,045,663	6,761,214	10,567,685



13. ACCOUNTANTS' REPORT (Cont'd)**Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report****15. TRADE AND OTHER PAYABLES (continued)**

	Note	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Other payables					
Third parties		41,629	56,845	341,993	777,890
Amount owing to a related party	(c)	-	7,500	7,500	-
Amounts owing to Directors	(c)	-	7,184	24,614	-
Deposits received		162,800	184,949	73,803	590,876
Accruals		981,880	946,020	912,734	1,249,217
		<u>1,186,309</u>	<u>1,202,498</u>	<u>1,360,644</u>	<u>2,617,983</u>
Total trade and other payables		<u>5,712,509</u>	<u>8,248,161</u>	<u>8,121,858</u>	<u>13,185,668</u>

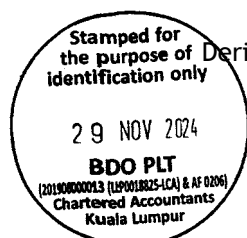
- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 to 90 days (31.3.2024: 30 to 90 days; 31.3.2023: 30 to 90 days; 31.3.2022: 30 to 90 days) from date of invoices.
- (c) In the previous financial years, amounts owing to a related party and Directors were non-trade transactions which were unsecured, non-interest bearing and payable within the next twelve (12) months in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables is as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Ringgit Malaysia	3,269,986	4,272,567	6,047,851	11,434,634
Chinese Yuan	-	2,056,718	-	4,067
United States Dollar	<u>2,442,523</u>	<u>1,918,876</u>	<u>2,074,007</u>	<u>1,746,967</u>
	<u>5,712,509</u>	<u>8,248,161</u>	<u>8,121,858</u>	<u>13,185,668</u>

- (e) Information on financial risks of trade and other payables is disclosed in Note 30 to the combined financial statements.

16. DERIVATIVE LIABILITIES

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Derivative liabilities	-	-	-	<u>96,641</u>



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

16. DERIVATIVE LIABILITIES (continued)

- (a) The Group uses forward currency derivatives to manage some of the foreign transaction exposure. These derivatives are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- (b) Derivative liabilities of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) Fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.
- (d) Derivative liabilities are denominated in United States Dollar.
- (e) Information on financial risks of derivative liabilities is disclosed in Note 30 to the combined financial statements.

17. CONTRACT ASSETS/CONTRACT LIABILITIES

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Contract assets	-	499,165	1,162,209	5,900,656
Contract liabilities	192,289	1,885,424	590,667	3,388,964

- (a) Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billings to the customer.

- (b) Contract liabilities are the obligations to transfer goods or services to customers for which the Group has received the consideration, the fair values at initial recognition, or have billed the customers. For projects, contract liabilities are excess of the progress billings to customers over the project costs incurred plus profit accrued. The operations and maintenance services represents the billings that have been made to the customers before the services were provided to the customers.
- (c) No expected credit loss is recognised arising from contract assets as it is negligible.



13. ACCOUNTANTS' REPORT (Cont'd)*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report***17. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)**

(d) Movements of contract liabilities during the financial years/period are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
At beginning of financial year/period	-	192,289	1,885,424	590,667
Advance receipts during the financial year/period	221,217	1,846,621	944,950	3,156,064
Recognised in profit or loss	(28,928)	(153,486)	(2,239,707)	(357,767)
At end of financial year/period	<u>192,289</u>	<u>1,885,424</u>	<u>590,667</u>	<u>3,388,964</u>

(e) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Within 1 year	192,289	9,834,467	7,018,111	18,288,957
Between 1 and 4 years	-	3,180,727	18,750,048	1,398,687
	<u>192,289</u>	<u>13,015,194</u>	<u>25,768,259</u>	<u>19,687,644</u>

18. DEFERRED TAX LIABILITIES

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
At beginning of financial year/period	3,476	16,755	420,455	125,620
Recognised in profit or loss (Note 25)	13,279	403,700	(294,835)	173,616
At end of financial year/period	<u>16,755</u>	<u>420,455</u>	<u>125,620</u>	<u>299,236</u>

(a) The components and movements of deferred tax (assets)/liabilities during the financial years/period are as follows:

Audited	Plant and equipment RM	Others RM	Total RM
As at 1 April 2021	3,476	-	3,476
Recognised in profit or loss	13,279	-	13,279
As at 31 March 2022	<u>16,755</u>	-	<u>16,755</u>



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

18. DEFERRED TAX LIABILITIES (continued)

- (a) The components and movements of deferred tax (assets)/liabilities during the financial years/period are as follows: (continued)

Audited	Plant and equipment RM	Others RM	Total RM
As at 1 April 2022	16,755	-	16,755
Recognised in profit or loss	406,341	(2,641)	403,700
As at 31 March/1 April 2023	423,096	(2,641)	420,455
Recognised in profit or loss	(301,280)	6,445	(294,835)
As at 31 March/1 April 2024	121,816	3,804	125,620
Recognised in profit or loss	218,278	(44,662)	173,616
As at 30 September 2024	340,094	(40,858)	299,236

19. INVESTED EQUITY

	31.3.2022 Audited	31.3.2023 Audited	31.3.2024 Audited	30.9.2024 Audited
Number of ordinary shares				
Issued and fully paid with no par value:				
At beginning of financial year/period	1,000,000	1,000,000	1,000,000	1,000,001
Issued during the financial year/period	-	-	1	-
Balance at end of financial year/period	1,000,000	1,000,000	1,000,001	1,000,001
	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Ordinary shares				
Issued and fully paid with no par value:				
At beginning of financial year/period	1,000,000	1,000,000	1,000,000	1,000,001
Issued during the financial year/period	-	-	1	-
Balance at end of financial year/period	1,000,000	1,000,000	1,000,001	1,000,001

- (a) During the financial year ended 31 March 2024, the Company was incorporated with an issued capital of RM1 comprising 1 ordinary share of RM1 per share as subscribers' shares.
- (b) The owners of ordinary shares are entitled to receive dividends as and when declared by the Group and are entitled to one (1) vote per ordinary share at general meeting of the Group. All ordinary shares rank pari passu with regard to the residual assets of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

20. REVENUE

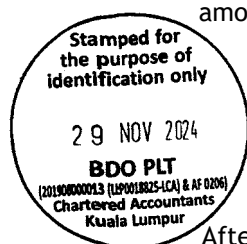
	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2022 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Revenue from contracts with customers:					
EPCC of solar PV systems	22,231,997	44,264,317	77,028,160	39,599,329	37,768,857
Sale of electricity through solar energy generation	-	408,074	945,913	524,669	474,226
Operations and maintenance services	-	-	-	32,250	-
	<u>22,231,997</u>	<u>44,672,391</u>	<u>77,974,073</u>	<u>40,156,248</u>	<u>38,243,083</u>
Timing of revenue recognition					
Transferred over time	<u>22,231,997</u>	<u>44,672,391</u>	<u>77,974,073</u>	<u>40,156,248</u>	<u>38,243,083</u>

- (a) There is no significant financing component in the revenue arising from EPCC of solar PV systems, sale of electricity through solar energy generation and operations and maintenance services as the sales are made on the normal credit terms not exceeding twelve (12) months.
- (b) Disaggregation of revenue from contracts with customers has not been presented as the Group evaluates their business performance based on geographical location and the business of the Group is principally in Malaysia only.

21. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
After charging:					
Auditors' remuneration					
- statutory audit	18,916	55,000	90,000	-	-
- others	-	15,000	-	45,000	90,000
- under-provision in prior year	-	1,080	-	-	-
Plant and equipment written off	-	18,963	-	-	-



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

21. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax: (continued)

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
After charging: (continued)					
Rental expenses of low-value leases:					
- Credit card machine	1,590	840	3,260	1,480	1,580
- Photocopy machine	2,750	6,380	10,346	5,780	4,548
Loss on disposal of a subsidiary	-	-	546	-	546
Loss on unrealised foreign exchange	-	-	-	-	30,434
Loss on realised foreign exchange	-	177,192	10,531	-	72,972
Fair value loss on derivative liabilities	-	-	-	96,641	-
And crediting:					
Interest income	-	6,012	130,943	128,169	19,183
Gain on unrealised foreign exchange	4,408	2,339	14,773	162,168	-
Gain on lease termination	-	-	16,949	-	-
Gain on realised foreign exchange	30,961	-	-	223,240	-
	<u>30,961</u>	<u>-</u>	<u>-</u>	<u>223,240</u>	<u>-</u>

22. EMPLOYEE BENEFITS

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Salaries and allowances	994,664	1,936,952	3,010,248	2,737,743	1,376,609
Contributions to defined contribution plan	116,784	243,547	443,104	366,046	202,280
Social security contributions	13,715	25,125	45,308	32,997	19,341
Other employee benefits	38,612	139,282	277,715	377,456	125,250
	<u>1,163,775</u>	<u>2,344,906</u>	<u>3,776,375</u>	<u>3,514,242</u>	<u>1,723,480</u>

Stamped for
the purpose of
identification only

29 NOV 2024

BDO PLT
(20190000013 (LP0018025-LCA) & AF 0204)
Chartered Accountants
Kuala Lumpur

13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

23. DIRECTORS' REMUNERATION

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Salaries and allowances	110,000	215,484	314,000	414,335	108,000
Contributions to defined contribution plan	13,200	25,859	59,209	55,870	19,297
Social security contributions	924	1,061	1,544	1,159	579
Other benefits	-	31,108	455,256	343,370	52,806
	<u>124,124</u>	<u>273,512</u>	<u>830,009</u>	<u>814,734</u>	<u>180,682</u>

24. FINANCE COSTS

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Interest expenses on:					
- Lease liabilities	10,924	273,877	312,630	147,539	166,075
- Borrowings	-	37,191	110,435	153,113	52,462
- Others	50,800	74,475	111,272	76,180	52,287
	<u>61,724</u>	<u>385,543</u>	<u>534,337</u>	<u>376,832</u>	<u>270,824</u>

25. TAX EXPENSE (continued)

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Malaysian income tax:					
- Current year	215,781	470,535	2,657,199	2,236,207	1,055,289
- (Over)/Under provision in prior years/periods	(1,503)	168,653	263,535	-	263,535
	214,278	639,188	2,920,734	2,236,207	1,318,824



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

25. TAX EXPENSE (continued)

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Deferred tax (Note 18)					
- Relating to origination and reversal of temporary	9,930	396,429	126,455	173,616	5,103
- Under/(Over) provision in prior years/periods	3,349	7,271	(421,290)	-	(421,290)
	<u>13,279</u>	<u>403,700</u>	<u>(294,835)</u>	<u>173,616</u>	<u>(416,187)</u>
	<u>227,557</u>	<u>1,042,888</u>	<u>2,625,899</u>	<u>2,409,823</u>	<u>902,637</u>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the fiscal period. In the previous financial periods, Malaysian income tax for small and medium-sized enterprises is calculated at the statutory tax rate of 15% (31.3.2024: 15%; 31.3.2023: 17%; 31.3.2022: 17%) on first RM150,000 (31.3.2024: RM150,000; 31.3.2023: RM600,000; 31.3.2022: RM600,000) of the taxable profits, 17% (31.3.2024: 17%; 31.3.2023: nil; 31.3.2022: nil) on the next RM450,000 (31.3.2024: RM450,000; 31.3.2023: nil; 31.3.2022: nil) and 24% (31.3.2024: 24%; 31.3.2023: 24%; 31.3.2022: 24%) on the excess on RM600,000 (31.3.2024: RM600,000; 31.3.2023: RM600,000; 31.3.2022: RM600,000) of the taxable profits for the fiscal periods.
- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Profit before tax	<u>3,333,705</u>	<u>7,158,087</u>	<u>12,714,405</u>	<u>9,839,640</u>	<u>5,205,662</u>
Taxation at Malaysian statutory tax rate at:					
- 15% for first RM150,000	-	-	22,500	-	22,500
- 17% for first RM600,000/for next RM450,000	102,000	102,000	76,500	-	76,500
- 24% for balance	656,089	1,573,941	2,907,457	2,361,514	1,105,359
	<u>758,089</u>	<u>1,675,941</u>	<u>3,006,457</u>	<u>2,361,514</u>	<u>1,204,359</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

25. TAX EXPENSE (continued)

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows: (continued)

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Tax effects in respect of:					
Non-allowable expenses	47,906	19,138	130,561	48,887	79,841
Non-taxable income	(7,431)	(562)	-	(578)	-
Income tax exempted under Section 127(3)(b)	(572,853)	(827,553)	(353,364)	-	(223,808)
	<u>225,711</u>	<u>866,964</u>	<u>2,783,654</u>	<u>2,409,823</u>	<u>1,060,392</u>
(Over)/Under provision in prior years/periods of:					
- Income tax	(1,503)	168,653	263,535	-	263,535
- Deferred tax	3,349	7,271	(421,290)	-	(421,290)
	<u>227,557</u>	<u>1,042,888</u>	<u>2,625,899</u>	<u>2,409,823</u>	<u>902,637</u>

26. EARNINGS PER SHARE

- (a) Basic

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Profit attributable to common controlling shareholders of the combining entities (RM)	<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,342</u>	<u>7,429,817</u>	<u>4,302,861</u>
Weighted average number of ordinary shares in issue	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,001</u>	<u>1,000,000</u>
Basic earnings per share (RM)	<u>3.11</u>	<u>6.12</u>	<u>10.09</u>	<u>7.43</u>	<u>4.30</u>



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

26. EARNINGS PER SHARE (continued)

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there were no dilutive potential ordinary shares.

27. DIVIDEND

1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
--	--	--	--	--

In respect of the financial year ended 31 March 2024:

Final single tier dividend of five (5) ringgit per ordinary share, paid on 31 May 2024

-	-	-	5,000,000	-
---	---	---	-----------	---

28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has controlling related party relationships with its subsidiary, its associate, its joint venture, and its related parties.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

28. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions

In addition to the related parties information detailed elsewhere in the combined financial statements, the Group had the following significant transactions with related parties during the financial years/period:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Sales	-	35,316	4,811,756	963,843	-
Purchases	1,469,493	249,161	440,300	-	308,746
Rental expenses	45,000	90,000	67,500	82,322	45,000
Disposal of a subsidiary	-	-	750,000	-	750,000

Information regarding outstanding balances arising from related party transactions are disclosed in Notes 11 and 15 to the combined financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group include all the Directors of the Group who make certain critical decisions in relation to the strategic direction of the Group.

The remuneration of the key management personnel and Directors during the financial years/periods was as follows:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Short-term employee benefits	124,124	580,817	1,259,307	1,179,853	505,400

The estimated monetary value of benefits-in-kind received by the key management personnel other than in cash from the Group in the financial period ended 30 September 2024 amounted to RM4,400.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

29. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern while maximising return to the shareholders through the optimisation of the debt and equity ratios.

The Group manages its capital structure and makes adjustments 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 during the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024.

The Group monitors capital using a gearing ratio, which is total external borrowings divided by tangible net worth and net inter-group borrowings. Total external borrowings are calculated as total borrowings and lease liabilities owing to financial institutions. Tangible net worth represents the total equity of the Group. Net inter-group borrowings are calculated as advances from inter-group net of advances to inter-group which includes Directors and shareholders. The gearing ratio as at 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Total external borrowings	<u>583,775</u>	<u>7,163,854</u>	<u>6,847,255</u>	<u>18,136,739</u>
Tangible net worth	4,450,431	10,565,630	20,653,973	23,083,790
Net inter-group borrowings	<u>(68,806)</u>	<u>(1,049,585)</u>	<u>1,583,358</u>	<u>(32,114)</u>
	<u>4,381,625</u>	<u>9,516,045</u>	<u>22,237,331</u>	<u>23,051,676</u>
Gearing ratio	*	*	0.31	0.79

* The Group is not subject to any externally imposed capital requirements for the financial years ended 31 March 2022 and 31 March 2023.

(b) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Derivative liabilities

The fair value of derivative liabilities is measured based on forward exchange rate at the end of each reporting period.



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

29. FINANCIAL INSTRUMENTS (continued)

- (b) Methods and assumptions used to estimate fair value (continued)

Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, cash and bank balances, trade and other payables, short term borrowings and short term lease liabilities are reasonable approximation of fair values due to their short-term nature or they are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of the non-current borrowings and lease liabilities are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

- (c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the financial instrument carried at fair value and carrying amount shown in the combined statements of financial position:

Audited	Fair value of financial instrument carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
30 September 2024					
Financial liability					
Fair value through profit or loss					
- Derivative liabilities	-	96,641	-	96,641	96,641

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks, including credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows:

(i) Credit risk

Trade receivables and cash and bank balances could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy counterparties. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of thirty (30) days, extending up to ninety (90) days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

Financial assets

As at the end of each reporting period, the Group's maximum exposures to credit risk of trade receivables are represented by the carrying amounts of trade receivables recognised in the combined statements of financial position.

Financial guarantees

At the end of the reporting period, the Directors are of the view that the chances of the third parties and financial institutions to call upon the guarantees are remote. The financial guarantees have not been recognised since the fair value was not material.

Maturity profile of financial guarantee contracts and bank guarantees of the Group as at the end of each reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the Group on contractual obligations.

The maximum exposure to credit risk in relation to the financial guarantees given amounted to RM666,894 (31.3.2024: RM596,238; 31.3.2023: RM853,242; 31.3.2022: nil) as at the end of the reporting period.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

(i) Credit risk (continued)

Credit risk concentration profile

As at the end of each reporting period, the Group determines concentration of credit risk by monitoring its trade receivables on an ongoing basis. At the end of each reporting period, approximately 40% (31.3.2024: 43%; 31.3.2023: 56%; 31.3.2022: 65%) of the trade receivables of the Group was due from five (5) (31.3.2024: five(5); 31.3.2023: five (5); 31.3.2022: five (5)) major customers.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Audited	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 March 2022				
Trade and other payables	5,712,509	-	-	5,712,509
Lease liabilities	109,392	420,934	-	530,326
Borrowings	500,658	-	-	500,658
	<u>6,322,559</u>	<u>420,934</u>	<u>-</u>	<u>6,743,493</u>
31 March 2023				
Trade and other payables	8,248,161	-	-	8,248,161
Lease liabilities	1,144,536	4,668,229	373,202	6,185,967
Borrowings	2,391,840	860,000	-	3,251,840
	<u>11,784,537</u>	<u>5,528,229</u>	<u>373,202</u>	<u>17,685,968</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

(ii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations as follows: (continued)

Audited	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 March 2024				
Trade and other payables	8,121,858	-	-	8,121,858
Lease liabilities	1,155,336	3,612,841	211,596	4,979,773
Borrowings	684,768	2,271,472	-	2,956,240
	<u>9,961,962</u>	<u>5,884,313</u>	<u>211,596</u>	<u>16,057,871</u>
30 September 2024				
Trade and other payables	13,185,668	-	-	13,185,668
Lease liabilities	1,468,942	4,486,046	1,247,643	7,202,631
Borrowings	6,199,118	7,161,510	2,294,621	15,655,249
	<u>20,853,728</u>	<u>11,647,556</u>	<u>3,542,264</u>	<u>36,043,548</u>

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk mainly due to its trade and other payables and cash and bank balances that are denominated in currency other than Ringgit Malaysia, mainly United States Dollar ("USD"), Chinese Yuan ("RMB") and Singapore Dollar ("SGD"). Foreign exchange risk arises when future commercial transactions recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

(iii) Foreign currency risk (continued)

The Group's exposure to foreign currency risk arising from foreign currency balances as at the end of the reporting period are represented by the following carrying amounts:

Audited	RM/SGD RM	RM/RMB RM	RM/USD RM	Total RM
31 March 2022				
Cash and bank balances	-	-	15,133	15,133
Trade and other payables	-	-	(2,442,523)	(2,442,523)
	-	-	(2,427,390)	(2,427,390)
31 March 2023				
Cash and bank balances	221,356	-	12,430	233,786
Trade and other payables	-	(2,056,718)	(1,918,876)	(3,975,594)
	221,356	(2,056,718)	(1,906,446)	(3,741,808)
31 March 2024				
Cash and bank balances	255,565	-	17,180	272,745
Trade and other payables	-	-	(2,074,007)	(2,074,007)
	255,565	-	(2,056,827)	(1,801,262)
30 September 2024				
Cash and bank balances	234,663	-	5,907	240,570
Trade and other payables	-	(4,067)	(1,746,967)	(1,751,034)
	234,663	(4,067)	(1,741,060)	(1,510,464)

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity for a 5% (31.3.2024: 5%; 31.3.2023: 5%; 31.3.2022: 5%) strengthening of the following functional currency of the Group against the respective foreign currency, with all other variables held constant.

Effects of 5% changes to RM against foreign currencies	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM
Profit after tax				
- RM/SGD strengthen	-	(8,412)	(9,711)	(8,917)
- RM/SGD weaken	-	8,412	9,711	8,917
- RM/RMB strengthen	-	78,155	-	154
- RM/RMB weaken	-	(78,155)	-	(154)
- RM/USD strengthen	92,241	72,445	78,159	66,160
- RM/USD weaken	<u>(92,241)</u>	<u>(72,445)</u>	<u>(78,159)</u>	<u>(66,160)</u>

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rate.

The income and operating cash flows of the Group are independent of changes in market interest rate. Interest rate exposures mainly from bank borrowings of the Group and is managed through effective negotiation with financial institutions for best available rates.

Exposure to interest rate risk

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
31 March 2022						
Financial liabilities						
Fixed rate instruments						
Lease liabilities	5.96	82,491	88,058	284,200	-	454,749
Borrowings	3.00	500,000	-	-	-	500,000
		<u>582,491</u>	<u>88,058</u>	<u>284,200</u>	<u>-</u>	<u>954,749</u>

71

347



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

(iv) Interest rate risk (continued)

Exposure to interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk: (continued)

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
31 March 2023						
Financial assets						
Fixed rate instruments						
Deposits with licensed banks	2.42	354,125	-	-	-	354,125
Financial liabilities						
Fixed rate instruments						
Lease liabilities	4.48	832,262	895,589	2,325,718	363,106	4,416,675
Borrowings	5.22	2,114,830	-	-	-	2,114,830
		<u>2,947,092</u>	<u>895,589</u>	<u>2,325,718</u>	<u>363,106</u>	<u>6,531,505</u>
Financial liabilities						
Floating rate instruments						
Borrowings	7.42	240,000	189,950	506,084	-	936,034
31 March 2024						
Financial assets						
Fixed rate instruments						
Deposits with licensed banks	2.69	478,462	-	-	-	478,462
Financial liabilities						
Fixed rate instruments						
Lease liabilities	4.46	913,531	940,337	2,281,652	208,259	4,343,779
Borrowings	4.00	374,811	389,571	1,141,645	-	1,906,027
		<u>1,288,342</u>	<u>1,329,908</u>	<u>3,423,297</u>	<u>208,259</u>	<u>6,249,806</u>
Financial liabilities						
Floating rate instruments						
Borrowings	8.17	189,981	205,526	358,005	-	753,512



13. ACCOUNTANTS' REPORT (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

(iv) Interest rate risk (continued)

Exposure to interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk: (continued)

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
30 September 2024						
Financial assets						
Fixed rate instruments						
Fixed deposits with licensed banks	2.67	674,017	-	-	-	674,017
Financial liabilities						
Fixed rate instruments						
Borrowings	4.21	5,604,874	1,458,547	4,405,990	2,219,915	13,689,326
Lease liabilities	4.37	1,164,586	1,163,636	2,751,309	1,155,820	6,235,351
		<u>6,769,460</u>	<u>2,622,183</u>	<u>7,157,299</u>	<u>3,375,735</u>	<u>19,924,677</u>
Floating rate instruments						
Borrowings	8.17	197,656	213,856	249,041	-	660,553

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in 50 basis points against interest rate of floating rate instrument, with all other variables held constant:

Effects on profit for the financial year/period	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM
- 50 basis point higher	-	(3,557)	(2,863)	(2,510)
- 50 basis point lower	-	3,557	2,863	2,510

No sensitivity analysis for fixed rate instruments was presented as the change in market interest rate at the end of the reporting period would not affect profit or loss.



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

31. APPROVAL OF COMBINED FINANCIAL STATEMENTS

The combined financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 November 2024.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



13. ACCOUNTANTS' REPORT (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Accountants' Report*

STATEMENT BY DIRECTORS

We, Lew Shoong Kai and Chew Win Hoe, being the Directors of Northern Solar Holdings Berhad state that, in the opinion of the Directors, the combined financial statements set out on page 4 to 74 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 March 2022, 31 March 2023, 31 March 2024, 30 September 2024 and of the financial performance and cash flows of the Group for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

Signed on behalf of the Board of Directors in accordance with a resolution dated 29 November 2024.



Lew Shoong Kai
Director



Chew Win Hoe
Director

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION



Tel : +603 2616 2888
Fax : +603 2616 3190 / 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
Northern Solar Holdings Berhad
Unit 8-01 & 8-02, Level 8, Menara Lagenda,
No.3, Jalan SS20/27,
47400 Petaling Jaya, Selangor.

Date: 29 November 2024

Our Ref: BDO/PZH/CPN/swc

Dear Sirs,

Northern Solar Holdings Berhad (the "Company") and its combining entities ("Group")
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position Included in the Prospectus

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Group as at 30 September 2024 ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the prospectus of the Company ("the Prospectus") in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are in accordance with the Prospectus Guidelines issued by Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the Notes to the Pro Forma Consolidated Statements of Financial Position on the financial position of the Group as at 30 September 2024 had the Listing been affected as at 30 September 2024. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group's audited combined statements of financial position as at 30 September 2024.

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

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)



Our Independence and Quality Control

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

The firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements* and accordingly requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in Notes to the Pro Forma Consolidated Statements of Financial Position.

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

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

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

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)



Reporting Accountants' Responsibility (continued)

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

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

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

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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


Opinion

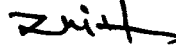
In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

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

Yours faithfully,


BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants


Pang Zhi Hao
03450/09/2025 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position*

1. INTRODUCTION AND BASIS OF PREPARATION

1.1 Introduction

The Pro Forma Consolidated Statements of Financial Position of Northern Solar Holdings Berhad (the "Company") and its combining entities (collectively referred to as the "Group") as at 30 September 2024 ("Pro Forma Consolidated SOFP") together with the notes thereon, for which the Directors of the Company are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

1.2 Basis of preparation

The Pro Forma Consolidated SOFP have been prepared based on the audited combined statements of financial position of the Group as at 30 September 2024, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards, and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma Consolidated SOFP have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 on the audited combined statements of financial position of the Group as at 30 September 2024 had the transactions been effected on 30 September 2024, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma Consolidated SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 2 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audited combined statements of financial position of the Group for the financial year ended 30 September 2024 used in the preparation of the Pro Forma Consolidated SOFP was not subject to any audit qualification.

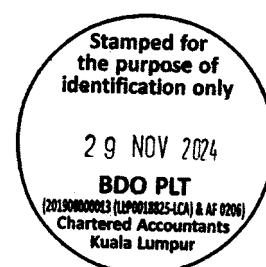
2. LISTING SCHEME

The Acquisitions and Initial Public Offering ("IPO") as disclosed in Notes 2.1 and 2.2 respectively are included in the Pro Forma Consolidated SOFP to show the effects of the transactions on the audited combined statements of financial position of the Group as at 30 September 2024 had the transactions been effected on 30 September 2024 in accordance with the Prospectus Guidelines.

2.1 Acquisitions

In conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had entered into the following conditional share sale agreements ("SSA"):

- (a) on 18 March 2024, the Company entered into the Northern Solar Sdn. Bhd. ("Northern Solar") SSA for the Northern Solar Acquisition for a total consideration of RM14.87 million, which was fully satisfied by the issuance of 328,347,999 new Shares at an issue price of RM0.0453 each. The total purchase consideration for the Northern Solar Acquisition was arrived at after taking into consideration the audited net assets of Northern Solar as at 30 September 2023 of RM14.87 million; and



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position*

2. LISTING SCHEME (continued)**2.1 Acquisitions (continued)**

In conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had entered into the following conditional share sale agreements ("SSA"):

- (b) on 18 March 2024, the Company entered into the Norwatt Power Sdn. Bhd. ("Norwatt Power") SSA for the Norwatt Power Acquisition to acquire 51% equity interest of the ordinary shares comprising 510,000 ordinary shares for a total cash consideration of RM0.51 million. The total purchase consideration for the Norwatt Power Acquisition was arrived at after taking into consideration the audited net liabilities of Norwatt Power as at 31 March 2023 of RM0.18 million and the subsequent issuance of share capital amounting to RM1.00 million.

The Acquisitions were completed on 11 October 2024. Thereafter, Northern Solar became wholly-owned subsidiary and Norwatt Power became 51% owned subsidiary of the Group. Accordingly, Engtex Energy Sdn. Bhd. became 20% owned associate company of the Group through Northern Solar.

2.2 Listing exercise

In conjunction with the Listing, the Company will undertake an IPO comprising of a public issue of 67,252,000 new Shares in the Company ("Public Issue") and offer for sale of existing 35,604,000 Shares in the Company at an issue/offer price of RM0.63 per Share.

Upon completion of the Proposed Listing, the enlarged issued share capital of RM57,242,925 comprising 395,600,000 ordinary shares in the Company will be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

Utilisation of proceeds

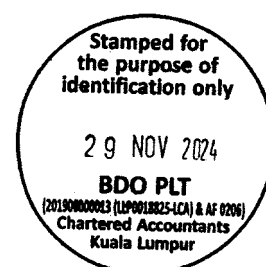
The proceeds from the Public issue of RM42,368,760 are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation	RM'000	Percentage of gross proceeds %
Working capital ⁽¹⁾	Within 24 months	29,166	68.8
Repayment of bank borrowings	Within 12 months	5,500	13.0
Business expansion ⁽²⁾	Within 24 months	3,150	7.4
Estimated listing expenses ⁽³⁾	Within 1 months	4,553	10.8
Total		42,369	100.0

Notes:

- (1) This utilisation of proceed is not adjusted in the Pro Forma II to the Pro Forma Consolidated Statements of Financial Position as at 30 September 2024.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position

2. LISTING SCHEME (continued)

2.2 Listing exercise (continued)

Utilisation of proceeds (continued)

Notes: (continued)

- (2) RM550,000 will be used to fund the purchase of equipment comprises a complete solar PV system comprising solar PV panels, inverters, mounting structures, switchboards, engineering hardware and testing tools to equip the engineering knowledge centre.

RM2,600,000 will be allocated mainly to the renovation costs of expanded regional sales offices in Johor and Pulau Pinang and a new corporate office in Selangor. The renovation costs comprise mainly architectural works, M&E works, consultation fees and other related costs.

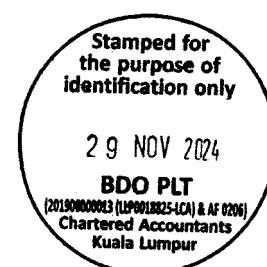
As at the latest practicable date of the prospectus, the Group has entered into contracted binding agreements and issued purchase order for a total of RM105,045 in relation to the proceeds earmarked for purchase of equipment. This amount has been capitalised under plant and equipment and paid as at 30 September 2024.

Additionally, the Group has entered into contracted binding agreements and issued purchase order for a total of RM1,532,820 in relation to the proceeds earmarked for renovation costs of the new corporate office in Selangor, of which RM1,091,848 has been capitalised under plant and equipment and paid as at 30 September 2024.

The amount which was paid will be replenished by the proceeds from the IPO. The remaining amount of gross proceeds of RM1,512,135 have been included in cash and bank balances for purposes of illustration in the Pro Forma Consolidation.

- (3) The estimated listing expenses totaling RM4,553,000 to be borne by the Company comprise underwriting fees, placement fees, brokerage fees, regulatory fees, professional fees and service charges relating to the IPO and the Listing. Upon completion of the Listing, a total of RM1,835,000 of the estimated listing expenses is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM2,718,000 will be expensed off to the profit or loss.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

The Pro Forma Consolidated SOFP of the Group as at 30 September 2024 have been prepared for illustrative purposes only to show the effects on the audited combined statements of financial position of the Group as at 30 September 2024 based on the assumptions that transactions set out in Note 2 had been effected on 30 September 2024, and should be read in conjunction with notes accompanying to the Pro Forma Consolidated SOFP.

	Note	As at 30 September 2024 RM	Adjustments for Acquisitions RM	Pro Forma I After the Acquisitions RM	Adjustments for listing exercise RM	Pro Forma II After Pro Forma I and listing exercise RM
ASSETS						
Non-current assets						
Plant and equipment	3.2.1	-	8,572,859	8,572,859	440,972	9,013,831
Right-of-use assets		-	4,391,016	4,391,016	-	4,391,016
Investment in an associate		-	203,706	203,706	-	203,706
Goodwill	3.2.2	-	15,398	15,398	-	15,398
		-	13,182,979	13,182,979	440,972	13,623,951
Current assets						
Inventories		-	4,371,017	4,371,017	-	4,371,017
Trade and other receivables		1,719,593	21,383,836	23,103,429	-	23,103,429
Contract assets		-	5,900,656	5,900,656	-	5,900,656
Current tax assets		-	1,334	1,334	-	1,334
Cash and bank balances	3.2.3	1	16,992,845	16,992,846	31,874,788	48,867,634
		1,719,594	48,649,688	50,369,282	31,874,788	82,244,070
TOTAL ASSETS		1,719,594	61,832,667	63,552,261	32,315,760	95,868,021



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (continued)

	Note	As at 30 September 2024 RM	Adjustments for Acquisitions RM	Pro Forma I After the Acquisitions RM	Adjustments for listing exercise RM	Pro Forma II After Pro Forma I and listing exercise RM
EQUITY AND LIABILITIES						
Equity attributable to owners of the combining entities						
Share capital	3.2.4	1	14,874,164	14,874,165	40,533,760	55,407,925
Merger reserve	3.2.4	-	(13,874,164)	(13,874,164)	-	(13,874,164)
(Accumulated loss)/Retained earnings	3.2.4	(16,135)	22,099,924	22,083,789	(2,718,000)	19,365,789
		(16,134)	23,099,924	23,083,790	37,815,760	60,899,550
Non-controlling interests	3.2.4	-	475,205	475,205	-	475,205
TOTAL EQUITY		(16,134)	23,575,129	23,558,995	37,815,760	61,374,755
Non-current liabilities						
Borrowings	3.2.5	-	8,547,349	8,547,349	(1,283,101)	7,264,248
Lease liabilities	3.2.6	-	4,338,731	4,338,731	(2,825,885)	1,512,846
Deferred tax liabilities		-	299,236	299,236	-	299,236
		-	13,185,316	13,185,316	(4,108,986)	9,076,330

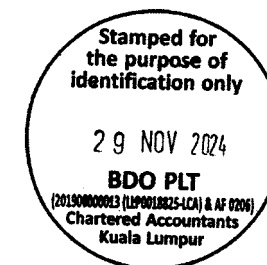


14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (continued)

	Note	As at 30 September 2024 RM	Adjustments for Acquisitions RM	Pro Forma I After the Acquisitions RM	Adjustments for listing exercise RM	Pro Forma II After Pro Forma I and listing exercise RM
EQUITY AND LIABILITIES (continued)						
Current liabilities						
Trade and other payables		1,735,728	11,456,149	13,191,877	-	13,191,877
Derivative liabilities		-	96,641	96,641	-	96,641
Borrowings	3.2.5	-	5,802,530	5,802,530	(579,794)	5,222,736
Lease liabilities	3.2.6	-	1,194,947	1,194,947	(811,220)	383,727
Contract liabilities		-	3,388,964	3,388,964	-	3,388,964
Current tax liabilities		-	3,132,991	3,132,991	-	3,132,991
		<u>1,735,728</u>	<u>25,072,222</u>	<u>26,807,950</u>	<u>(1,391,014)</u>	<u>25,416,936</u>
TOTAL LIABILITIES		<u>1,735,728</u>	<u>38,257,538</u>	<u>39,993,266</u>	<u>(5,500,000)</u>	<u>34,493,266</u>
TOTAL EQUITY AND LIABILITIES		<u>1,719,594</u>	<u>61,832,667</u>	<u>63,552,261</u>	<u>32,315,760</u>	<u>95,868,021</u>
Net (liabilities)/assets (RM)		(16,134)		23,083,790		60,899,550
Number of ordinary shares assumed in issue		1		328,348,000		395,600,000
Net (liabilities)/assets attributable to equity holders per ordinary share		(16,134)		0.07		0.15



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position*

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (continued)

3.1 Pro Forma adjustments to the Pro Forma Consolidated Statements of Financial Position

3.1.1 Pro Forma I

Pro Forma I incorporated the effects of acquisitions as set out in Note 2.1.

3.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of listing exercise as set out in Note 2.2.

3.2 Notes to the Pro Forma Consolidated Statements of Financial Position

3.2.1 Plant and equipment

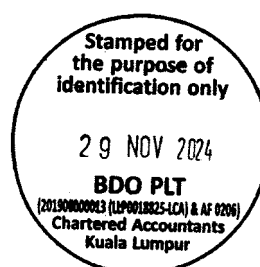
	RM
As at 30 September 2024	-
Adjustments for acquisition of Northern Solar Pro Forma I	8,572,859
	<u>8,572,859</u>
Adjustments for utilisation of proceeds for capital expenditure	440,972
Pro Forma II	<u><u>9,013,831</u></u>

3.2.2 Goodwill

	RM
As at 30 September 2024	-
Adjustments for acquisition of Norwatt Power	15,398
Pro Forma I and Pro Forma II	<u><u>15,398</u></u>

3.2.3 Cash and bank balances

	RM
As at 30 September 2024	1
Adjustments for acquisition of Northern Solar	16,972,519
Adjustments for acquisition of Norwatt Power	20,326
Pro Forma I	<u>16,992,846</u>
Proceeds from the public issue	42,368,760
Adjustments for utilisation of proceeds	
- Business expansion	(440,972)
- Repayment of bank borrowings	(5,500,000)
- Estimated listing expenses	(4,553,000)
Pro Forma II	<u><u>48,867,634</u></u>



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

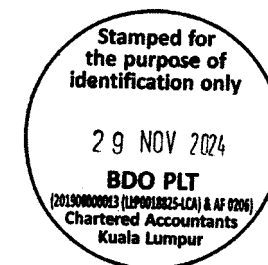
Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 September 2024 (continued)

3.2 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)

3.2.4 Share capital and reserves

	Share capital RM	Merger reserve RM	(Accumulated losses)/ Retained earnings RM	Equity attributable to owners of the combining entities RM	Non-controlling interests RM	Total equity RM
Balance as at 30 September 2024	1	-	(16,135)	(16,134)	-	(16,134)
Adjustments for acquisition of Northern Solar	14,874,164	(13,874,164)	22,099,924	23,099,924	-	23,099,924
Adjustments for acquisition of Norwatt Power	-	-	-	-	475,205	475,205
Pro Forma I	14,874,165	(13,874,164)	22,083,789	23,083,790	475,205	23,558,995
Proceeds from the public issue	42,368,760	-	-	42,368,760	-	42,368,760
Estimated listing expenses attributable to IPO	(1,835,000)	-	-	(1,835,000)	-	(1,835,000)
Estimated other listing expenses	-	-	(2,718,000)	(2,718,000)	-	(2,718,000)
	40,533,760	-	(2,718,000)	37,815,760	-	37,815,760
Pro Forma II	55,407,925	(13,874,164)	19,365,789	60,899,550	475,205	61,374,755



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

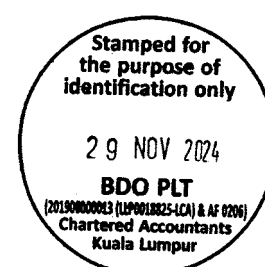
*Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position*

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 September 2024 (continued)
3.3 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)
3.2.5 Borrowings

	Non-current RM	Current RM	Total RM
As at 30 September 2024	-	-	-
Adjustments for acquisition of Northern Solar	8,547,349	5,802,530	14,349,879
Pro Forma I	8,547,349	5,802,530	14,349,879
Repayment of bank borrowings	(1,283,101)	(579,794)	(1,862,895)
Pro Forma II	<u>7,264,248</u>	<u>5,222,736</u>	<u>12,486,984</u>

3.2.6 Lease liabilities

	Non-current RM	Current RM	Total RM
As at 30 September 2024	-	-	-
Adjustments for acquisition of Northern Solar	4,338,731	1,194,947	5,533,678
Pro Forma I	4,338,731	1,194,947	5,533,678
Repayment of bank borrowings	(2,825,885)	(811,220)	(3,637,105)
Pro Forma II	<u>1,512,846</u>	<u>383,727</u>	<u>1,896,573</u>



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

*Northern Solar Holdings Berhad (202401001236(1547087-X))
Pro Forma Consolidated Statements of Financial Position*

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Northern Solar Holdings Berhad in accordance with a resolution dated 29 November 2024.

Signed on behalf of the Board of Directors.



.....
Lew Shoong Kai
Director



.....
Chew Win Hoe
Director

Kuala Lumpur
29 November 2024

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2,
- (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisition of Northern Solar as disclosed in Section 6.2.2 and to be issued for the Public Issue as disclosed in Section 4.3.1, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES AND ASSOCIATED COMPANY

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries and associated company are set out below.

15.2.1 Subsidiaries

(a) Northern Solar

Northern Solar's issued share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration/ Type of issue</u>	<u>Cumulative share capital</u> RM
5 November 2019	100	RM100/ Subscribers' shares	100
31 December 2019	249,900	RM249,900/ Cash	250,000
22 September 2020	750,000	RM750,000/ Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Northern Solar. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**(b) Norwatt Power**

Norwatt Power's issued share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
27 April 2021	100	RM100/ Subscribers' shares	100
14 April 2023	999,900	RM999,900/ Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Norwatt Power. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.2 Associated company**(a) Engtex Energy**

Engtex Energy's issued share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
2 July 2002	2	RM2/ Subscribers' shares	2
21 July 2016	99,998	RM99,998/ Cash	100,000
14 November 2023	900,000	RM900,000/ Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Engtex Energy. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

The rest of this page is intentionally left blank

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

15.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 4.1 – Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, all Applicable Laws, and the provisions of any resolution of the Company, the Board may issue, allot or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:

- (a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in general meeting;
- (c) every issue of shares or options to employees and/or Directors of the Company and/or its subsidiaries under an Employee Share Scheme shall be approved by the Members in general meeting;
- (d) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director; and
- (e) except in the case of an issue of Securities on a pro-rata basis to all Members, or, pursuant to a back-to-back placement or a Dividend Reinvestment Scheme undertaken in compliance with the Listing Requirements, there shall be no issuance and allotment of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the Members in a general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive", "person connected with any Director, major shareholder or chief executive" and "Dividend Reinvestment Scheme" shall have the meaning ascribed thereto in the Listing Requirements.

15. STATUTORY AND OTHER INFORMATION (Cont'd)***Clause 4.2 – Issue of new securities***

The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such securities save and except where it is specifically exempted from compliance with the SICDA, in which event it shall so similarly be exempted from compliance with the Listing Requirements. For this purpose, the Company must notify Bursa Depository of the names of the allottees and all such particulars required by Bursa Depository, to enable Bursa Depository to make the appropriate entries in the Securities Accounts of such allottees. The Company shall allot securities and despatch notices of allotment to the allottees and make an application for the quotation of such securities within the stipulated time frame as may be prescribed by the Stock Exchange.

Clause 4.3 – Reservation of right to issue further

If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.

Clause 4.4 – Rights of preference shareholders

- (a) Subject to all Applicable Laws, any preference shares may with the sanction of an Ordinary Resolution be issued on any terms and features, including redemption features, as the Directors deem fit and proper in the best interest of the Company. The Company shall have the power to issue preference shares ranking equally with, or in priority to, preference shares already issued. The Board may, subject to all Applicable Laws, redeem such shares on such terms and in such manner as they may think fit.
- (b) A holder of preference shares shall have the right to vote at any general meeting convened in each of the following circumstances:
 - (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (ii) on a proposal to reduce the Company's share capital;
 - (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) on a proposal that affects the rights and privileges attached to the preference shares;
 - (v) on a proposal to wind up the Company; or
 - (vi) during the winding up of the Company.
- (c) A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited accounts and attending meetings;
- (d) A holder of a preference share shall be entitled to a return of capital in preference to holders of ordinary shares if the Company is wound up; and

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (e) The Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued subject to the observation of the provision in Clause 4.3.

Clause 5.1 – Modification of class rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to all Applicable Laws, be varied or abrogated with the consent in writing of the holders of three fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of this Constitution relating to meetings of Members shall *mutatis mutandis* apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

Clause 5.2 – Alteration of rights by issuance of new shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Clause 13.1 – Power to increase capital

Subject to all Applicable Laws, the Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 14.1 – Power to alter capital

The requirements contained in Section 84 of the Act relating to the Company's power to alter its capital shall not apply to the Company. The Company may by Ordinary Resolution and subject to all Applicable Laws, do any or all of the following:

- (a) consolidate and divide all or any of its share capital into shares, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (d) subject to the provisions of this Constitution, convert and/or re-classify any class of shares into any other class of shares.

Clause 14.2 – Power to reduce capital

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

15.3.2 Borrowing and voting powers of the Directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 21.2 – The Board's borrowing powers

Subject in so far as the Act, the Listing Requirements and the Constitution allows, the Board may exercise all the powers of the Company to borrow or raise money for the purpose of the Company's or any of its related companies' businesses on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole of the Company's undertaking, property (both present and future) including its uncalled or unissued capital, or any part thereof and to issue bonds, debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries but the Directors shall not borrow any money or mortgage or charge any of the Company's or any of the Company's subsidiary companies' undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Clause 22.5 – Chairman to have a casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Board and PROVIDED ALWAYS that in the case of an equality of votes, the chairman of the meeting shall have a second or casting vote. However, in the case of an equality of votes and where two (2) Directors form a quorum, the chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

Clause 22.7 – Disclosure of interest and restriction on discussion and voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by Applicable Laws. Subject to the Act, a Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Clause 22.8 – Power to vote

Subject to Clause 22.7 hereof, a Director may vote in respect of:

- (a) any arrangement relates to any loan to the Company that the Director has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (b) any arrangement which has been or will be made with or for the benefit of or on behalf of a corporation which by virtue of Section 7 of the Act is deemed to be related to the Company that he is the director of that corporation.

15.3.3 Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 19.1 – Fees and benefits for Directors

The fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director shall from time to time be determined by an Ordinary Resolution of the Company annually in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

- (a) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (b) fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (d) fees payable to Directors shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Clause 19.2 – Reimbursement of expenses

The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of Directors.

If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

Clause 23.1 – Appointment or removal of an alternate Director

Any Director (other than an alternate Director) may appoint any person to be an alternate Director provided that:

- (a) such person is not a Director of the Company;
- (b) such person does not act as an alternate for more than one Director of the Company;

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (c) the appointment is approved by a majority of the other Members of the Board and such person may be removed from office by his appointer; and
- (d) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Any appointment or removal of an alternate Director may be made by cable, telegram, facsimile, telex or in any other manner approved by the Board. Any cable or telegram shall be confirmed as soon as possible by letter but may be acted upon by the Company meanwhile.

Clause 24.2 – Remuneration of Managing Director

The remuneration of a Managing Director or Managing Directors shall be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

15.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Clause 9.2 – Transfer of listed securities of Company is by way of book entry

The transfer of any listed security or class of any listed security of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Clause 9.3 – Transferor's Right

Subject to all Applicable Laws, the instrument of transfer of any security that is not deposited with Bursa Depository shall be in writing and in any usual or common form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

Clause 9.4 – Refusal to register

Bursa Depository may refuse to register any transfer of the Deposited Security that does not comply with the SICDA and the Rules.

Clause 9.5 – No liability for fraudulent transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 9.6 – Prohibited transfer

No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 9.8 – Suspension of registration

Subject to all Applicable Laws, the registration of transfer of any securities may be suspended at such times and for such periods as the Board may from time to time determine, provided always that the time period of such suspension shall not exceed thirty (30) days in any year. At least ten (10) market days' notice of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Stock Exchange. The said notice shall state the reason for which the Register is being closed. At least three (3) market days before the notice shall be given to Bursa Depository to prepare the appropriate Record of Depositors.

Clause 34.8 – Dividends due may be retained until registration

The Board may retain the dividends payable upon shares in respect of which any person is under the provision as to the transmission of shares herein before contained entitled to become a Member or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

15.4 GENERAL INFORMATION

- (a) Save for the dividends paid to our shareholders in subsequent to FPE 2025 and up to LPD, Promoters' or substantial shareholders' remuneration (in their capacity as Directors of our subsidiaries) and Directors' remuneration paid as disclosed in Sections 12.16, 5.1.5 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.
- (e) Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.5 CONSENTS

- (a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma statements of financial position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Our Constitution;
- (b) Audited financial statements of Northern Solar Holdings from the date of incorporation up to 31 March 2024 and FPE 2025;
- (c) Audited financial statements of Northern Solar and Norwatt Power for FYE 2022 to FYE 2024;
- (d) Accountants' Report as set out in Section 13;
- (e) Reporting Accountants' Report relating to our pro forma statements of consolidated financial position as set out in Section 14;
- (f) IMR Report as set out in Section 8;
- (g) Material contracts as set out in Section 6.5; and
- (h) Letters of consent as set out in Section 15.5.

15.7 RESPONSIBILITY STATEMENTS

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

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 18 December 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 20 January 2025

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible Directors, employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.2.2 Placement

Types of Application

Applications by selected investors

Application Method

The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Applications by Bumiputera investors approved by MITI

MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors, Bumiputera investors approved by MITI as well as the eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Application.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form;
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.63 for each IPO Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. 787**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

So as to arrive not later than 5.00 p.m. on 20 January 2025 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Securities Sdn. Bhd.), Malacca Securities Malaysia Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

The rest of this page is intentionally left blank

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at <https://tiih.online> within 1 market day after the balloting date.

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

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/ or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the clawback and reallocation as set out in 4.3.3, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

The rest of this page is intentionally left blank

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

The rest of this page is intentionally left blank

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firms and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

The rest of this page is intentionally left blank
