RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)

Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 OCTOBER 2021
(In Ringgit Malaysia)

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Contents **Pages**

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2021.

Principal activities

The Company is principally engaged in the business of investment holding.

The principal activities of the subsidiaries are as disclosed in Note 11 to the financial statements.

Change of company name

On 16 June 2021, the Company changed its name from Ray Go Solar Holdings Sdn. Bhd. to Ray Go Solar Holdings Berhad.

Results

	Group RM	Company RM
Profit/(Loss) for the financial year	1,763,053	(18,119)

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the financial year ended 31 October 2021.

Directors

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Tan Boon Teck
Datin Wang Rui
Ong Kheng Swee - Appointed on 12 April 2021

Directors' interests in shares

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and its related corporations during the financial year ended 31 October 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

	Number of ordinary shares				
	At 01.11.2020	**Allotment**	**Share split**	**Sold**	**At 31.10.2021**
Shareholdings in the Company registered in the name of directors:					
Dato' Tan Boon Teck	8	3,086,832	151,255,160	-	154,342,000
Datin Wang Rui	2	787,142	38,570,056	-	39,357,200

Directors' benefits

Since the end of previous financial period, no director of the Group and of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 26 to the financial statements) by reason of a contract made by the Group and the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial period which had the object of enabling directors to acquire benefits by means of the acquisition of shares in or debentures of the Group and of the Company or any other body corporate.

Directors' remuneration and fee

Director' fees payable by the Group and the Company for the financial year ended 31 October 2021 amounted to RM330,000 and RM Nil respectively and is disclosed in Note 5 to the financial statements.

None of the directors received remuneration from the Group and the Company during the financial year.

Indemnity and insurance for directors, officers and auditor

There was no indemnity given to or insurance effected for any director, officer or auditor of the Group and of the Company.

Issue of shares and debentures

On 20 September 2021, the Company increased its share capital from 10 ordinary shares of RM1.00 each to 4,055,026 ordinary shares of RM1.00 each by issuance of additional 4,055,016 ordinary shares at RM1.00 each.

On 1 October 2021, the Company undertook a share split of the issued and paid-up share capital involving the subdivision of every one (1) existing ordinary shares into fifty (50) new ordinary shares. Pursuant to the share split, 4,055,026 ordinary shares of the Company were subdivided into 202,751,300 ordinary shares.

The new ordinary shares rank pari-passu in all respects with the existing shares of the Company.

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

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

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts; or

(ii) which would render the values attributed to current assets in the financial statements of of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 October 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event during the financial year

Details of significant event during the financial year is disclosed in Note 30 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 31 to the financial statements.

Auditors

The auditors, Messrs PKF PLT (202206000012 (LLP0030836-LCA) & AF0911), have indicated their willingness to continue in office.

PKF PLT (202206000012 (LLP0030836-LCA) & AF0911) have been converted from a conventional partnership, PKF (AF0911), to a limited liability partnership on 28 February 2022.

The auditors' remuneration of the Group and of the Company for the financial year ended 31 October 2021 amounted to RM29,500 and RM3,000 respectively.

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

DATO' TAN BOON TECK	DATIN WANG RUI

Kuala Lumpur

8 March 2022

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 13 to 67 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2021 and of its financial performance and its cash flow for the financial year ended on that date.

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

DATO' TAN BOON TECK	DATIN WANG RUI

Kuala Lumpur

8 March 2022

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016 IN MALAYSIA

I, DATO' TAN BOON TECK, being the Director primarily responsible for the financial management of RAY GO SOLAR HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 13 to 67 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by the above-named at Kuala Lumpur in Wilayah Persekutuan on 8 March 2022)
)
)

DATO' TAN BOON TECK

Before me,

COMMISSIONER FOR OATHS

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
(Formerly known as PKF)

Accountants & business advisers

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RAY GO SOLAR HOLDINGS BERHAD, which comprise the statements of financial position as at 31 October 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 67.

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Tel: +603 6203 1888 | Fax: +603 6201 8880 Email : general@pkfmalaysia.com | Web : www.pkfmalaysia.com
Level 33, Menara 1MK, | Kompleks 1 Mont' Kiara | No.1, Jalan Kiara | Mont' Kiara | 50480 Kuala Lumpur | Malaysia

(continued)

Key Audit Matters (continued)

1. Revenue recognition
(*Refer to Note 3 to the financial statements*)

As stated in Note 2(b)(i) to the financial statements, the revenue is recognised over time based on the output method according to the milestone achieved. The revenue from contracts with customers for the financial year ended 31 October 2021 amounted to RM15,830,179. The recognition of revenue is therefore dependent on the Group's budgeted contract costs which includes estimates and judgements made by the management.

This is a key risk as evaluating the accuracy of the budgeted contract costs and the determination of the percentage of completion of contract cost require significant judgement and estimates by the management. In addition, also taking into consideration the impact of the pandemic Covid-19 which had resulted in restricted movement in certain months during the current financial year and thus had affected the progress of the contracts.

We focused on this area as a key audit matter due to the degree of the management's judgement involved and assumptions of future events that are inherently uncertain.

Our audit procedures performed includes the following:

(a) understand of the Group's process in measuring revenue from contracts with customers;
(b) verify approval over contracts, projected budgeted costs and reviewed relevant terms of contracts with customer;
(c) assess and discuss with management on the basis in the allocation of transaction price to separate performance obligations of those contracts with customers;
(d) inspect documentation which support cost estimates made including contract variations and cost contingencies; and
(e) perform re-computation on revenue recognised and checked calculation of the percentage of completion.

2. Recognition of contract assets
(*Refer to Note 15 to the financial statements*)

As stated in Note 2(i) to the financial statements, contract assets of the Group is the right to consideration for goods or services transferred to the customers. The net contract assets as at 31 October 2021 amounted to RM2,160,665 is the excess of cumulative revenue earned amounted to RM41,803,918 over the billings to-date amounted to RM39,643,253. Where there is objective evidence of impairment, especially during the pandemic Covid-19, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

(continued)

Key Audit Matters (continued)

2. Recognition of contract assets (continued)
(*Refer to Note 15 to the financial statements*) (continued)

We focused on this area as a key audit matter due to the degree of the management's judgement involved and assumptions of future events that are inherently uncertain.

Our audit procedures performed includes the following:

(a) consider the progress or the position of project, ie the status of whether the project has been completed, expired, terminated, delay and any other events occured;
(b) understand the Group's process in assessing recoverability of contract assets and assess any possible impairment on the projects; and
(c) review the billing of contract assets as well as the collection subsequent to the end of the financial year.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the Directors' Report and Additional Information Accompanying the Audited Financial Statements but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

Accountants &
business advisers

(continued)

Responsibilities of the Directors for the Financial Statements (continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Accountants &
business advisers

(continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 11 to the financial statements.

Accountants &
business advisers

(continued)

Other Matters

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

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

NGU SIOW PING
03033/11/2023 J
CHARTERED ACCOUNTANT

Kuala Lumpur

8 March 2022

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021

		Group	Company	
		2021	2021	2020
	Note	RM	RM	RM
Revenue	3	15,830,179	-	-
Cost of sales		(10,743,389)	-	-
Gross profit		5,086,790	-	-
Other income	4	154,789	-	-
Administrative expenses		(32,249)	-	-
Other operating expenses		(2,734,331)	(18,119)	(9,151)
Profit/(Loss) from operations		2,474,999	(18,119)	(9,151)
Finance costs	6	(69,704)	-	-
Profit/(Loss) before tax	7	2,405,295	(18,119)	(9,151)
Tax expenses	8	(642,242)	-	-
Profit/(Loss), representing total comprehensive income/(loss) for the financial year		1,763,053	(18,119)	(9,151)

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2021

		Group	Company	
		2021	2021	2020
	Note	RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	9	320,177	-	-
Right-of-use assets	10	460,294	-	-
Investments in subsidiaries	11	-	4,056,016	-
		780,471	4,056,016	-
Current assets				
Inventories	12	486,489	-	-
Trade receivables	13	1,880,648	-	-
Non-trade receivables, deposits and prepayments	14	1,202,444	300	300
Contract assets	15	2,470,876	-	-
Fixed deposits with licensed banks	16	1,269,538	-	-
Cash and bank balances		497,771	10	10
		7,807,766	310	310
TOTAL ASSETS		8,588,237	4,056,326	310

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2021 (CONTINUED)

	Note	Group 2021 RM	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES				
Equity attributable to the owners of the parent				
Share capital	17	4,055,026	4,055,026	10
Reserves	18	1,779,634	(34,628)	(16,509)
Total equity		5,834,660	4,020,398	(16,499)
Non-current liabilities				
Borrowings	19	671,425	-	-
Lease liabilities	20	250,830	-	-
Deferred tax liabilities	21	17,990	-	-
		940,245	-	-
Current liabilities				
Trade payables	22	533,915	-	-
Non-trade payables, accruals and deposits received	23	402,749	13,967	3,000
Contract liabilities	15	310,211	-	-
Amount due to a Director	24	26,844	21,961	13,809
Borrowings	19	191,161	-	-
Lease liabilities	20	106,784	-	-
Tax payable		241,668	-	-
		1,813,332	35,928	16,809
Total liabilities		2,753,577	35,928	16,809
TOTAL EQUITY AND LIABILITIES		8,588,237	4,056,326	310

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021

Group	Note	Share capital RM	Merger deficit RM	Retained earnings RM	Total equity RM
At 1 November 2020		10	-	(16,509)	(16,499)
Issuance of share capital	17	4,055,016	-	-	4,055,016
Acquisition of subsidiaries	11	-	(933,910)	3,467,000	2,533,090
Dividend paid	25	-	-	(2,500,000)	(2,500,000)
Profit, representing total comprehensive income for the financial year		-	-	1,763,053	1,763,053
At 31 October 2021		4,055,026	(933,910)	2,713,544	5,834,660

Company	Share capital RM	Accumulated losses RM	Total equity RM
At 1 November 2019	10	(7,358)	(7,348)
Loss, representing total comprehensive loss, for the financial year	-	(9,151)	(9,151)
At 31 October 2020	10	(16,509)	(16,499)
Issuance of share capital	4,055,016	-	4,055,016
Loss, representing total comprehensive loss, for the financial year	-	(18,119)	(18,119)
At 31 October 2021	4,055,026	(34,628)	4,020,398

.

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021

	Note	Group 2021	Company 2021 RM	Company 2020 RM
Cash flows from operating activities				
Profit/(Loss) before tax		2,405,295	(18,119)	(9,151)
Adjustments for:				
Depreciation of:				
- property, plant and equipment		88,938	-	-
- right-of-use assets		157,490	-	-
Gain on disposal of property, plant and equipment		(36,000)	-	-
Gain on derecognition of right-of-use assets		(49,998)	-	-
Impairment loss on trade receivables		514,473	-	-
Interest expense		69,704	-	-
Interest income		(40,747)	-	-
Operating profit before working capital changes		3,109,155	(18,119)	(9,151)
Increase in inventories		(486,489)	-	-
Increase in receivables		(3,588,072)	-	(300)
Increase in contract assets		(2,470,876)	-	-
Increase in contract liabilities		310,211	-	-
Increase in payables		3,994,188	10,967	-
Cash generated from/(used in) operations		868,117	(7,152)	(9,451)
Income tax refunded		1,637	-	-
Income tax paid		(393,337)	-	-
Interest received		31,554	-	-
Net cash from/(used in) operating activities		507,971	(7,152)	(9,451)
Cash flows from investing activities				
Acquisition of property, plant and equipment		(100,461)	-	-
Acquisition of subsidiaries	11	(933,910)	(4,056,016)	-
Proceeds from disposal of property, plant and equipment		36,000	-	-
Net changes in fixed deposits pledged with licensed banks		(319,538)	-	-
Net cash used in investing activities		(1,317,909)	(4,056,016)	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021 (CONTINUED)

		Group	**Company**	
		2021	**2021**	**2020**
	Note		**RM**	**RM**
Cash flows from financing activities				
Dividend paid	25	(2,500,000)	-	-
Issuance of share capital		4,055,016	4,055,016	-
Advances from a Director	(ii)	13,035	8,152	9,451
Interest paid		(69,704)	-	-
Repayment of lease liabilities	(ii)	(53,234)	-	-
Repayment of term loan	(ii)	(137,414)	-	-
Net cash from financing activities		1,307,699	4,063,168	9,451
Net increase in cash and cash equivalents		497,761	-	-
Cash and cash equivalents at 1 November 2020/2019		10	10	10
Cash and cash equivalents at 31 October	(i)	497,771	10	10

Notes:

(i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances.

(ii) ***Reconciliation of liabilities***

Group	**1 November 2020 RM**	**Cash flows RM**	**Non-cash acquisition RM**	**31 October RM**
2021				
Amount due to a Director	13,809	13,035	-	26,844
Lease liabilities	-	(53,234)	410,848	357,614
Term loan	-	(137,414)	1,000,000	862,586

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021 (CONTINUED)

Notes: (continued)

(ii) Reconciliation of liabilities (continued)

	1 November 2020/2019 RM	Cash flows RM	31 October RM
Company			
2021			
Amount due to a Director	13,809	8,152	21,961
2020			
Amount due to a Director	4,358	9,451	13,809

1. Basis of preparation

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

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

These financial statements are presented in the Ringgit Malaysia ("RM"), which is the Group's and the Company's functional and presentation currency.

(a) Standards issued and effective

On 1 November 2020, the Group and the Company have adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 November 2020:

Description

- Amendments to MFRS 3, *Business Combinations*: Definition of Business
- Amendments to MFRS 4, *Insurance Contracts*: Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures*: Interest Rate Benchmark Reform
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Material
- Amendments from other Standards:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 3, *Business Combinations*
  - Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 15, Revenue *from Contracts with Customers*
  - Amendments to MFRS 101, *Presentation of Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
  - Amendments to MFRS 110, *Events after the Reporting Period*
  - Amendments to MFRS 116, *Property, Plant and Equipment*
  - Amendments to MFRS 119, *Employee Benefits*
  - Amendments to MFRS 128, *Investments in Associates and Joint Ventures*

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2021

1. Basis of preparation (continued)

(a) Standards issued and effective (continued)

On 1 November 2020, the Group and the Company have adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 November 2020: (continued)

Description

- Amendments from other Standards:
  - Amendments to MFRS 132, *Financial instruments: Presentation*
  - Amendments to MFRS 134, Interim Financial Reporting
  - Amendments to MFRS 136, Impairment of Assets
  - Amendments to MFRS 137, Provision, Contingent Liabilities and Contingent Assets
  - Amendments to MFRS 138, Intangible Assets
  - Amendments to MFRS 140, Investment Property
- Amendments to MFRS 16 *Leases*: *Covid-19-Related Rent Concessions beyond 30 June 2021*

The directors expect that the adoption of the new and amended MFRS above will have no impact on the financial statements of the Group and of the Company.

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
• Amendments to MFRS 3, *Business Combinations*: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, *Property, Plant and Equipment*: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

1. Basis of preparation (continued)

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective: (continued)

Description	**Effective for annual periods beginning on or after**
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
- Amendments to MFRS 141, Agriculture	1 January 2022
• MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128 *Investment in Associate and Joint Ventures*: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group and of the Company.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in summary of significant accounting policies.

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful life and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(iv) Contract Revenue

The Group recognised contract revenue and contract costs as revenue and expenses respectively in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of contract cost incurred for work performed to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(v) Provision for Expected Credit Losses ("ECLs") of Trade Receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

(vi) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(vii) Carrying Amount of Investment in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(f)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying amount's may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying amount of investments in subsidiaries.

(viii) Leases

(a) Lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The extension options in leases for building have been included in the lease liability in consideration of the costs and business disruption required to replace the leased assets.

(b) Incremental borrowing rate of leases

In determining the incremental borrowing rate, the Group uses recent third-party financing received by the Group as a starting point and makes adjustments specific to the lease, for e.g. term and security.

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

Subsidiary is entity, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing the control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiary is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transactions costs.

(ii) Business combinations

Acquisition

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

Acquisition (continued)

For new acquisition, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

Merger

These consolidated financial statements incorporate the results of business combinations using the merger accounting method. In the consolidated financial statements of the merged enterprise, the cost of the merger should be cancelled against the nominal values of the shares/paid-up capital received. The difference between the cost of the merger and nominal values of the shares/paid-up capital received will remain and continue to be classified as part of equity of the Group and would be adjusted against suitable reserve in future, where appropriate. The combination date is the date on which one combining entity effectively obtains control of the other combining entities.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

Merger (continued)

The accompanying consolidated financial statements present the financial information of the Company and its subsidiaries as if the Group had been in existence as a single economic enterprise throughout the periods presented and as if the RAY GO SOLAR HOLDINGS BERHAD ("the Company") incorporated subsidiaries, RAY GO SOLAR EPC SDN. BHD. ("RGSEPC") and RAY GO SOLAR POWER SDN. BHD. ("RGSP"), were transferred to the Company as of 1 November 2020. Assets, liabilities, revenue and expenses of the Company, RGSEPC and RGSP as shown in their individual financial statements for the period prior to the legal formation of the Company were combined or aggregated and consolidated and combined in preparing the consolidated and combined financial statements.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the cases if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and their carrying amount would be regarded as cost on initial measurement of the investment.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Contract revenue

The contract revenue represents income from supplying solar system and related products. The revenue is recognised over time based on the output method according to the milestone achieved. The customer pays the amount based on the invoice issued. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payment received exceed the services rendered, a contract liability is recognised as described in the financial statements. The normal credit term is within 20 days.

(ii) Interest income

Interest income is recognised on an accrual basis, based on effective yield on the investment.

2. Summary of significant accounting policies (continued)

(c) Employee benefits expense

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

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

(d) Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(e) Tax expense

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (continued)

(c) Tax expense (continued)

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

2. Summary of significant accounting policies (continued)

(f) Impairment

(*i*) *Financial assets*

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2021

2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(i) Financial assets (continued)

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

(ii) Non-financial assets

The Group and the Company assess 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 and the Company make 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")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

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. Impairment loss on goodwill is not reversed in a subsequent period.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of other property, plant and equipment is provided for on a straight-line basis, at the following annual rates:

Office equipment	20%
Computer and software	20%
Furniture and fittings	20%
Motor vehicles	20%
Signboard	20%
Renovation	10%

2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

(h) Inventories

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

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(i) Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

2. Summary of significant accounting policies (continued)

(i) Contract assets/(liabilities) (continued)

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(j) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when, and only when, the Group and the Company become party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Subsequent measurement

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

2. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

(ii) Subsequent measurement (continued)

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

The Group reclassified debt investments when and only when its business model for managing those asset changes.

(a) Amortised cost

Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

(b) Fair value through other comprehensive income ("FVOCI") – debt investment

Debt investment, which is not designated as at fair value through profit or loss, is measured at FVOCI when the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments to principal and interest on the principal amount outstanding.

2. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

(ii) Subsequent measurement (continued)

(b) Fair value through other comprehensive income ("FVOCI") – debt investment (continued)

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment expenses are presented as a separate line item in the statement of profit or loss.

(c) FVOCI – equity investment

Equity investment is measured at FVOCI when the Group and the Company made an irrevocable election to present changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(d) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

2. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

Any cumulative gain or loss arise from fair value changes in equity investment that had been recognised in other comprehensive income is transferred within equity when the equity investment is derecognised whereas any cumulative gain or loss arise from fair value changes in debt investment that had been recognised in other comprehensive income is transferred to profit or loss when the debt investment is derecognised.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, deposits with financial institutions with original maturities of less than 3 months, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(l) Government grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants relating to income shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to an asset are amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments or presented in the statements of financial position by deducting the grants in arriving at the carrying amount of the asset.

2. Summary of significant accounting policies (continued)

(m) Leases

(i) Initial recognition and measurement

As a lessee

The Group recognised right-of-use asset and lease liability at the commencement date of the lease.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Variable lease payments that do not depends on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group had elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

(m) Leases (continued)

(ii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset.

Depreciation of right-of-use asset is provided for on a straight-line basis at the following annual rate:

Office premises	4.73%
Motor vehicles	20%

If a lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 2(f)(ii) to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Group's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

(n) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

(ii) Subsequent measurement

The categories of financial liabilities at initial recognition are as follows:

(a) Amortised cost

All financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities where it is designated as FVTPL.

Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(b) Fair value through profit or loss ("FVTPL")

Financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition are measured at FVTPL.

Financial liabilities may be designated upon initial recognition at FVTPL only if the criteria in MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)* are satisfied. The Group and the Company have not designated any financial liability as at FVTPL.

Financial liabilities categorised at FVTPL are subsequently carried at fair value with the gain or losses recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(n) Financial liabilities (continued)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

(o) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised from equity in the period in which they are declared.

3. Revenue

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Revenue from contracts with customers:			
Contracts revenue	15,830,179	-	-

4. Other income

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Interest income from:			
- Fixed deposits	31,554	-	-
Gain on disposal of property, plant and equipment, and right-of-use assets	85,998	-	-
Realised foreign exchange gain	2,837		
Others (including government grant)	34,400	-	-
	154,789	-	-

Government grants granted to the Group comprise of PENJANA grant was given for the financial assistance programs paid to employers for all local employees earning RM4,000 or less. The grant has been fully utilised during the financial year.

There were no unfulfilled conditions and other contingencies attaching to government assistance that had been recognised.

5. Employee benefits expense

	Group 2021 RM	Company 2021 RM	Company 2020 RM
(i) Staff costs			
- Salaries, wages and bonus	1,203,336	-	-
- Defined contribution plan	144,166	-	-
- Social security contribution	14,046	-	-
- Other short-term employee benefits expense	75,389	-	-
	1,436,937	-	-
(ii) Directors' remuneration			-
- Fees	330,000	-	-
Total employee benefits expense	1,766,937	-	-

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2021

6. Finance costs

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Interest expense on:			
Lease liabilities	20,667	-	-
Bank overdraft	4,551	-	-
Term loan	44,486	-	-
	69,704	-	-

7. Profit/(Loss) before tax

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Profit/(Loss) before tax is arrived at after charging/(crediting):			
Auditors' remuneration	29,500	3,000	1,500
Depreciation of property, plant and equipment	88,938	-	-
Depreciation of right-of-use assets	157,490	-	-
Impairment loss on trade receivables	514,473	-	-
Interest income	(40,747)	-	-
Interest expenses	69,704	-	-
Gain on disposal of property, plant and equipment	(36,000)	-	-
Gain on derecognition of right-of-use assets	(49,998)	-	-

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2021

8. Tax expense

	Group 2021 RM	Company 2021 RM	2020 RM
Current tax expense:		-	-
- current year	636,566	-	-
- underprovision in prior year	3,076	-	-
	639,642	-	-
Deferred tax (Note 21):		-	-
- current year	(5,837)	-	-
- underprovision in prior year	8,437	-	-
	2,600	-	-
	642,242	-	-

Reconciliation of tax expense

	Group 2021 RM	Company 2021 RM	2020 RM
Profit/(Loss) before tax	2,405,295	(18,119)	(9,151)
Tax calculated using statutory tax rate at 24%	577,271	(4,349)	(2,196)
Non-deductible expenses	53,458	4,349	2,196
	630,729	-	-
Underprovision of tax in prior year	3,076	-	-
Underprovision of deferred tax in prior year	8,437	-	-
	642,242	-	-

RAY GO SOLAR HOLDINGS BERHAD
(FORMERLY KNOWN AS RAY GO SOLAR HOLDINGS SDN. BHD.)
Registration No.: 201901004963 (1314290-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2021

9. Property, plant and equipment

Group	**Office equipment RM**	**Computer and software RM**	**Furniture and fittings RM**	**Motor vehicles RM**	**Signboard RM**	**Renovation RM**	**Total RM**
2021							
Cost							
At 1 November 2020	114,807	62,983	31,693	321,490	9,400	196,796	737,169
Additions	1,406	23,855	-	65,000	-	10,200	100,461
Disposal	-	-	-	(205,000)	-	-	(205,000)
At 31 October	116,213	86,838	31,693	181,490	9,400	206,996	632,630
Accumulated depreciation							
At 1 November 2020	55,941	35,418	10,295	277,637	1,930	47,294	428,515
Charge for the financial year	20,944	10,355	6,111	29,798	1,880	19,850	88,938
Disposal	-	-	-	(205,000)	-	-	(205,000)
At 31 October	76,885	45,773	16,406	102,435	3,810	67,144	312,453
Carrying amount							
At 31 October	39,328	41,065	15,287	79,055	5,590	139,852	320,177

10. Right-of-use assets

Group	**Office RM**	**Motor vehicle RM**	**Total RM**
2021			
Carrying amount			
At 1 November 2020	147,334	516,453	663,787
Disposal	-	(46,003)	(46,003)
Charge for the financial year	(39,290)	(118,200)	(157,490)
At 31 October	108,044	352,250	460,294

The Group leases offices. The contract term ranging from 1 to 7 years that comes together with an extension options of renewal of contract which ranging from 1 to 2 years.

The Group leases motor vehicles with the contract term of 5 years.

11. Investment in subsidiaries

Company	**2021 RM**	**2020 RM**
Unquoted shares		
Cost		
At 1 November 2020/2019	-	-
Addition during the year	4,056,016	-
At 31 October	4,056,016	-

Details of the Company's subsidiary which is incorporated in Malaysia, is as follow:

Name of the Company:	**Equity interest 2021**	**2020**	**Principal activity**
Ray Go Solar EPC Sdn. Bhd.[1]	100%	-	Provision of engineering, procurement, construction and commissioning and maintenance of solar photovoltaic systems
Ray Go Solar Power Sdn. Bhd.*[2]	100%	-	Supplying and investing on solar energy systems and related products

* Not audited by PKF Malaysia or member firm of PKF International.

11. Investment in subsidiaries (continued)

[1] On 20 September 2021, the Company acquired Ray Go Solar EPC Sdn. Bhd., a Company that was incorporated in Malaysia, with paid-up capital RM4,055,016 which the Company had held 1,751,358 shares and representing 100% of total shareholding or the total paid-up capital. Ray Go Solar EPC Sdn. Bhd. has become a subsidiary of the Company on that date onward.

[2] On 2 December 2020, the Group incorporated a wholly-owned subsidiary known as Ray Go Solar Power Sdn. Bhd. with a registered capital of RM1,000.

Consideration transferred for acquisition of subsidiaries

	Group	Company	
	2021	**2021**	**2020**
	RM	**RM**	**RM**
Fair value of consideration transferred			
Purchase consideration otherwise than cash	4,055,016	4,055,016	-
Purchase consideration in cash	1,000	1,000	-
Net cash outflow on acquisition	4,056,016	4,056,016	-

Net cash outflow arising from acquisition of subsidiaries

	Group	Company	
	2021	**2021**	**2020**
	RM	**RM**	**RM**
Purchase consideration settled otherwises than cash	(4,055,016)	(4,055,016)	-
Purchase consideration settled in cash	(1,000)	(1,000)	-
Share capital	3,122,106	-	-
Net cash outflow on acquisition	(933,910)	(4,056,016)	-

12. Inventories

	Group	Company	
	2021	2021	2020
	RM	RM	RM
At cost:			
Finished goods	486,489	-	-
Recognised in profit or loss:			
Inventories recognised as cost of sales	6,858,811	-	-

13. Trade receivables

The Group's normal credit terms ranging from 30 to 90 days (2020: Nil). Other credit terms are assessed and approved on a case-by-case basis.

	Group	Company	
	2021	2021	2020
		RM	RM
Trade receivables	2,395,121	-	-
Less: Impairment			
At 1 November 2020/2019	-	-	-
Addition	(514,473)	-	-
At 31 October	(514,473)	-	-
	1,880,648	-	-

14. Non-trade receivables, deposits and prepayments

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Non-trade receivables	15,693	-	-
Deposits	945,561	300	300
Prepayments	241,190	-	-
	1,202,444	300	300

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2021

15. Contract assets/liabilities

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Cost incurred to date	30,759,113	-	-
Add: Attributable profits	11,044,805	-	-
	41,803,918	-	-
Less: Progress billings	(39,643,253)	-	-
	2,160,665	-	-
Represented by:			
Contract assets	2,470,876	-	-
Contract liabilities	(310,211)	-	-
	2,160,665	-	-

16. Fixed deposits with licensed banks

The Group's effective interest rates for deposits with licensed banks are at 3.10% (2020: Nil%) per annum and had a maturity of 365 days (2020: Nil days).

Fixed deposit amounting to RM950,000 has been pledged to the bank for banking facilities as disclosed in Note 19 of the financial statements.

17. Share capital

	Group and Company 2021	Company 2020	Group and Company 2021 RM	Company 2020 RM
	Number of Ordinary Shares			
Issued and fully paid:				
At 1 November 2020/2019	10	10	10	10
Issuance of shares pursuant to:				
- allotment	4,055,016	-	4,055,016	-
- share split	198,696,274	-	-	-
At 31 October	202,751,300	10	4,055,026	10

17. Share capital (continued)

On 20 September 2021, the Company increased its share capital from 10 ordinary shares of RM1.00 each to 4,055,026 ordinary shares of RM1.00 each by issuance of additional 4,055,016 ordinary shares at RM1.00 each.

On 1 October 2021, the Company undertook a share split of the issued and paid-up share capital involving the subdivision of every one (1) existing ordinary shares into fifty (50) new ordinary shares. Pursuant to the share split, 4,055,026 ordinary shares of the Company were subdivided into 202,751,300 ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

18. Reserves

		Group	Company	
		2021	2021	2020
	Note	RM	RM	RM
Distributable				
Merger reserve	(a)	(933,910)	-	-
Retained earnings	(b)	2,713,544	(34,628)	(16,509)
		1,779,634	(34,628)	(16,509)

(a) Merger reserve

The distributable merger reserve is of deficit amounted to RM933,910 and is derived from the participation of the subsidiary of the Company, Ray Go Solar EPC Sdn. Bhd..

(b) Retained earnings

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings can be distributed to shareholders as tax exempt dividends.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2021

19. Borrowings

	Note	Group 2021 RM	Company 2021 RM	Company 2020 RM
Current				
Term loan	(a)	191,161	-	-
Bank overdraft	(b)	-	-	-
		191,161	-	-
Non-current				
Term loan	(a)	671,425	-	-
		862,586	-	-

(a) Term loan

The maturity structure of the term loans can be analysed as follows:

	2021 RM
Group	
Within one year	191,161
More than one year and less than five years	671,425
	862,586

The term loans of the Group bear interest ranging from 1.66% to 3.50% (2020: Nil%) per annum and are secured by the following:

(i) Guarantee by directors of the Group; and
(ii) Credit Guarantee Corporation Malaysia Bhd's ("CGC") guarantee under BizJamin Special Relief Facility.

(b) Bank overdraft (secured)

Bank overdraft facilities bear interest at Nil% (2020: Nil%) per annum and are secured by way:

(i) 1st party fixed deposits of RM950,000. Interest on the fixed deposit is to be capitalised and pledged as additional security throughout the tenor of banking facility (Note 16); and
(ii) Joint and several guarantees by directors; and
(iii) Credit guarantee Corporation (M) Berhad (CGC) guarantee under Flexi Guarantee Scheme.

20. Lease liabilities

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Representing:			
Current liabilities	106,784	-	-
Non-current liabilities	250,830	-	-
	357,614	-	-
Recognised in profit or loss:			
Interest expense on lease liabilities	20,667	-	-
Expense relating to short-term leases	2,736	-	-

The lease liabilities bear interest at the rate ranging from 2.17% to 5.91% (2020: Nil%) per annum.

The total cash outflow for leases for the financial year ended 31 October 2021 is RM53,234 (2020: RM Nil).

21. Deferred tax liabilities

	Group	Company	
	2021	2021	2020
	RM	RM	RM
At 1 November 2020/2019	15,390	-	-
Transferred to profit or loss (Note 8)	2,600	-	-
At 31 October	17,990	-	-

21. Deferred tax liabilities (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group **Deferred tax liabilities:**	**Property, plant and equipment** **RM**
At 1 November 2020	15,390
Recognised in profit or loss	2,600
At 31 October 2021	17,990
At 1 November 2019	39,720
Recognised in profit or loss	(24,330)
At 31 October 2020	15,390

22. Trade payables

The credit terms granted to the Group are ranging from 30 to 60 days (2020: Nil days).

23. Non-trade payables and accruals

	Group	**Company**	
	2021	**2021**	**2020**
	RM	**RM**	**RM**
Non-trade payables	38,084	3,174	-
Accruals	314,665	10,793	3,000
Deposits received	50,000	-	-
	402,749	13,967	3,000

24. Amount due to a Director

The amount due to a director represents non-trade transactions, advances, payment on behalf, unsecured, interest-free and repayable on demand.

Significant related party transactions are disclosed in Note 26 to the financial statements.

25. Dividend

	Gross dividend per share RM	Amount of dividend net of tax RM
2020		
In respect of financial year ended 31 October 2020:		
First interim single-tier dividend,	1.43	2,500,000

On 10 December 2020, Ray Go Solar EPC Sdn. Bhd., subsidiary of the Company had declared a first interim single-tier dividend of RM1.43 per share amounted to RM2,500,000 for the financial year ended 31 October 2020, which was paid on 10 December 2020, 24 December 2020, 14 January 2021 and 31 January 2021 respectively.

26. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 11 to the financial statements; and

(ii) Entities in which certain Directors, who are also the substantial shareholders of the parent, have substantial shareholding interests.

26. Significant related party transactions (continued)

(b) Significant related parties' transactions

Significant transactions between the Group and the Company and directors during the financial year were as follows:

	Group	Company	
	2021	2021	2020
	RM	RM	RM
With director			
Dato' Tan Boon Teck			
- Payment on behalf of	26,844	21,961	13,809
- Rental of office	32,400	-	-

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

The significant balances with related parties are disclosed in Note 24 to the financial statements.

(c) Key management personnel compensation

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Total compensation	330,000	-	-

Key management personnel comprise executive directors of the Group and of the Company who have authority and responsibility for planning, directing, and controlling the activities of the Group and of the Company, directly or indirectly.

27. Financial instruments

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and liabilities measured at amortised cost ("AC"):

Group **2021**	**Carrying amount RM**	**AC RM**
Financial assets		
Trade receivables	1,880,648	1,880,648
Non-trade receivables and deposits (excluding prepayments)	961,254	961,254
Fixed deposits with licensed banks	1,269,538	1,269,538
Cash and bank balances	497,771	497,771
	4,609,211	4,609,211
Financial liabilities		
Trade payables	533,915	533,915
Non-trade payables and accruals (excluding deposits received)	352,749	352,749
Lease liabilities	357,614	357,614
Borrowings	862,586	862,586
	2,106,864	2,106,864
Company		
2021		
Financial assets		
Non-trade receivables and deposits (excluding prepayments)	300	300
Cash and bank balances	10	10
	310	310
Financial liabilities		
Non-trade payables and accruals (excluding deposits received)	13,967	13,967
Amount due to a Director	21,961	21,961
	35,928	35,928

27. Financial instruments (continued)

Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as financial assets and liabilities measured at amortised cost ("AC"): (continued)

Company	**Carrying amount**	**AC**
2020	**RM**	**RM**
Financial assets		
Non-trade receivables and deposits (excluding prepayments)	300	300
Cash and bank balances	10	10
	310	310
Financial liabilities		
Non-trade payables and accruals (excluding deposits received)	3,000	3,000
Amount due to a Director	13,809	13,809
	16,809	16,809

Net gain and losses arising from financial instruments

	2021	**2020**
	RM	**RM**
Net losses/(gains) arising from:		
Financial assets measured at amortised cost		
Impairment loss on trade receivables	514,473	-
Realised foreign exchange gain	(2,837)	(11,275)
Interest income		
- Fixed deposits	(40,747)	(6,819)
	470,889	(18,094)
Financial liability measured at amortised cost		
Interest expense	69,704	15,698

27. Financial instruments (continued)

Categories of financial instruments (continued)

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, cash flow risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its credit risk, interest rate risk, cash flow risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group and the Company manage its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of the trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that might have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

27. Financial instruments (continued)

Categories of financial instruments (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

<u>Recognition and measurement of impairment loss</u>

The Group uses a provision matrix to measure ECLs of trade receivables.

Loss rates are based on actual credit loss experience over the past three (3) years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the financial year.

<u>Ageing analysis</u>

The ageing analysis of the Group's trade receivables as at reporting date is as follows:

	Gross amount RM	Loss allowances RM	Carrying amount RM
2021			
Not past due	1,230,317	-	1,230,317
Past due:			
- more than 1 month	589,702	-	589,702
- more than 2 months	266,207	(205,578)	60,629
- more than 3 months	308,895	(308,895)	-
	2,395,121	(514,473)	1,880,648

27. Financial instruments (continued)

Categories of financial instruments (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company did not recognised any allowance for impairment losses.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the periods in which they mature or are reprice.

Group **2021**	**Effective interest rate per annum** **%**	**Total** **RM**
Financial asset		
Fixed deposits with licensed banks	1.55 - 1.85	1,269,538
Financial liabilities		
Borrowings		
- Term loan	1.66 - 3.50	(862,586)
Lease liabilities	2.17 - 5.91	(357,614)
		49,338

27. Financial instruments (continued)

Categories of financial instruments (continued)

Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

The following table details the sensitivity to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant, on the Group's equity and profits:

	2021 (Decrease)/ Increase RM
Group	
Effects on profit after taxation	
Increase of 10 basis point	(4)
Decrease of 10 basis point	4

Cash flow risk

The Group and the Company review its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

It is not expected that the cash flows included in the maturity analysis could significant earlier, or at significantly different amounts.

27. Financial instruments (continued)

Categories of financial instruments (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Maturity analysis

The table below show summaries the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group **2021**	**Carrying amount** **RM**	**Contractual cash flows** **RM**	**Within one year** **RM**	**Between one and five years** **RM**
Trade payables	533,915	533,915	533,915	-
Non-trade payables, accruals and deposits received	402,749	402,749	402,749	-
Borrowings:				
- Term loan	862,586	945,984	218,304	727,680
Lease liabilities	357,614	387,404	120,842	266,562
	2,156,864	2,270,052	1,275,810	994,242
Company				
2021				
Non-trade payables, accruals and deposits received	13,967	13,967	13,967	-
Amount due to a Director	21,961	21,961	21,961	-
	35,928	35,928	35,928	-
2020				
Non-trade payables, accruals and deposits received	3,000	3,000	3,000	-
Amount due to a Director	13,809	13,809	13,809	-
	16,809	16,809	16,809	-

27. Financial instruments (continued)

Categories of financial instruments (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Fair values

The following summarises the methods used to determine the fair values of the financial instruments:

The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short term maturity of the financial instruments.

28. Capital commitments

Capital commitments as at reporting date are as follows:

	2021
Group	**RM**
Contracted and provided for:	
- Acquisition of property, plant and equipment	4,950,000

29. Capital management

The Group manages its capital to ensure that the Group will maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors its capital using the debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

29. Capital management (continued)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:

Group	**2021** **RM**
Borrowings	1,220,200
Less: Cash and bank balances	(497,771)
Net debt	722,429
Total equity	5,834,660
Total capital	6,557,089
Gearing ratio (times)	0.12

The Group's capital are represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an on-going basis.

There is no external capital requirement imposed on the Group.

30. Significant event during the financial year

The Directors of the Group and of the Company are of the opinion that the outbreak of the COVID-19 affected the business performance and position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on the (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated as this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

31. Subsequent events

(a) Acquisition of property, plant and equipment

On 15 September 2021, the Group had entered into sales and purchase agreement to purchase a piece of freehold land with a three storey semi-detached factory amounted to RM5,500,000 and the transfer of land titles is completed in January 2022.

31. Subsequent events (continued)

(b) Acquisition of additional share capital

On 17 December 2021, Ray Go Solar Power Sdn. Bhd. increased its share capital from RM1,000 to RM1,000,000 by allotment of 999,000 shares subscribed by the Company at RM1.00 each.

(c) Approval for admission to the official list on the LEAP market of Bursa

On 6 January 2022, Bursa Malaysia Securities Berhad ("Bursa Securities") has approved Ray Go Solar Holdings Berhad's application for admission to the official list and listing of and quotation for the entire enlarged issued share capital of the Company comprising 255,000,000 ordinary shares, including the proposed placement of 52,248,700 new ordinary shares in the Company to sophisticated investors, on the LEAP market of Bursa Securities.

The Company’s tentative date of listing is on 11 March 2022.

32. Comparative Figures

There are no comparative figures of the Group for the preceding corresponding year as the Company acquired one of its subsidiaries, Ray Go Solar EPC Sdn. Bhd. on 20 September 2021 and incorporated another new subsidiary, Ray Go Solar Power Sdn. Bhd. on 2 December 2020, and are the dates on which the Company obtains control of the subsidiaries.

33. General information

The Company is a private limited company limited by shares that is incorporated and domiciled in Malaysia.

The principal activity of the Company is in the business of investment holding.

The principal activities of the subsidiaries is as disclosed in Note 11 to the financial statements.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The principal place of business of the Company are at located 36-1, Jalan Jasmin 3, Bandar Botanic, 41200 Klang, Selangor.

The financial statements were approved and authorised for issue by the Board of Directors on 8 March 2022.