7.1 OVERVIEW

We are an IPP primarily engaged in the development, ownership, O&M of power assets and projects.

As at the LPD, we have a track record of about 29⁽¹⁾ years in the power industry, which dates back to early 1994 when Leader Universal Holdings Group was awarded a concession to construct our first power generation asset, i.e., a diesel-fired power plant with a GIC of 37.1MW in Phnom Penh, Cambodia. The diesel-fired power plant commenced its commercial operations in early 1997 and we operated it until the expiry of its PPA in 2015 when the ownership of the plant was transferred to EDC.

As at the LPD, our power assets and projects (including those owned by our jointly controlled entities), are located in six Southeast Asian countries (i.e., Malaysia, Cambodia, Vietnam, Singapore, Indonesia and Thailand), as well as Taiwan. Our portfolio consists of:

- Utility-Scale power assets, which include two coal-fired power plants (set to retire at the end of their concession periods) and two power transmission systems in Cambodia, five small hydropower plants in Vietnam, two solar PV power plants in Malaysia and four solar PV power plants in Vietnam; and
- (ii) C&I Solar Projects, include our solar PV systems installed at the rooftop of our customers' (who are primarily corporate entities in the C&I sector) premises or on a ground-mounted elevated structures, as well as the projects where we provided EPC services and/or O&M services regarding rooftop solar PV systems. The C&I Solar Projects are located in Malaysia, Vietnam, Singapore, Indonesia, Thailand and Taiwan.

Our power assets are further categorised into non-RE and RE. As at the LPD, the total GIC for non-RE and RE power assets owned by our Group (including those held by our jointly controlled entities) are 270.0MW and 555.9MW, respectively.

Since 2018, we have committed to only participate in RE power projects and embarked on our sustainability journey and integrated sustainable strategies into our future plans and business strategies. We plan to achieve our long-term climate goal of net-zero GHG emissions by 2050, in support of the climate goals set under the Paris Agreement through (i) reducing our GHG emissions primarily through the retirement of our two coal-fired plants following the expiry of their PPAs in 2043 (for the CEL Plant) and 2050 (for the CEL II Plant), respectively; and (ii) expanding and diversifying our portfolio of RE power assets and projects through new concessions and acquisitions to increase our Group's contribution to avoided emissions. Accordingly, the total GIC of our RE power assets (including those owned by our jointly controlled entities) increased from 119.1MW as at 31 December 2020 to 555.9MW as at the LPD. The total GIC of our non-RE power assets remained at 270.0MW during the Period Under Review and up to the LPD.

In line with our Group's strategic business growth direction to expand our RE business segment, we continuously identify business and development opportunities to grow our Group's energy portfolio in RE segment. As at the LPD, we have identified and are in the process of securing two proposed solar PV power projects in Taiwan, two proposed solar PV power projects in Malaysia and a proposed wind power project in Vietnam, all of which are RE greenfield projects to be acquired and/or developed. Please refer to Section 7.6 of this Prospectus for further information on our new projects. Upon successful implementation of these RE projects, the total GIC for our RE power assets are estimated to increase to 885.4MW from 555.9MW.

Note:

(1)

Including track record of the power business of Leader Universal Holdings Group and HNG Capital Group, our predecessors. Leader Universal Holdings was privatised by HNG Capital in 2012 and the power business of HNG Capital Group was acquired by us as a result of the Pre-IPO Corporate Restructuring. For further information, please refer to Sections 6.1 and 6.2 of this Prospectus.

7.1.1 Our portfolio of power assets and projects

The following map illustrates the locations and GIC of the power assets and projects of our Group and our jointly controlled entities as at the LPD⁽¹⁾.



Note:

- (1) This map only presents power assets and power projects under construction which are owned by our Group and our jointly controlled entities. It does not include power projects at early development stages.
- (2) The GIC of the C&I Solar Projects relate to those under the PPA Model and the Rental Model, where the solar PV systems are owned by our Group and our jointly controlled entities. The GIC of the C&I Solar Projects under the EPC Model and O&M Model are excluded as the solar PV systems under these projects are owned by the C&I Customers.
- (3) SDCL and CEVD (which owns the Phu My Plants) are our jointly controlled entities.
- (4) The 114.0MWp of the Phu My Plants had commenced operations on 30 May 2023 (after the LPD).

7.1.2 Summary of our power assets and projects

We categorise our business into the Utility-Scale Business and the C&I Solar Business, according to the business models, sizes of the power assets and projects and customers we serve. Accordingly, our power assets and projects are categorised into Utility-Scale and the C&I Solar Projects. Please refer to Section 7.2.1 of this Prospectus for further information.

(i) Total GIC of power assets⁽¹⁾ and power projects⁽¹⁾ (including projects under construction and projects under early development stages)

The following table summarises the status of our power assets and projects (including those held by our jointly controlled entities) and their respective GIC as at the LPD:

| | | | Subsidiaries / | | No. of power | Completion date | COD / | |
|---------------|-------------------------|--|--------------------|-----------|--------------|-------------------|--|--------------------|
| | | Plant / Project | Jointly controlled | Effective | assets / | of construction / | Expected | ⁽²⁾ GIC |
| Location | Туре | name | entities* | ownership | projects | acquisition* | COD# | (MW/MWp) |
| A. Power a | issets and projects | owned by our Grou | р | | | | | |
| A1. Utility-S | cale power assets | | | 1 | I | 1 | 1 | |
| Cambodia | Coal_fired | CEL Plant | CEL | 100% | 1 | January 2017 | December 2013 | 120.0MW |
| Cambodia | Obal-Incu | CEL II Plant | CEL II | 100% | 1 | March 2022 | April 2020 | 150.0MW |
| | Small hydropower | LNTH Plants | LNTH | 70% | 5 | July 2016^ | From August 2007 to January 2014 | 51.7MW |
| Vietnam | Ground-mounted solar PV | • Phu My Plants ⁽³⁾ | CEVD* | 49% | 3 | December 2021^ | December 2020 and May 2023 | 330.0MWp |
| | Ground-mounted solar PV | Vinh Hao 6 Plant | VHJSC | 100% | 1 | April 2023^ | June 2019 | 50.0MWp |
| Malavaia | Ground-mounted | LSE Plant | LSE | 100% | 1 | October 2018 | October 2018 | 38.0MWp |
| walaysia | solar PV | LSE II Plant | LSE II | 100% | 1 | February 2020 | February 2020 | 29.4MWp |
| Cambodia | Transmission | CTL Transmission Line Asset | CTL | 100% | 1 | June 2013 | August 2013 | N/A |
| Cambodia | line | CTL II Transmission Line Asset | CTL II | 100% | 1 | March 2023^ | January 2018 | N/A |
| Sub-total (A | 1) | | | | 15 | | | 769.1MW |
| | | | | | | | | |

| Location | Туре | Plant / Project name | Subsidiaries / Jointly controlled entities* | Effective ownership | No. of power assets / projects | Completion date of construction / acquisition^ | COD / Expected COD [#] | ⁽²⁾ GIC (MW/MWp) |
|---------------------------|---|--------------------------|---|---------------------|--------------------------------------|---|--|--------------------------------|
| A2. C&I Sol | ar Projects ⁽⁴⁾ | | | | | | | |
| Singapore | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 34 | Ranges from April 2014 to April 2023 | Ranges from April 2014 to May 2023 | 26.8MWp |
| Vietnam | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 8 | Ranges from October 2020 to December 2022 | Ranges from October 2020 to December 2022 | 11.5MWp |
| Malaysia | Rooftop solar PV | - | LSSB | 100% | 11 | Ranges from February 2022 to March 2023 | Ranges from February 2022 to April 2023 | 9.5MWp |
| Taiwan | Rooftop and ground-mounted solar PV | - | SDCL*(6) | 36% | 12 | Ranges from April 2019 to November 2022 | Ranges from April 2019 to November 2022 | 5.8MWp |
| Indonesia | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 2 | Ranges from April 2022 ⁽⁷⁾ to January 2023 | February 2023 (1 project is pending COD) ⁽⁷⁾) | 2.2MWp |
| Thailand | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 1 | January 2023 | January 2023 | 1.0MWp |
| Sub-total (A | .2) | | | | 68 | | | 56.8MWp |
| Total power | assets owned by c | our Group (A1+A2) | | | 83 | | | 825.9MW |
| | | . (0) | | | | | | |
| B. Power J C&I Solar P | projects under cons rojects ⁽⁴⁾ | struction ⁽⁸⁾ | | | | | | |
| Singapore | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 4 | Between June 2 quarter o | 023 and fourth f 2024 [#] | 2.6MWp |
| Vietnam | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 3 | Between third qu quarter o | arter and fourth f 2023 [#] | 3.2MWp |
| Indonesia | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 1 | Second quar | ter of 2024 [#] | 1.2MWp |
| Malaysia | Rooftop solar PV | - | LYS Energy Group ⁽⁵⁾ | 100% | 1 | June 2 | 2023 | 0.6MWp |
| Total power | projects under cor | nstruction (B) | | | 9 | | | 7.6MWp |

| Location | Туре | Plant / Project name | Subsidiaries / Jointly controlled entities* | Effective ownership | No. of power assets / projects | Completion date of construction / acquisition^ | COD / Expected COD [#] | ⁽²⁾ GIC (MW/MWp) |
|-----------------------|----------------------------|---------------------------------|---|---------------------|--------------------------------------|---|---|--------------------------------|
| C. Power p | projects at early dev | /elopment stages ⁽⁸⁾ | | | | | | |
| C1. Utility-S | cale power project | s | | | | | | |
| Vietnam | Wind | Project Breeze | LEVPL | 85% | 1 | N/A. In the process of being included into the Power- Development Plan VIII of Vietnam | N/A | 200.0MW |
| Malayaia | Ground-mounted | | LEVSB | 100% | 1 | N/A. In the process of bidding | Fourth quarter of 2025 [#] if successful in bidding | 39.9MWp |
| Malaysia | solar PV | | LEVSB | 10% | 1 | N/A. In the process of bidding | Fourth quarter of 2025 [#] if successful in bidding | 43.5MWp |
| Taiwan | Ground-mounted solar PV | Project Mingdao | YBSSPCL* | 36% | 1 | N/A. At a preliminary stage | N/A | 20.0MWp |
| Sub-total (C | 1) | | | | 4 | | | 303.4MW |
| | | | | | | | | |
| C2. C&I Sol | ar Projects ⁽⁴⁾ | T | 1 | 1 | r | T | | |
| | Solar PV: | | VSPCL I* | 54% | 7 | Between fourth qua | arter of 2023 [#] and | |
| Taiwan | agrivoltaic farming | Project Donald | VSPCL II* | 54% | 4 | first quarter | of 2024 [#] | 17.4MWp |
| Malaysia | Rooftop solar PV | - | LSSB | 100% | 1 | Fourth quarte | er of 2023 [#] | 0.5MWp |
| Singapore | Rooftop solar PV | - | LYS Energy Group | 100% | 1 | Fourth quarte | er of 2024 [#] | 0.6MWp |
| Sub-total (C | 2) | | | | 13 | | | 18.5MWp |
| Total potent + C2) | ial GIC expansion ι | Inder power project | s at early developmer | nt stages (C1 | 17 | | | 321.9MWp |
| Grand total | (A + B + C) | | | | 109 | | | 1,155.4MW |

Note:

- * Being the jointly controlled entities. LGRECL has disposed of its shares in YBSSPCL to Hsinking Construction Co., Ltd. on 17 July 2023.
- [^] Being the completion date of the acquisition.
- # Being the expected COD.
- (1) "Power assets" are the power plants, transmission lines, accessory facilities and other power generation, transmission and storage facilities for which construction has been completed, and "power projects" are those for which construction is in progress or projects secured but construction has not started.
- (2) All references to "GIC" are to gross installed power generation capacity, being the installed power generation capacity without deducting the power consumed by the power generation facilities, and does not take into account the effective interest percentage owned by our Company or our Group in such power asset or power project.
- (3) The three Utility-Scale solar PV power plants in Vietnam owned by CEVD are the Phu My Plants, comprising the Phu My 1 Plant, the Phu My 2 Plant and the Phu My 3 Plant.
- (4) The C&I Solar Projects in this table only relate to the power generation assets in which we have ownership interest, those under the PPA Model and Rental Model. The C&I Solar Projects under the EPC Model and O&M Model are excluded as we do not have any ownership interest.
- (5) Our Group acquired the LYS Energy Group in September 2021 and therefore only began to hold those C&I Solar Projects that have been completed prior to our acquisition since September 2021.
- (6) Our Group acquired 60.0% equity interest in LGRESB, which indirectly owned 60.0% SDCL in March 2021 and therefore only began to hold those C&I Solar Projects that have been completed prior to our acquisition since March 2021.
- (7) The construction completion date for one of the C&I Solar Projects in Indonesia is April 2022. Its COD is yet to be determined pending further discussion with the state electricity company and to seek their approval for a larger capacity of the project.
- (8) Power projects "under construction" are those power projects for which we have obtained all the necessary regulatory approvals and financial resources to proceed with construction and construction is in progress.

Power projects "at early development stages" are those power projects at preliminary stage of development for which construction has not commenced: we (i) are in the process of obtaining regulatory approvals for commencement of construction, (ii) have signed legally binding agreements or memorandum of understanding to develop the projects, and/or (iii) have made acquisition offers which have been accepted.

The GIC for power projects under these two categories is determined during the design stage for the projects. At this stage, the GIC is an estimated figure and can only be confirmed after the COD.

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(ii) Breakdown of GIC by energy source, country, non-RE and RE

The tables below set out the breakdown of the GIC of the power assets owned by our Group and our jointly controlled entities as at the LPD by energy source and by country. Power projects under construction and power projects at early development stages are excluded due to the risk of uncertainties associated with these projects. Please refer to Section 9.1.2 of this Prospectus for further information on risks associated with our power projects under construction and at early development stages.

Breakdown of GIC by energy source

| Enerav | GIC | | | GIC by energy so | ource | |
|--------|----------|-------|------------------|---------------------|--------|---------------------|
| source | MW/MWp | % | | ., | | |
| Solar | 504.2MWp | 61.0 | | | | |
| Coal | 270.0MW | 32.7 | 270.0MW | | | |
| Hydro | 51.7MW | 6.3 | (32.7%) | | | |
| Total | 825.9MW | 100.0 | 51.7MW (6.3%) | | | 504.2MWp (61.0%) |
| | | | ■ Solar | : Hydro | = Coal | |

Breakdown of GIC by country

| | GIC | |
|------------------------|---------|-------|
| By country | MW/MWp | % |
| Vietnam | 443.2MW | 53.7 |
| Cambodia | 270.0MW | 32.7 |
| Malaysia | 76.9MWp | 9.3 |
| Singapore | 26.8MWp | 3.2 |
| Taiwan Thailand and | 5.8MWp | 0.7 |
| Indonesia | 3.2MWp | 0.4 |
| Total | 825.9MW | 100.0 |

GIC by country



Breakdown of GIC by non-RE and RE

The total GIC of power generation assets of our Group and our jointly controlled entities (in which we have ownership interest) as at 31 December 2020, 2021 and 2022 and as at the LPD was 389.1MW, 635.0MW, 769.1MW and 825.9MW, respectively. The chart only relates to the power generation assets in which we have ownership interest i.e. the Utility-Scale power generation assets and the C&I Solar Projects under the PPA Model and Rental Model. The C&I Solar Projects under the EPC Model and O&M Model are excluded as we do not have any ownership interest. Please refer to Section 7.2.8 of this Prospectus for further information on the C&I Solar Projects.

These are respectively contributed by the non-RE and RE power assets and projects as follows:



| | Total r | number of power | r assets and pro | jects |
|---|------------------------------|------------------------------|------------------------------|------------------|
| Energy source | As at 31 December 2020 | As at 31 December 2021 | As at 31 December 2022 | As at the LPD |
| <u>Non-RE</u> Coal | 2 | 2 | 2 | 2 |
| RE Solar Hydro Transmission | 2 5 1 | 41 5 1 | 66 5 1 | 74 5 2 |
| Total | 10 | 49 | 74 | 83 |

7.2 DESCRIPTION OF OUR BUSINESS

7.2.1 Overview of our business models

We are primarily involved in a concession-based business for infrastructure projects. Our Group is principally involved in the development, ownership, O&M of power assets and projects. The following is an overview of our business models and the corresponding power assets owned by us and their sources of energy.

| | | | Leader | Energy Gro | ир | | |
|-------------------------------------|---|---|--|---|--|--|---|
| Categories | | Utility-Scale | Business | | c | &I Solar Business | |
| Principal business activities | Developir operating p a | ng, owning and ower generation assets | tra | Power ansmission | Developing, owning and operating powe generation assets ⁽¹⁾ | g Rental and er O&M) services ⁽²⁾ | EPC services ⁽³⁾ |
| Business models | Build, own a (i) power and (ii) solar and pro Revenue is o capacity ⁽⁴⁾ generated generation a | nd operate: generation plants PV power plant ojects. lerived from sale o and electricit from the powe ssets. | s; Build, transfe transn restransn Rever from n the transn electri | operate and er power hission assets. hue is derived haking available assets for hission of city. | Build, own and operate ground and rooftop solar PV power plants and projects. Revenue is derived from sale o electricity generated from the powe generation assets. | Build and own power generation assets and rent to C&I Customers. Revenue is derived from renting of power generation assets coupled with O&M services rendered. | Build and transfer power generation assets to C&I Customers. Revenue is derived from EPC services rendered. |
| | | | | | | | |
| Type of energy | Non-RE | I | | | RE | | |
| Source of energy | Coal | Solar | ł | Hydro | | Solar | |
| Current market presence | Cambodia | Malaysia and Vietnam | Vietnam | Cambodia | Malaysia, Vietn | am, Singapore, Indon and Taiwan | esia, Thailand |
| Power assets | CEL Plant, CEL II Plant | LSE Plant, LSE II Plant, Vinh Hao 6 Plant, Phu My Plants ⁽⁵⁾ | LNTH Plants | CTL Transmission Line Asset, CTL II Transmission Line Asset | | C&I Solar Projects ⁽⁵⁾ | |
| Customers | | Government agencies ⁽⁶⁾ Government agencies ⁽⁶⁾ C&I Customers | | | | | |
| Note: (1) | Refers to | the PPA Mode | l under the | C&I Solar Bus | siness. | | |

- (2) Refers to the Rental Model under the C&I Solar Business. O&M services form part of the rental agreement under the Rental Model.
- (3) Refers to the EPC Model under the C&I Solar Business. Following the completion of our EPC services, we may provide O&M services separately under the O&M Model regarding the same solar PV system.

- (4) Sale of capacity only by the CEL Plant and the CEL II Plant, for which payments are for making available the power generation capacity for supplying electricity.
- (5) The Phu My Plants are owned by CEVD and the C&I Solar Projects that are in operation in Taiwan are owned by SDCL. Both CEVD and SDCL are our jointly controlled entities. Other power assets and projects in the chart above are owned by our Company and its subsidiaries.
- (6) Government agencies refer to government-owned or government-linked utility companies. They are customers of our Utility-Scale Business and our C&I Solar Business under the PPA Model.

7.2.1.1 Utility-Scale Business and C&I Solar Business

Our Group's business can be broadly categorised into two major categories as follows:

- (i) Utility-Scale Business our business relating to the power assets and power projects that are connected to national power transmission systems and of which the customers are government-owned and/or government-linked utility companies; and
- (ii) **C&I Solar Business** our business relating to the solar PV systems which the Group installs and/or operates and maintains at the premises for our Group's customers who are primarily corporate entities in C&I sector, with a few customers being government-owned and government-linked utility companies (such customers are together referred to as "**C&I Customers**").

Each power generation asset or project has a GIC of generally not smaller than 10MWs under the Utility-Scale Business and a GIC below 10MWs under the C&I Solar Business.

(i) Utility-Scale Business

As at the LPD, the power assets and projects of our Group and our jointly controlled entities which are classified under the Utility-Scale Business are set forth below. There is no power project under construction under the Utility-Scale Business.

| Po | ower assets and | projects under the | Utility-Sca | ale Busine | ess | | | | | |
|-----------------------------------|-----------------|---|-------------------|----------------------------------|--|--|--|--|--|--|
| Status of | | Energy source | | | | | | | | |
| power assets / projects | Hydro | Solar | Wind | Coal | Transmission | | | | | |
| Completed | LNTH Plants | LSE Plant, LSE Il Plant, Phu My Plants, Vinh Hao 6 Plant | - | CEL Plant, CEL II Plant | CTL Transmission Line Asset, CTL II Transmission Line Asset | | | | | |
| At early development stages | - | Project Mingdao, CGPP Projects | Project Breeze | - | - | | | | | |

Revenue from our Utility-Scale Business is generated from:

- (a) making available the power generation capacity for supply of electricity (the CEL Plant and the CEL II Plant only);
- (b) supplying electricity generated from our power assets (all of our Utility-Scale power generation assets); and
- (c) maintaining the operation of the power transmission lines (the CTL Transmission Line Asset and the CTL II Transmission Line Asset).

Our customers in the Utility-Scale Business comprise:

- (a) government-owned utility companies, i.e., EDC in Cambodia as well as EVN and EVN NPC (a wholly-owned subsidiary of EVN) in Vietnam; and
- (b) government-linked utility company, i.e., TNB in West Malaysia.

These customers are companies entrusted by their respective governments to regulate power generation, transmission and distribution in their respective countries.

(ii) C&I Solar Business

The C&I Solar Business is undertaken via four models:

- (a) PPA Model: we design, build, install, finance, operate and maintain the solar PV systems for our C&I Customers. We own the systems and sell the power generated to our C&I Customers and, if available and permitted by regulations, sell excess power not used by our C&I Customers to the national power grid;
- (b) Rental Model: we design, build, install and finance the solar PV systems. We own the systems and rent them to our C&I Customers for their use, and we also provide O&M services;
- (c) EPC Model: we design, build and install the solar PV systems for our C&I Customers at their costs and the systems belong to these C&I Customers; and
- (d) **O&M Model:** these C&I Customers engage our Group to provide O&M services for the solar PV systems owned by them. As at the LPD, all the solar PV systems under the O&M Model were built by us under the EPC Model.

Where we build a solar PV system under the EPC Model and then provided O&M services for the same system under the O&M Model, the solar PV system is considered two separate C&I Solar Projects under the two models, respectively.

As at the LPD, the C&I Solar Projects are either completed, under construction or at early development stages. Please refer to Section 7.2.8 of this Prospectus for further information on the business models and completion statuses of the C&I Solar Projects.

Revenue from our C&I Solar Business is derived from:

- (i) the sale of electricity under relevant PPAs (PPA Model);
- (ii) the lease of the solar PV systems under relevant rental agreements (Rental Model); and
- the provision of EPC and/or O&M services for solar PV systems owned by our C&I Customers through EPC agreements (EPC Model) and/or O&M agreements (O&M Model).

7.2.1.2 Non-RE and RE

Our business and, the power assets and projects of our Group and our jointly controlled entities can be classified into non-RE and RE.

The non-RE power assets comprise those that involve the use of fossil fuel to generate power. As at the LPD, our only non-RE power assets are the two coal-fired power plants in Cambodia, i.e., the CEL Plant and the CEL II Plant. We have no plans to grow our non-RE power assets in line with our pledge since 2018 to only acquire and develop RE power assets and projects.

The RE power assets and projects comprise those that do not involve the use of any fossil fuel to generate or transmit power. As at the LPD, our RE power assets and projects include solar PV power plants and C&I Solar Projects, hydropower plants and power transmission assets. Our power transmission assets, i.e., the CTL Transmission Line Asset and the CTL II Transmission Line Asset, are considered RE power assets because the electricity they transmit is from hydropower plants.

Our focus on the expansion of our portfolio of RE power assets and projects commenced in 2016, when we acquired our hydropower generation assets in Vietnam.

We intend to grow our business by focusing on power generation and transmission assets and/or projects in Malaysia as well as other countries across Southeast Asia and Taiwan that record high growth in demand for electricity. RE generation assets and/or projects that we intend to expand into include solar, wind, hydro, transmission, as well as energy storage projects. Please refer to Section 7.5 of this Prospectus for further information on our future plans and business strategies.

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As at the LPD, details of the power assets of our Group and our jointly controlled entities are set out below:

| (1) | _ | GI | GIC | NGC | Availability | Customer | | Concessio | on | COD |
|--|------------|--|--------------------|---------|-------------------------|------------|---------------------|-----------|------------------|------------------|
| Power asset ⁽¹⁾ | Plant view | Location | (MW/MWp) (MW/MWac) | | for the FYE 2022 (%) | (offtaker) | ⁽²⁾ Type | Period | Expiry date | COD |
| (A) Non-RE power | assets | | | | | | | | | |
| CEL Plant and CEL II Plants – 2 coal-fired power plants (wholly-owned) | | | | | | | | | | |
| CEL Plant | | Village 2, Sangkat Kampenh, Khan Steung Hav, Sihanoukville province, Cambodia | 120.0MW | 102.0MW | 90.7 | EDC | воо | 30 years | December 2043 | December 2013 |
| CEL II Plant | | Village 2, Sangkat Kampenh, Khan Steung Hav, Sihanoukville province, Cambodia | 150.0MW | 135.0MW | 86.2 | EDC | воо | 30 years | April 2050 | April 2020 |
| Total | | | 270.0MW | 237.0MW | | | | | | |

| | | | GIC | NGC | Availability | Customer | | Concessio | on | 00 |
|--------------------------------|----------------------------------|--|----------|-----------|-------------------------|------------|---------------------|-----------|-----------------|--------------|
| Power asset ⁽¹⁾ | Plant view | Location | (MW/MWp) | (MW/MWac) | for the FYE 2022 (%) | (offtaker) | ⁽²⁾ Type | Period | Expiry date | COD |
| (B) RE power asse | ets | | | | | | | | | |
| LNTH Plants – 5 s | mall hydropower plants (70% effe | ctive ownership) | | | | | | | | |
| Ngoi Xan 1 Hydropower Plant | | Located near the confluence of the Thau River and the Phin Ho River | 10.9MW | 10.5MW | 99.3 | EVN NPC | воо | 20 years | August 2027 | August 2007 |
| Ngoi Xan 2 Hydropower Plant | | Located along the Thau River | 8.6MW | 8.1MW | 96.1 | EVN NPC | BOO | 20 years | August 2028 | August 2008 |
| Van Ho Hydropower Plant | | Located along the Ngoi Xan River | 4.9MW | 4.5MW | 99.4 | EVN NPC | воо | 20 years | October 2030 | October 2010 |
| Sung Vui Hydropower Plant | A REPORT | Located along the Phin Ho River | 18.7MW | 18.0MW | 98.1 | EVN NPC | воо | 20 years | March 2033 | March 2013 |

| - (1) | | | GIC | NGC | Availability | Customer | | Concessio | on | |
|-------------------------------|-----------------------------------|---|-------------------------|------------------------------|-------------------------|------------|---------------------|-----------|--|--|
| Power asset ⁽¹⁾ | Plant view | Location | (MW/MWp) | (MW/MWac) | for the FYE 2022 (%) | (offtaker) | ⁽²⁾ Type | Period | Expiry date | COD |
| Trung Ho Hydropower Plant | | Located along the Thau River | 8.6MW | 8.4MW | 92.9 | EVN NPC | воо | 20 years | January 2034 | January 2014 |
| Total | | | 51.7MW | 49.5MW | | | | | | |
| Phu My Plants – 3 | solar PV power plants (49.0% effe | ective ownership |) | | | | | | | |
| Phu My 1 Plant ⁽³⁾ | | Phu My district, Binh Dinh province, South-Central Vietnam | 120.0MWp ⁽⁴⁾ | 100.0 MWac ⁽⁴⁾ | 99.9 | EVN | воо | 20 years | 20 years from the COD ⁽⁵⁾ | 37.0MWp COD in December 2020 and the remaining 83.0MWp in May 2023 |
| Phu My 2 Plant ⁽³⁾ | ar | Phu My district, Binh Dinh province, South-Central Vietnam | 110.0MWp ⁽⁴⁾ | 93.8 MWac ⁽⁴⁾ | 99.7 | EVN | воо | 20 years | December 2040 | December 2020 |
| Phu My 3 Plant ⁽³⁾ | | Phu My district, Binh Dinh province, South-Central Vietnam | 100.0MWp ⁽⁴⁾ | 81.3 MWac ⁽⁴⁾ | 99.7 | EVN | воо | 20 years | 20 years from the COD ⁽⁵⁾ | 69.0MWp COD in December 2020 and the remaining 31.0MWp in May 2023 |
| Total | | | 330.0MWp | 275.1MWac | | | | | | |

| Power asset ⁽¹⁾ | Plant view | Location | GIC (MW/MWp) | NGC (MW/MWac) | Availability for the FYE 2022 (%) | Customer (offtaker) | | Concessio | on | COD |
|----------------------------|-----------------------------------|---|------------------------|-------------------------|---|------------------------|-----|-----------|------------------|------------------|
| Vinh Hao 6 Plant – | 1 solar PV power plant (wholly-o | wned) | | | | | | | | |
| Vinh Hao 6 Plant | | Tuy Phong district, Binh Thuan province, Vietnam | 50.0MWp ⁽⁴⁾ | 44.7MWac ⁽⁴⁾ | N/A ⁽⁶⁾ | EVN | воо | 20 years | June 2039 | June 2019 |
| LSE Plant and LSE | II Plant – 2 solar PV power plant | s (wholly-owned |) | | | | | | | |
| LSE Plant | JEER R | Lot 2, Mukim Sungai Pasir, Daerah Kuala Muda, Kedah, Malaysia. | 38.0MWp ⁽⁴⁾ | 29.0MWac ⁽⁴⁾ | 98.6 | TNB | воо | 21 years | October 2039 | October 2018 |
| LSE II Plant | No. | Lot 5, Pekan Bukit Selambau, Daerah Kuala Muda, Kedah, Malaysia. | 29.4MWp ⁽⁴⁾ | 20.0MWac ⁽⁴⁾ | 99.1 | TNB | BOO | 21 years | February 2041 | February 2020 |
| Total | | | 67.4MWp | 49.0MWac | | | 1 | | | |

| Power asset ⁽¹⁾ | Plant view | Location | GIC (MW/MWp) | NGC (MW/MWac) | Availability for the FYE 2022 (%) | Customer (offtaker) | Concession | | COD | |
|--|---------------------------------|---|------------------------|-------------------|---|------------------------|------------|------------------|------------------|-----------------|
| C&I Solar Projects – 66 completed solar PV power assets (wholly-owned, save for the 12 completed C&I Solar Projects held by SDCL, in which our Company has 36% effective interest) | | | | | | | | | | |
| C&I Solar Projects ⁽³⁾⁽⁷⁾ | | Across Singapore, Malaysia, Taiwan, Vietnam, Indonesia and Thailand | 56.8MWp ⁽⁴⁾ | N/A | N/A | C&I Customers | воо | 15 – 25 years | Varies | Varies |
| CTL Transmission | Line Asset and CTL II Transmiss | ion Line Asset - | 2 transmissio | n lines (each wit | h 2 substation | s) (wholly-owr | ned) | - | | |
| CTL Transmission Line Asset | | Udongk, Phnom Penh to Kampong Cham, Cambodia | N/A | N/A | 99.8 | EDC | вот | 25 years | July 2038 | August 2013 |
| CTL II Transmission Line Asset | | Kampong Cham to Kratie, Cambodia | N/A | N/A | N/A ⁽⁸⁾ | EDC | BOT | 25 years | December 2042 | January 2018 |

Note:

- (1) This table only includes power assets since they are fully or partly in operation and have sufficient information to be presented herein. It does not include power projects under construction and power projects at early development stages. Phase 2 of Phu My 1 Plant and Phase 2 of Phu My 3 Plant commenced operations on 30 May 2023 (after the LPD).
- (2) "BOO" refers to "build-own-operate" and "BOT" refers to "build-operate-transfer". For further information on these concession models, please refer to the Section entitled "Glossary of Technical Terms" in this Prospectus.
- (3) The Phu My Plants in Vietnam and the C&I Solar Projects in Taiwan are owned by our jointly controlled entities. Other power assets and projects in this table are owned by our Group.
- (4) "GIC" of a solar PV power generation asset refers to its peak installed power generation capacity, and "NGC" of a solar PV power generation asset refers to its peak export capacity.
- (5) Each of the Phu My 1 Plant and the Phu My 3 Plant consists of two phases. Each phase has its own COD and for each phase, the 20-year tenure under the PPA starts from the respective COD.
- (6) Not applicable as the Group only acquired the Vinh Hao 6 Plant in April 2023. Hence, the information on availability in FYE 2022 is not available.
- (7) Each individual solar PV asset within the C&I Solar Projects has a different COD as the COD is dependent on the respective agreements. This table only include the C&I Solar Projects under the PPA Model and the Rental Model. It does not include the C&I Solar Projects under the EPC Model or the O&M Model where we do not own the asset. Please refer to Section 7.2.8 of this Prospectus for further information on the models of the C&I Solar Projects.
- (8) Not applicable as the Group only acquired the CTL II Transmission Line Asset in March 2023. Hence, the information on availability in FYE 2022 is not available.

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7.2.2 Non-RE business in Cambodia

We own two coal-fired power plants in Cambodia, the CEL Plant and the CEL II Plant, providing a total GIC of 270.0MW. The concession for the CEL Plant was granted in 2009 and according to the IMR Report, the CEL Plant is one of the first coal-fired plants in Cambodia.

The two coal-fired power plants are our only non-RE power assets and both of them are located in Cambodia. They were built, owned and operated through our wholly-owned subsidiaries, CEL and CEL II, respectively.

(i) CEL Plant

Our wholly-owned subsidiary, CEL, owns and operates the CEL Plant, a coal-fired power plant with a combined GIC of 120.0MW (2 x 60.0MW) with a NGC of 102.0MW in Village 2, Sangkat Kampenh, Khan Steung Hav, Sihanoukville province, Cambodia. The CEL Plant is under a 30-year BOO concession granted in 2009. It commenced operations in December 2013 and the concession will expire in December 2043. It has two electrical generating sets, each comprising a circulating fluidised bed boiler and a steam turbine, together with coal handling equipment, raw water treatment facilities and other ancillary equipment. Circulating fluidised bed combustion is a combustion technology with certain advantages over pulverised coal firing, such as (a) allowing for a broader range of coal qualities which adds an element of long-term stability in terms of coal availability to operations and (b) reducing pollutant emissions, as most of the pollutants such as sulphur dioxide (" SO_2 ") and nitrogen oxides (" NO_x ") can be absorbed before emissions are released into the atmosphere. The CEL Plant is located on approximately 289.051 sq m of land that is the subject of a 35-year lease with Cambodia International Investment Development Group Co., Ltd from 30 June 2009 to 30 June 2044.

The CEL Plant is interconnected with EDC's bulk power transfer network which transmits and distributes electricity to its customers, via the Stung Hav Substation, a 230kV/22kV substation that was developed by EDC in connection with the development of the CEL Plant. The interconnection facilities were developed by CEL as part of the development of the CEL Plant and consist of a two circuit 230kV transmission line with fibre optic overhead ground wire from the plant's switchyard to Stung Hav Substation.

(ii) CEL II Plant

In March 2017, CEL II entered into an agreement with the RGC (acting through the Cambodian MME), for the construction of an additional coal-fired power plant with a GIC of 150.0MW, which has a NGC of 135.0MW upon completion. The power plant has a circulating fluidised bed boiler and a steam turbine, together with the installation of access points for coal handling equipment, raw water treatment facilities and other ancillary equipment and facilities, as well as related evacuation transmission lines and interconnection facilities.

The CEL II Plant is under a 30-year BOO concession commencing from its COD in April 2020 and will expire in April 2050. It is located at the same site as the CEL Plant, measuring approximately 70,000 sq m. The land area is under a lease from Cambodia International Investment Development Group Co., Ltd (i.e., the landowner) to CEL (effective from 30 June 2009 to 30 June 2044) and a sublease from CEL to CEL II (effective from 21 November 2017 to 30 June 2044). After the expiry of the sublease, the land area will be under a direct lease from Cambodia International Investment Development Group Co., Ltd to CEL II from 1 July 2044 to 30 June 2054.

The CEL II Plant is interconnected with EDC's bulk power transfer network which generates, transmits and distributes electricity to its customers, at a designated transmission line tower that connects the CEL II Plant to the Sihanoukville Terminal Substation. The interconnection is via a single circuit 230kV transmission line to EDC's network according to the specifications set out in the PPA.

7.2.2.1 Production processes

The CEL Plant and the CEL II Plant generate power by burning coal to drive their steam turbine power generators. The electrical output for each plant is controlled by varying the amount of coal which is burnt for steam production to power the steam turbine power generators. The following diagram illustrates the process of generating power at the plants from the receiving of coal to the delivery of power to EDC:



The raw material for the CEL Plant and the CEL II Plant is coal, which we import mainly from Indonesia through our long-term coal supplier. We use sub-bituminous coal with low sulphur and ash content. Shipments of coal are transported to the coal stockyard which is used by both plants. The stockyard has a storage capacity of 200,000 tonnes, which could cover around 60 days of power generation if in full capacity. We regularly maintain an inventory of coal to cover around 40 to 45 days of power generation.

From the stockyard, the coal is transported to each of the CEL Plant and the CEL II Plant for combustion in the power plants. Combustion of the coal in the boiler furnace heats the boiler feed water to produce the steam that drives the steam turbine electrical generator, which produces power. The resulting power from the steam turbine electrical generator is then stepped up to the required grid voltage by a generator transformer in the switchyard before being delivered to the transmission line so that the voltage will be compatible with EDC's requirements.

Fly ash produced from coal combustion is removed from the flue gas by the electrostatic precipitator, and heavy ash settles at the bottom of the boiler furnace. CEL and CEL II collect both fly ash and heavy ash and sell them to industrial users in Cambodia who use ash in the production of cement or for other purposes.

Wastewater produced from the power plant is collected in a wastewater pit before being transferred to a wastewater treatment facility. The wastewater treatment facility treats the various forms of wastewater in compliance with environmental standards under Cambodian law.

Cooling water is extracted from the sea to the main cooling water intake, where it is thereafter pumped into the steam turbine's condenser as a coolant, condensing the turbine's steam into water, which will be re-used in the boiler system. Cooling water from the steam turbine's condenser will continue to flow back into the sea through the cooling water outfall basin.

7.2.2.2 Power offtake

CEL entered into a PPA with EDC in September 2009 in relation to the CEL Plant. Under the PPA, for a period of 30 years from 2 December 2013, which is the COD of the CEL Plant, CEL is obliged to make available to EDC the net dependable capacity of the CEL Plant at all times, except in certain prescribed circumstances such as any permitted outages during the agreed maintenance schedule of the plant. EDC in turn is obliged to purchase at least the minimum take, i.e., 86% of the net dependable capacity from CEL, according to the PPA.

In respect of the CEL II Plant, under the PPA entered into between CEL, CEL II and EDC in March 2017, for a period of 30 years from its COD in April 2020, CEL II is obliged to make available to EDC the net dependable capacity of the CEL II Plant at all times, except in certain prescribed circumstances such as any downtime during the agreed maintenance schedule of the plant. EDC in turn is obliged to purchase at least the minimum take, i.e., 86% of the net dependable capacity from CEL II, according to the PPA.

The net dependable capacity of each of the CEL Plant and the CEL II Plant is determined annually following annual capacity tests (tests to assess the performance and operational characteristics of each plant, as certified by an independent engineer) conducted pursuant to the terms of the respective PPAs. The minimum net dependable capacity is guaranteed by each of the CEL Plant (100MW) and the CEL II Plant (130MW) under its respective PPAs.

If CEL or CEL II fails to make available the net dependable capacity and the shortfall exceeds the specified outage allowance, then CEL or CEL II, as the case may be, is required to make shortfall payment to EDC. Similarly, if EDC does not take the required minimum purchase amount of electricity from CEL or CEL II, then EDC is required to pay for the difference between the required minimum purchase amount and the actual amount taken, which forms part of the non-fuel component described below.

Outage allowance is predominantly to allow for the power plants to be shut down for scheduled maintenance, i.e., to carry out the annual maintenance and repair that are necessary to ensure the power plants run and operate as expected. Based on the PPAs, the annual outage allowance is 14%, pro-rated for partial periods, for the CEL Plant for its third operating year and onwards and for the CEL II Plant during its entire concession. For the CEL Plant, the annual outage allowance was 19% for its first operating year and its provisional operation period before the COD and 17% for its second operating year. The annual permitted outage allowance for the CEL Plant were agreed upon between the respective companies with EDC when negotiating the PPAs in order to provide EDC with a guaranteed availability of 86% of the net dependable capacity (except the different rates for certain periods for the CEL Plant, as described above), in exchange for the 86% minimum take guaranteed payment from EDC. Hence, if outages (scheduled and unscheduled) exceed the outage allowance specified in the PPAs, CEL or CEL II (as the case may be) will need to make a shortfall payment to EDC.

For the CEL Plant, we have satisfied the contractual commitment to make available the net dependable capacity in accordance with its PPA from its COD up to the LPD, except for a shortfall in 2014 due to teething issues which happened within a year of the CEL Plant's COD. The shortfall exceeded the outage allowance and resulted in a shortfall payment. The shortfall payment was substantially covered by insurance.

For the CEL II Plant, we did not make available the net dependable capacity for FYE 2020 and FYE 2021 as the plant encountered some teething issues, which is common for a new coalfired plant, and the shortfall exceeded the outage allowance. However, we did not suffer any adverse financial impact from the shortfall payment as the shortfall payment was fully recovered from the EPC contractor through compensation claims. As the teething issues were rectified, we fulfilled the contractual commitment to make available the net dependable capacity in accordance with its PPA for FYE 2022 and up to the LPD. Please refer to Section 7.2.2.6 of this Prospectus for further information.

Under the PPAs for the CEL Plant and the CEL II Plant, EDC is required to make energy payments to CEL and CEL II, respectively, comprising the following components:

- (a) A fuel component that is designed to cover the fuel costs that arise from electricity generation in accordance with EDC despatch instructions. The fuel component takes into consideration the actual cost incurred for the purchase of coal, lower heating value of the coal and the efficiency of the plant in generating electricity. Lower heating value is a measure of available thermal energy produced by a combustion of fuel. The fuel component works in a way that the cost of coal can be passed through to the EDC, regardless of the purchase price and lower heating value.
- (b) A non-fuel component is computed based on the non-fuel component rate which is a rate per kWh of electricity sold or deemed sold to EDC. The non-fuel component rate consists of a capacity rate and an operating rate (to be adjusted every half yearly in accordance with fluctuations in the half yearly United States Consumer Price Index against predetermined base United States Consumer Price Index). Both the capacity rate and operating rate before adjustment based on the said consumer price indices, are fixed numbers specified in the PPAs. The capacity rate is designed to cover capital expenditure and investment predetermined rate of return, whereas the operating rate is to cover cost of O&M of the plant.

The total amount of non-fuel component varies depending on the actual net energy output delivered to EDC. Where net energy output generated is below the minimum take, the non-fuel component will be calculated based on minimum take. If the net energy output is higher than minimum take, the non-fuel component will be calculated based on actual net energy output generated and delivered to EDC.

The despatch instruction from EDC is dependent on the energy demand of the country. During the rainy season, EDC may issue despatch instructions to run more hydropower generations due to the availability of water to generate power as well as the lower contracted tariff rates for hydropower plants as compared to our coal-fired plants. During the dry season, EDC may despatch instructions to run more coal-fired power generation due to low availability of water to generate power.

Pursuant to a deed issued by the RGC, EDC's obligations under the PPAs to purchase and pay for the electricity are guaranteed by the RGC in the event of non-payment by EDC.

The CEL Plant and the CEL II Plant are only connected to EDC's grid and power generated from these two plants are exclusively sold to EDC.

7.2.2.3 Other salient terms of the PPAs

CEL and CEL II are obliged to procure a committed coal supply of the requisite quality to enable the CEL Plant and the CEL II Plant to satisfy their respective power generation requirements. Under the PPAs, CEL and CEL II are required to maintain sufficient fuel stocks to sustain 30 days of power generation at the CEL Plant and the CEL II Plant, respectively.

The PPAs provides that CEL or CEL II, and EDC, shall in consultation with the Electricity Authority of Cambodia, select the most favourable bid for fuel supplier and fuel transporter using predetermined criteria. EDC will thereafter submit such report to the Electricity Authority of Cambodia for review. Under certain limited circumstances as per the PPAs, CEL or CEL II is permitted to purchase fuel at spot rates.

CEL and CEL II are also required to maintain insurance policies of a specified amount and to insure against such risks as are specified in the PPAs, such as construction/erection all risks insurance. Please refer to Section 7.23 of this Prospectus for further information on the insurance policies that we maintain.

Each PPA may be terminated by either party to the PPA (i.e., CEL and EDC in respect of the CEL Plant, and CEL II and EDC in respect of CEL II Plant), upon the occurrence of certain events, including force majeure, liquidation or dissolution of a party and an unremedied material breach of the agreement. In the event of a termination by EDC as a result of an event of default by CEL or CEL II, EDC has a right to purchase the plant and we are obliged to sell. Conversely, if the PPA is terminated by CEL or CEL II as a result of an event of default by EDC, or as a result of a force majeure event such as natural disasters or political events, CEL or CEL II (as the case may be) has a right to sell to EDC and EDC must purchase the CEL Plant or the CEL II Plant (as the case may be). The sale and purchase price in each of the aforementioned cases is determined by a formula provided in the PPA, taking into account, without limitation, book value, financing cost, insurance payment, asset value and equity investment.

For a summary of the terms of the PPAs for CEL Plant and CEL II Plant, please refer to Annexure C of this Prospectus.

7.2.2.4 Fuel supply and fuel transportation

The CEL Plant and the CEL II Plant use coal in the generation of power. To procure coal for its operations, each of CEL and CEL II have respectively entered into a four-year coal supply and transportation agreement with a long-term coal supplier, Minerals Marque Sdn Bhd, in August 2020.

The term of each CSTA is from 2 December 2020 to 1 December 2024, and may be extended on such terms as mutually agreed and with the approval of EDC. Coal that meets certain quality standards is necessary for a more efficient operation of coal-fired power plants. Therefore, under the respective CSTAs, each of CEL and CEL II is required to purchase an amount of coal, which meets the specified quality standard, within a specified range. CEL and CEL II shall pay for coal purchased under the respective CSTAs at a price (in USD) which is determined based on various components including references to the Newcastle Coal Index and the MGO/BWDI (Singapore) Bunkerworld Index. Costs for insuring the coal shipment are borne by the coal supplier.

To ensure coal meets certain quality standards, the CSTAs require that coal must be from specified mines unless otherwise agreed by CEL and CEL II. Further, CEL and CEL II are entitled to inspect the coal supplier's coal operation and appoint an independent and reputable firm to confirm that the source mines have sufficient amount of coal resources of a satisfactory quality. The CSTAs also require laboratory tests to be conducted on samples collected at the load port and the discharge port, by laboratories arranged by the coal supplier and to be approved by CEL or CEL II, as applicable. In addition, CEL and CEL II are entitled under the respective CSTAs to arrange tests by an independent laboratory, provided that the choice of laboratory is agreed by the coal supplier. The test results from the independent laboratory shall prevail if there is significant discrepancy with the earlier laboratory tests conducted.

CEL and CEL II may reject any coal supplies if the laboratory tests results do not meet the quality standards specified in the CSTAs. In the event that a shipment of coal is rejected, the coal supplier shall, among others, promptly cure such deficiency in the supply of coal at its own costs and expenses by supplying additional coal and/or, subject to the approval of CEL or CEL II (as the case may be), supply coal from alternative sources with the requisite quality and at the same price and terms under the respective CSTAs. If the coal supplier is unable to provide a substitute or replacement shipment or a remedial plan to the satisfactory of CEL or CEL II (as the case may be) in accordance with the respective CSTAs, CEL or CEL II (as the case may be) is entitled to purchase coal from alternative sources. Any additional costs exceeding the price that CEL or CEL II (as the case may be) would have paid for similar quantities of coal under the terms of the CSTAs, shall be borne by the coal supplier.

As at the LPD, the CEL Plant and the CEL II Plant have not encountered any material interruption in their coal supplies since commencement of operations.

7.2.2.5 O&M

The O&M of the CEL Plant and the CEL II Plant are undertaken by our in-house capabilities. In the initial years after the CEL Plant achieved its COD, we engaged a third party service provider to provide the O&M services for the CEL Plant. CEL's employees worked alongside with the third party O&M service provider for the duration of its service, to develop our own O&M capabilities. Following the expiry of the term of the engagement of the third party O&M service provider in June 2018, the O&M services for the CEL Plant have been undertaken internally. Leveraging the experience and skills that we developed from the O&M services for the CEL Plant, we have undertaken the O&M services for the CEL II Plant from its COD, i.e., April 2020. Whereas we undertake regular O&M for the CEL Plant and the CEL II Plant, we engage third party service providers for these two plants to perform certain specialised repair and maintenance work such as major overhaul of turbine and generator, boiler tubes and refractory inspection and repair, transformers and circuit breakers functional test and inspection.

Scheduled maintenance is conducted annually for each of the CEL Plant and CEL II Plant.

Under the PPAs, CEL and CEL II are required to seek EDC's approval for the scheduled maintenance plan and scheduled outage plan for the plants. We are also obliged to operate and maintain the plants according to the requirements set out in the PPAs.

7.2.2.6 Operations review

The following table summarises the operating statistics of the CEL Plant and the CEL II Plant for the financial years indicated.

CEL Plant

| | FYE 2020 | FYE 2021 | FYE 2022 |
|---|----------|----------|----------|
| Volume of electricity sold (GWh) ⁽¹⁾ | 683 | 473 | 181 |
| Utilisation rate (%) ⁽²⁾ | 76.2 | 51.3 | 20.4 |
| Availability (%) ⁽³⁾ | 90.3 | 88.6 | 90.6 |
| Average annual heat rate (kilojoule (" kJ ")/kWh) ⁽⁴⁾ | 11,767 | 11,728 | 11,588 |
| Non-fuel component of energy payment ⁽⁵⁾ (RM' million) | 173.9 | 169.5 | 182.4 |
| Fuel component of energy payment ⁽⁵⁾ (RM' million) | 111.0 | 102.4 | 76.7 |
| Tariff rate (RM/kWh) | (5)_ | (5)_ | (5)_ |

CEL II Plant

| | ⁽⁶⁾ FYE 2020 | FYE 2021 | FYE 2022 |
|---|-------------------------|----------|----------|
| Volume of electricity sold (GWh) ⁽¹⁾ | 215 | 490 | 546 |
| Utilisation rate (%) ⁽²⁾ | 28.9 | 41.5 | 46.5 |
| Availability (%) ⁽³⁾ | 60.1 | 57.6 | 86.2 |
| Average annual heat rate (kJ/kWh) ⁽⁴⁾ | 9,915 | 10,284 | 10,109 |
| Non-fuel component of energy payment ⁽⁵⁾ (RM' million) | 100.9 | 136.6 | 216.7 |
| Fuel component of energy payment ⁽⁵⁾ (RM' million) | 30.3 | 131.9 | 262.1 |
| Tariff rate (RM/kWh) | (5)_ | (5)_ | (5)_ |

Note:

(1) "Volume of electricity sold" means the volume of electricity actually sold to EDC.

- (2) "Utilisation rate" is net energy produced in a given period as a fraction of the net dependable capacity multiplied with the total number of hours over the period of time.
- (3) "Availability" is calculated by dividing the total number of hours with net dependable capacity that the power plant is in operation with the total number of hours for the period of time with net dependable capacity.
- (4) "Heat rate" is the amount of energy used by an electrical generator/power plant to generate one kilowatt hour (kWh) of electricity. It is calculated by dividing the calorific value of coal consumed with the electricity output.
- (5) The tariff rates for CEL Plant and CEL II Plant is dependent on the fuel component and non-fuel component and both the fuel component and non-fuel component are determined based on the mechanism as stated in Section 7.2.2.2 of this Prospectus.

(6) From COD of the CEL II Plant of April 2020 to 31 December 2020.

The utilisation of the CEL Plant and CEL II Plant depends on EDC's despatch instructions and the fuel component of energy payment is affected by the utilisation level. The non-fuel component would only be affected by the utilisation level if the utilisation rate is above 86%. The fuel and non-fuel components are determined based on the mechanism as described in Section 7.2.2.2 of this Prospectus.

The utilisation rate of the CEL Plant was 76.2%, 52.9% and 20.4% for FYEs 2020, 2021 and 2022, respectively. The decreasing trend of the CEL Plant's utilisation rate was mainly due to the reduction of EDC's despatch instructions issued to the CEL Plant. The utilisation rate of the CEL II Plant was 28.9%, 41.5% and 50.5% for FYEs 2020, 2021 and 2022, respectively. The increasing trend of the CEL II Plant's utilisation rate was mainly due to the increased despatch instructions issued to CEL II Plant. As the tariff rate of the CEL Plant is higher than that of the CEL II Plant, the respective changes of EDC's despatch instructions to these two coal-fired plants during the Period Under Review are due to their difference in tariff rates. EDC may give preference to those coal-fired power plants with lower tariff rates when issuing despatch instructions.

The availability of the CEL II Plant was 64.7% and 57.6% for FYE 2020 and FYE 2021, respectively, because the plant encountered some teething issues upon COD in April 2020 which is common for a new coal-fired plant. Accordingly, the contractual commitment to make available the net dependable capacity of the CEL II Plant was not fulfilled for FYE 2020 and FYE 2021 and thus we paid to EDC the shortfall payment in accordance with the PPA. However, we have fully recovered the shortfall payment from the EPC contractor through compensation claims. All the teething problems were rectified by the EPC contractor during the defect liability period and the plant is now running as per the designed parameters with the availability having improved to 86.2% for FYE 2022.

7.2.2.7 Environmental considerations

Under the Law on Environmental Protection and Natural Resource Management (1996) of Cambodia, an EIA on every private and public project must be conducted by the project owner, reviewed by the Cambodian MOE, and submitted to the RGC for approval. CEL and CEL II have obtained an approval letter from the Cambodian MOE in respect of their respective EIAs.

There are three further sub-decrees under the laws of Cambodia which are applicable to the activities of CEL Plant and CEL II Plant:

- (a) the Sub-Decree on Water Pollution Control (1999), which prohibits the disposal of solid waste or any garbage or hazardous substances into public water areas or drainage systems unless authorised by the Cambodian MOE;
- (b) the Sub-Decree on Solid Waste Management (1999) which prohibits the import of certain waste materials into Cambodia, and requires owners of hazardous waste to store their waste in an appropriate manner; and
- (c) the Sub-Decree on Control of Air Pollution and Noise Disturbance (2000) which prohibits the emission of air pollutants or creation of noise beyond specified levels.

Our Group has the following process in place for our CEL Plant and CEL II Plant to address environmental considerations:

(a) We have started injecting limestone powder into the furnace for the CEL Plant from 2019 and the CEL II Plant from 2020 to form the calcination and sulphation process that can absorb the SO₂ gas to form sulphate (CaSO₄). With the limestone injection, we have managed to control the SO₂ emissions effectively at the smokestacks and in the ambient air;

- (b) During coal combustion process, large amounts of ash are created along with carbon dioxide and other gases. The fine particle ash that rises up with the flue gases is known as fly or flue ash, a type of particulate matter. Fly ash is then removed from the flue gas using an electrostatic precipitator, and heavy / bottom ash settles at the bottom of the boiler furnace. Through circular economy strategy, we have collected both fly and bottom ash and sold them to industrial users in Cambodia who use fly ash in cement production and bottom ash for clinker production. From FYE 2020 to FYE 2022, our annual total recycled coal ash (fly and bottom ash) averaging 91.1% of annual total production were recycled by selling them to industrial users. We aim to achieve a 100% coal ash production recycling by the end of 2023; and
- (c) We have wastewater treatment facilities installed to treat the wastewater from the plants, so as to keep the effluent quality within the levels required by the water quality standard in Cambodia. The process includes, neutralisation or the potential of hydrogen control as well as waste treatment via coagulation and flocculation technology.

CEL and CEL II have not received any letters, notifications, or other notices in any written or verbal form in relation to any actual or alleged non-compliance, investigations, disputes, litigation, liability, settlement or responsibility under the aforementioned environmental laws and regulations of Cambodia (the "**Cambodian Environmental Regime**"). During the Period Under Review and up to the LPD, we have been in compliance in all material respects with the Cambodian Environmental Regime as applicable to the CEL Plant and the CEL II Plant, except for an isolated non-compliance case by the CEL II Plant in the second quarter of the FYE 2020, due to the CEL II Plant's limestone injection system readiness. The isolated non-compliance case was reported in the Environmental Observation and Monitoring 2nd Quarter Report (April – June 2020) to Cambodian MOE with no further action except for recommendation to continue the desulphurisation process to reduce the SO₂.

Please refer to Section 7.26.4 of this Prospectus for further information on applicable laws and regulations and Section 7.24.3(A) of this Prospectus for further information on our actions, initiatives and plans on environmental protection.

7.2.2.8 Air emissions controls

The primary emissions to air from the combustion of fuels such as coal, which is also known as flue gas, include SO_2 , NO_x and particulate matter. The CEL Plant and the CEL II Plant are obliged to comply with the standards set out in the EIA report commissioned in connection with each project, which states a permitted figure of 1,500mg/m³ of SO₂ emissions. This requirement is also in line with the emissions controls set out in the World Bank standards found in the Environmental Health and Safety Guidelines for Thermal Power Plants, and associated materials released by the International Finance Corporation (World Bank Group).

We engage independent third party consultants on a half-yearly basis to perform independent tests and prepare the periodic environmental management report to submit to the Cambodian MOE. For the Period Under Review, we have complied with all the local monitoring scopes and requirements as well as the World Bank standards. The table below set out the results of air quality monitoring in November 2022 for the CEL Plant and the CEL II Plant submitted to the Cambodian MOE.

| | | Results | | Cambodian | IFC | |
|-------------------------------------|--|----------------|----------------|----------------|-----------------------------|---------------------------|
| Parameters | Unit | Area-1* | Area-2* | Area-3* | MOE standard** | standard** |
| Carbon monoxide (CO) | mg /m ³ | 1.014 | 1.262 | 1.455 | <20(8 h) | <4(24h) |
| Nitrogen dioxide (NO ₂) | mg /m ³ | 0.014 | 0.011 | 0.012 | <0.1(24 h) | <0.2(24h) |
| Sulphur dioxide (SO ₂) | mg /m ³ | 0.026 | 0.012 | 0.015 | <0.3(24 h) | <0.2 (24h) |
| Total suspended particles | mg /m ³ | 0.050 | 0.035 | 0.080 | <0.33(24 h) | <0.05(24 h) |
| PM10 PM2.5 | mg /m ³ mg /m ³ | 0.027 0.013 | 0.019 0.006 | 0.040 0.025 | <0.05(24 h) <0.025(24 h) | <0.05(24h) <0.025(24h) |

Result of air quality monitoring in November 2022 - CEL Plant and CEL II Plant

Note:

* "Area-1", "Area-2" and "Area-3" refer to three sampling locations in or near the power plant area (the CEL Plant and the CEL II Plant are located at the same site).

** h (hour number) refers to the interval between every two measurements under the relevant standard.

7.2.3 RE business in Cambodia

We own and operate the CTL Transmission Line Asset, which we constructed, as part of our RE portfolio. We also own and operate the CTL II Transmission Line Asset, which we acquired in March 2023, pursuant to a business transfer agreement dated October 2022. Each of the CTL Transmission Line Asset and the CTL II Transmission Line Asset includes a high-voltage transmission line and related substations. These two transmission lines are considered RE power assets because the electricity they transmit is from hydropower plants.

7.2.3.1 CTL Transmission Line Asset

Our wholly-owned subsidiary, CTL, designed, constructed, tested and commissioned the CTL Transmission Line Asset, and has been operating the CTL Transmission Line Asset under a 25-year BOT concession. The construction of the CTL Transmission Line Asset commenced on 20 January 2010, and was completed in June 2013, six months ahead of schedule. The CTL Transmission Line Asset commenced commercial operations on 1 August 2013 and the 25-year BOT concession will expire in July 2038. The CTL Transmission Line Asset was developed by our in-house team of engineers with the support of an external third party engineering company from Malaysia. According to the IMR Report, we are one of the pioneer foreign independent transmission providers in Cambodia, as we were awarded a special purpose transmission licence in 2010 for the CTL Transmission Line Asset only three years after the first special purpose transmission licence was issued.

The CTL Transmission Line Asset consists of a high-voltage 230kV double-circuit transmission line, a 230/115/22kV substation in Udongk, North Phnom Penh and a 115/22kV substation in Kampong Cham. The transmission line links the two substations. The transmission line is 110km long and is supported by 279 towers. The CTL Transmission Line Asset also includes an optical fibre communication system, a communication system with EDC's national control centre and metering systems.

The Udongk or North Phnom Penh substation, also known as the GS6 substation, is located in Kampong Speu province, and contains two outdoor switchyards (one 230kV and the other 115kV), 22kV switchgears, two 200 MVA 230/115kV auto transformers, two 50 MVA/115/22kV power transformers, a control building, an O&M building and a guard house. The Kampong Cham substation, also known as the GSKC substation, is located in Kampong Siem District, and comprises a 115kV outdoor switchyard, 22kV indoor switchgears, two 50 MVA/115/22kV power transformers, a control building, an O&M building and a guard house. The CTL Transmission Line Asset is interconnected with EDC's big-volume power network which generates, transmits and distributes electricity to its customers at the interconnection points located at the Udongk substation and the Kampong Cham substation.

The land where the transmission towers and substations for the CTL Transmission Line Asset are located is under a lease with EDC for a period from 1 August 2013 to 31 July 2038, i.e., the expiry date of the concession under the PTA. The transmission line connecting the transmission towers and substations has been granted the rights of way under the same lease and for the same period.

The CTL Transmission Line Asset received non-recourse refinancing with guarantees from the Multilateral Investment Guarantee Agency, a member of the World Bank Group, in April 2020. The guarantees amount to USD76.0 million, covering up to ten years, and were provided to Mizuho Bank of Japan and ING Bank N.V. through its Singapore Branch in respect of the two banks' loans to CTL. The guarantees provide protection against currency inconvertibility and transfer restriction, expropriation, breach of contract as well as war and civil disturbance.

(a) Transmission process

Our CTL Transmission Line Asset forms part of the main grid for the bulk power transfer from the large Sesan hydropower plants in north-eastern Cambodia, and from Laos and Vietnam in the north, to the load centre in Phnom Penh, Cambodia. It has also brought reliable and affordable power supply to Kampong Cham and its surrounding areas which had, prior to the completion of our transmission project, depended on unreliable and expensive diesel power generators.

Below is a general schematic of CTL Transmission Line Asset's transmission line, which is located within the area demarcated by the dashed rectangle in Diagram 1 below and further enlarged and shown in Diagram 2 below.

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<u>Diagram 1</u>



Diagram 2



Note:

"GS6" in Diagram 1 and 2 above refers to the 230/115/22kV substation in Udongk, North Phnom Penh.

"GSKC" in Diagram 1 and 2 above refers to the 115/22kV substation in Kampong Cham. "Kratie" in Diagram 2 refers to the 230/22kV substation in Kratie.

The double-dotted-line curve, which connects GS6 and GSKC, in Diagram 2 represents the transmission line of the CTL Transmission Line Asset. The double-line (dotted and complete) curve, which connects GSKC and Kratie, in Diagram 2

The double-line (dotted and complete) curve, which connects GSKC and Kratie, in Diagram 2 represents the transmission line of the CTL II Transmission Line Asset.

(b) PTA

CTL entered into a PTA with EDC in January 2010 pursuant to which CTL is required to make available exclusively to EDC the capacity of the CTL Transmission Line Asset, including the transmission lines and related substations, for a period of 25 years commencing 1 August 2013, the COD, based on the terms and conditions of the PTA. EDC in turn, is obliged to make payment of an annual power transmission charge, a fixed amount stipulated in the PTA payable monthly in arrears.

Under the PTA, CTL has been given a permitted scheduled outage allowance of 175 hours per year. The project has been achieving plant availability close to 100% since its COD. Under the PTA, in the event that the CTL Transmission Line Asset is not available to EDC as a result of an outage that is not permitted under the PTA, CTL is required to pay EDC liquidated damages, calculated in accordance with the terms of the PTA, which EDC may offset against the power transmission charges payable by it. Under the PTA, if the outage allowance of 175 hours per year is not exceeded, EDC is obliged to fully pay CTL the fixed annual power transmission charge of USD20.5 million, payable on a monthly basis. From CTL Transmission Line Asset's COD and up to the LPD, the threshold of 175 hours of outage allowance has never been exceeded. Under the PTA, CTL is required to insure at its own costs against specific risks and for such amounts as identified in the PTA. Accordingly, CTL had fulfilled its contractual commitment under the PTA to make available the CTL Transmission Line Asset for performing transmission services since its COD and up to the LPD.

EDC has a right to terminate the PTA if CTL is in default of certain obligations including, among others, if the actual availability of the CTL Transmission Line Asset is less than 90%, if CTL fails to maintain the requisite insurance, or if CTL fails to make any required payment of liquidated damages within the required period under the PTA. CTL has a right to terminate the PTA, if among others, EDC fails to remedy a default in the payment of power transmission charges. If the PTA is terminated by EDC as a result of CTL's default, or as a consequence of CTL ceasing to operate the project for a stipulated period of time, EDC will purchase the project from CTL. Conversely, if the PTA is terminated by CTL as a result of EDC's default, or as a result of a force majeure event such as natural disasters or political events, CTL shall have a right to sell to EDC and EDC must purchase the CTL Transmission Line Asset. The sale and purchase price in each of the aforementioned cases is determined by the formula provided in the PTA, taking into account, without limitation, book value, financing cost, insurance payment, asset value and equity investment.

(c) O&M

The O&M of the CTL Transmission Line Asset is carried out by our in-house O&M team since the COD. We seek to achieve the targeted system availability specified under the PTA with EDC and to optimise the life cycle costs of transmission lines by taking preventive action. In addition, we engage third party service providers to perform certain specialised repair and maintenance work such as on-load tap changer overhaul of power and auto transformers, transformer oil testing, and update and configuration of supervisory control and data acquisition equipment.

Our maintenance division develops and keeps track of the preventive maintenance plan to help ensure a safe and reliable system. By performing preventive maintenance on our assets, we can minimise the need for corrective maintenance, which may adversely affect the availability of the assets and would tend to cost more than preventive maintenance. Our engineers and operators are properly trained and are equipped with the necessary skills for O&M of the CTL Transmission Line Asset. They have been extensively involved in the development, testing and commissioning of the entire CTL Transmission Line Asset. Under the PTA, EDC's consent is required for any change in the party responsible for the O&M of the CTL Transmission Line Asset.

(d) Operations review

The following table summarises the operating statistics of the CTL Transmission Line Asset for the financial years indicated.

| | FYE 2020 | FYE 2021 | FYE 2022 |
|--|----------|----------|----------|
| Line capacity (MW) ⁽¹⁾ | 860 | 860 | 860 |
| Line energy capacity (Gwh) ⁽²⁾ | 7,554 | 7,534 | 7,534 |
| Volume of electricity transmitted (Gwh) ⁽³⁾ | 2,225 | 1,982 | 2,351 |
| Utilisation rate (%) ⁽⁴⁾ | 29.5 | 26.3 | 31.2 |
| Availability (%) ⁽⁵⁾ | 100.0 | 100.0 | 99.8 |

Note:

- (1) "Line capacity" means the maximum volume of electricity the transmission line can transmit.
- (2) "Line energy capacity" means the amount of electricity the transmission line can transmit at its line capacity for a year.
- (3) "Volume of electricity transmitted" means the volume of electricity actually transmitted.
- (4) "Utilisation rate" is calculated by dividing volume of electricity transmitted with line capacity.
- (5) "Availability" is calculated by dividing the number of hours that the transmission system was in operation and performing its function with the total number of hours for the period of time.

The tariff rate per volume of electricity transmitted is not applicable for CTL Transmission Line Asset and the revenue of the CTL Transmission Line Asset is a fixed amount that does not depend on the utilisation rate.

Under the PTA entered between CTL and EDC in January 2010, EDC is obliged to make payment of an annual power transmission charge, a fixed amount stipulated in the PTA payable monthly in arrears where CTL is required to make available exclusively to EDC the capacity of the CTL Transmission Line Asset, including the transmission lines and related substations, if the outage allowance of 175 hours per year is not exceeded.

As at the LPD, the threshold of 175 hours of outage allowance has never been exceeded.

(e) Environmental considerations

CTL has obtained an approval letter from the Cambodian MOE in respect of the EIA of the CTL Transmission Line Asset. CTL has not received any letters, notifications, or other notices in either written or verbal form in relation to any actual or alleged noncompliance, investigations, disputes, litigation, liability, settlement or responsibility under the Cambodian Environmental Regime. During the Period Under Review and up to the LPD, we have been in compliance in all material respects with the Cambodian Environmental Regime as applicable to the CTL Transmission Line Asset.

Our Group has carried out the following process for our CTL Transmission Line Asset to address environmental considerations:

- (i) Conduct water testing prior to disposal in public water areas. We send the water samples to the laboratory of the Cambodian MOE semi-annually to check for the content of oil and grease level in the water;
- Reduce waste generation activities such as prohibition of on-site waste burning, burial or dumping waste at the compound near CTL Transmission Line Asset;
- (iii) Installation of rooftop solar PV systems, solar street lights and flood lights for our substations to reduce electricity consumption and reduce carbon emissions;
- (iv) Regularly manage its waste segregation, make efforts to reduce its waste through reuse and recycle such as reuse of transformer oil. We use the oil filtration machine – online transformer oil purifier to treat and process the used transformer oil before we reuse it in our transformers;
- (v) Conduct cleanliness campaigns to improve the awareness of the population in nearby areas in relation to the proper garbage disposal methods; and
- (vi) Conduct tree planting in the site's vacant areas.

Please refer to Section 7.26.4 of this Prospectus for further information on applicable laws and regulations.

7.2.3.2 CTL II Transmission Line Asset

The CTL II Transmission Line Asset includes an extended part of a 230/115kV substation in Kampong Cham, a 230/22kV substation in Kratie, and an approximately 125 km long 230kV double-circuit transmission line connecting the two substations. The extended part of the substation in Kampong Cham, as a part of the CTL II Transmission Line Asset, is adjacent to and forms a 230kV extension of the original Kampong Cham substation which is a part of the CTL Transmission Line Asset. The extended part of the Kampong Cham substation and the Kratie substation each comprises four circuits of 230kV transmission line bays, one 230kV busbar coupler, one transformer bay, power transformers (one 230/22kV 50 MVA power transformer at Kratie substation), secondary and associated equipment, and space for future extension. The CTL II Transmission Line Asset is interconnected with EDC's big-volume power network which generates, transmits and distributes electricity to its customers at the interconnection points located at the Kampong Cham substation and the Kratie substation.

The CTL II Transmission Line Asset commenced its commercial operation on 1 January 2018. It is under a 25-year concession, which will expire on 31 December 2042.

The land where the transmission towers and substations for the CTL II Transmission Line Asset are located is under a lease with EDC for a period from 15 March 2023, i.e., the date of the novated lease agreement, to 31 December 2042, i.e., the expiry date of the concession under the PTA. The transmission line connecting the transmission towers and substations has been granted the rights of way under the same lease and for the same period.

(a) PTA

CTL II entered into a novation agreement on 26 December 2022 with the seller of the CTL II Transmission Line Asset and EDC to replace the seller in the PTA with EDC, and thus acquired all the rights and assumed all the obligations of the seller under the PTA. During the transition period between the effectiveness of the novation agreement on 26 December 2022 and the completion of our acquisition of the CTL II Transmission Line Asset on 22 March 2023, the seller operated the CTL II Transmission Line Asset on behalf of us to fulfil our obligations under the PTA.

Under the PTA, CTL II is required to make available exclusively to EDC the capacity of the CTL II Transmission Line Asset, including the transmission lines and related substations, for a period of 25 years commencing 1 January 2018, the COD, based on the terms and conditions of the PTA. EDC in turn, is obliged to make payment of an annual power transmission charge, a fixed amount for each specific year stipulated in the PTA payable monthly in arrears.

Under the PTA, CTL II has been given a permitted scheduled outage allowance of 175 hours per year. Under the PTA, in the event that the CTL II Transmission Line Asset is not available to EDC as a result of an outage that is not permitted under the PTA, CTL II is required to pay EDC liquidated damages, calculated in accordance with the terms of the PTA, which EDC may offset against the power transmission charges payable by it. Under the PTA, if the scheduled outage allowance of 175 hours per year is not exceeded, EDC is obliged to fully pay CTL II the fixed annual power transmission charge of approximately USD18.2 million, payable on a monthly basis. Under the PTA, CTL II is required to insure at its own cost against specific risks and for such amounts as identified in the PTA.

EDC has a right to terminate the PTA if CTL II is in default of certain obligations including, among others, if the actual availability of the CTL II Transmission Line Asset is less than 90%, if CTL II fails to maintain the requisite insurance, or if CTL II fails to make any required payment of liquidated damages within the required period under the PTA. CTL II has a right to terminate the PTA, if among others, EDC fails to remedy a default in the payment of power transmission charges. If the PTA is terminated by EDC as a result of CTL II's default, or as a consequence of CTL II ceasing to operate the project for a stipulated period of time, EDC will purchase the project from CTL II. Conversely, if the PTA is terminated by CTL II as a result of a force majeure event such as natural disasters or political events, CTL II shall have a right to sell to EDC and EDC must purchase the CTL II Transmission Line Asset. The sale and purchase price in each of the aforementioned cases is determined by the formula provided in the PTA, taking into account, without limitation, book value, financing cost, insurance payment, asset value and equity investment.

Since our acquisition of the CTL II Transmission Line Asset on 22 March 2023 and up to the LPD, CTL II had fulfilled its contractual commitment under the PTA to make available the CTL II Transmission Line Asset for performing transmission services.

(b) O&M

After our completion of acquiring the CTL II Transmission Line Asset on 22 March 2023, its O&M is carried out by our in-house O&M team. We seek to achieve the targeted system availability specified under the PTA with EDC and to optimise the life cycle costs of transmission lines by taking preventive action. It is the same in-house O&M team that carries out O&M of both the CTL Transmission Line Asset and the CTL II Transmission Line Asset, due to similar operational features and proximate locations of the two power assets.

(c) Operations review

The operating statistics of CTL II Transmission Line Asset for the FYEs 2020, 2021 and 2022 are not available as the Group only acquired the CTL II Transmission Line Asset in March 2023.

(d) Environmental considerations

An approval letter has been granted from the Cambodian MOE in respect of the EIA of the CTL II Transmission Line Asset. CTL II has not received any letters, notifications, or other notices in either written or verbal form in relation to any actual or alleged noncompliance, investigations, disputes, litigation, liability, settlement or responsibility under the Cambodian Environmental Regime.

After the completion of our acquisition of the CTL II Transmission Line Asset and up to the LPD, we have been in compliance in all material respects with the Cambodian Environmental Regime as applicable to the CTL II Transmission Line Asset.

Our Group will also carry out the similar process adopted for CTL Transmission Line Asset for our CTL II Transmission Line Asset that was acquired in March 2023, to address environmental considerations. Please refer to Section 7.2.3.1(e) of this Prospectus for further information.

Please refer to Section 7.26.4 of this Prospectus for further information on applicable laws and regulations.

7.2.4 RE business in Vietnam

In Vietnam, as at the LPD, we own and operate the following RE power assets:

- (i) LNTH Plants The LNTH Plants are five small hydropower plants located in Lao Cai province, Vietnam, with a total GIC of 51.7MW, utilising run-of-river hydropower generation. Each of the LNTH Plants is located on a plot of a leased land with a tenure until 2057. We acquired our interest in the LNTH Plants through the acquisition of a 70% equity interest in LNTH by LEVPL, our wholly-owned subsidiary, in July 2016. LNTH has signed a 20-year PPA for each plant with EVN, represented by EVN NPC, a wholly-owned subsidiary of EVN. The concession term commenced from each plant's respective COD, which ranges from August 2007 to January 2014;
- (ii) Phu My Plants The Phu My Plants are three ground-mounted solar PV power plants located in Phu My district, Binh Dinh province, South-Central Vietnam, with a total GIC of 330.0MWp. We acquired our interest in the Phu My Plants through the acquisition of a 49% equity interest in CEVD by LEVPL in December 2021. CEVD secured a 20-year PPA from EVN for each plant. The Phu My 1 Plant and the Phu My 3 Plant each consists of two phases. The concession term commences from each plant's COD and in the case of the Phu My 1 Plant and the Phu My 3 Plant, from the COD of each phase. The Phu My 2 Plant, Phases 1 of the Phu My 1 Plant and the Phu My 3 Plant commenced their commercial operation in December 2020. Phase 2 of the Phu My 1 Plant and the Phu My 3 Plant and the Phu My 3 Plant
- (iii) Vinh Hao 6 Plant The Vinh Hao 6 Plant is a ground-mounted solar PV power plant located at Tuy Phong district, Binh Thuan province, Vietnam. Its GIC is 50.0MWp. We acquired the Vinh Hao 6 Plant through the acquisition by LEVPL of 100% equity interest in VHJSC, which wholly-owns the Vinh Hao 6 Plant, in April 2023. VHJSC secured a 20-year PPA from EVN for the Vinh Hao 6 Plant; and

(iv) C&I Solar Projects - We install solar PV system on-site for our customers in the C&I sector. Please refer to Section 7.2.8 of this Prospectus for further information on our C&I Solar Projects.

LEVPL made a non-binding offer on 31 August 2022 to acquire 85% equity interest in Project Breeze, a greenfield project which is proposed to be an onshore wind farm in Vietnam, with an estimated GIC of 200.0MW. The offer was accepted by the seller on 16 December 2022. As at the LPD, the negotiation on the final terms to enter into the definitive shares purchase agreement and shareholders' agreement between the parties is pending the official inclusion of Project Breeze in the proposed Power-Development Plan VIII of Vietnam. Subsequently, the proposed Power-Development Plan VIII was approved by the Government of Vietnam on 15 May 2023 and the process to include the project is expected to be concluded in the near future.

7.2.4.1 LNTH Plants

All five small hydropower plants had already been constructed and were operational when we acquired a 70.0% equity interest in LNTH in July 2016. EVN NPC has purchased all power despatched by the LNTH Plants since our acquisition up to the LPD.

The land where the LNTH Plants are located is under leases between Lao Cai People's Committee (as lessor) and LNTH (as lessee), each effective from 2016 to 2057. Please refer to Annexure A of this Prospectus for further information.

All of the LNTH Plants are run-of-river plants. Each of them comprises a water diversion structure (dam) which spans a river, where water is conveyed to the hydropower plant via water conveyance facilities, that comprise a channel or a pipeline, or a combination of the two. At each dam, the rate of water flow to the hydropower plant is equal to the natural flow rate of the river minus the ecology flow requirement specified by the surface water licence for the dam.

The LNTH Plants use water pressure to operate turbines which in turn generates electricity. For hydropower projects built along the rivers, electricity generation is subject to variations of water flow and fluctuations in water level which depend on the amount of rainfall in the relevant regions, and therefore is seasonal in nature.

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Details of the LNTH Plants in Lao Cai province are set out in the following diagram.



Note:

"FSL" refers to full supply level, which means the level of the water when the dam is at maximum operating level, excluding times of flood discharge.

"CA" refers to calculated covered area of the catchment area; "Q" refers to designed volumetric flowrate.

Powerhouse is a building to house and protect the hydraulic and electrical equipment. Switchyard is a switching station which is the main link between the power generating plants and the power transmission system.

(a) **Production process**

Hydropower generation relies on kinetic energy that is created from downward water flow as a result of gravity. Water is diverted from a river through a channel to a forebay, which is a basin area of a hydropower plant where water is temporarily stored. Water then falls from the forebay through a high-pressured penstock to the turbines located at a powerhouse. The falling water strikes a series of blades attached around a shaft that converts kinetic energy to mechanical energy and causes the turbine to rotate. The shaft is attached to a generator, which is driven as the turbines turn. The generator then converts the turbine's mechanical energy into electric energy. Electricity generated by the spinning turbine passes through a transformer. Voltage is indicated by a unit known as a volt and is the measure of the electric pressure that makes electricity flow. Generators usually produce electricity with a low voltage. In order for the transmission lines to carry the electricity efficiently over long distances, the low generator voltage is increased to a higher transmission voltage by a step-up transformer. The electricity then flows from the transformer to transmission lines and, after step-up transformation, supplies electricity to factories, shops, farms, and homes. Below is a diagrammatic presentation of the process.



(b) Power offtake and tariff

LNTH entered into a PPA in December 2015 with EVN NPC, a government-owned operator of the national electricity grid in Vietnam, with respect to the electricity generated by the LNTH Plants. Under the PPA, EVN NPC will pay LNTH on a monthly basis according to the amount of electricity generated and recorded in the meters that has been transmitted between the LNTH Plants and the EVN NPC transmission grid.

Under the terms of the PPA, LNTH is required to provide EVN NPC with a forecasted annual generation plan on power generation, including monthly electricity output, monthly available capacity and suspension schedule. LNTH must also provide on a monthly basis the following month's power generation plan, including electricity output, available capacity and suspension schedule. Upon EVN NPC's receipt of the annual power generation plan and its acceptance of the monthly power generation plan, LNTH is required to follow both the annual and monthly power generation plans.

For the annual power generation plan, if a monthly power generation capacity differs from the forecast by more than 5%, LNTH is required to explain in writing to EVN NPC and provide relevant data. For the monthly power generation plan, unless otherwise exempted under the PPA (for instance, due to force majeure events as set out in the PPA which include, among others, conditions beyond the control and are not the faults of the parties), upon any shortfall of more than 5% of the electricity amount required to be delivered under the plan, LNTH is required to pay a penalty and a compensation amount to EVN NPC that is calculated in accordance with the PPA. Since our acquisition of the LNTH Plants in July 2016 and up to the LPD, LNTH has not incurred any penalty under the PPA. In the past, although there had been shortfalls in the electricity amount required to be delivered under the monthly power generation plans which exceeded the 5% threshold for some months each year, primarily due to hydrological conditions that are out of our control, such shortfalls did not result in any penalty. If the actual delivered amount of electricity exceeds the monthly electricity generation plan by more than 5%, EVN NPC will pay for such surplus in accordance with the excess price rate announced by the Ministry of Industrial and Trade of Vietnam.

The price to be paid for the electricity is based on the avoided cost tariff that is annually announced by the Electricity Regulatory Authority of Vietnam. The avoided cost tariff comprises standard tariff rates for the seven categories, i.e., during dry season - (i) peak, (ii) regular, (iii) off-peak hours and during rainy / wet season - (iv) peak, (v) regular, (vi) off-peak hours and (vii) excess (electricity surplus). Additionally, there is a capacity charge applicable only to power generated during peak hours in the dry season.

The avoided cost tariff remains the same for the years of 2020, 2021 and 2022 and the details are set out in the table below. As the LNTH Plants are located in North Vietnam, the electricity price for Northern Vietnam applies. Generation normally peaks during rainy / wet season from July to October when the levels of precipitation in Lao Cai increase and the hydrological conditions prevailing at LNTH Plants.

| Electricity price | Dry season ⁽¹⁾ | | | Rainy / Wet season ⁽²⁾ | | | |
|--|---------------------------|---------|----------|-----------------------------------|---------|----------|--------|
| (VND/kWh) | Peak | Regular | Off-peak | Peak | Regular | Off-peak | Excess |
| Northern Vietnam | 726 | 726 | 725 | 703 | 704 | 702 | 351 |
| Central Vietnam | 729 | 729 | 729 | 707 | 708 | 706 | 353 |
| Southern Vietnam | 749 | 749 | 748 | 727 | 727 | 726 | 363 |
| Capacity price in Vietnam (VND/kWh) | 1,932 | N/A | N/A | N/A | N/A | N/A | N/A |

Note:

- (1) LNTH Plants usually encounter dry season from January to June, November and December of a calendar year.
- (2) LNTH Plants usually encounter rainy/wet season from July to October of a calendar year.

The PPA may be terminated by either party, when a force majeure event occurs and the other party fails to perform its obligations under the PPA for a period of more than a year.

LNTH has been selling electricity exclusively to EVN NPC since the commencement of commercial operation of each of the LNTH Plants. Under the PPA, LNTH is not permitted to sell electricity to a third party without the prior written consent of EVN NPC.

(c) O&M

The operations and minor maintenance of the LNTH Plants are undertaken in-house. Major maintenance is outsourced to third party contractors who have the necessary experience and the capabilities to deploy specialist equipment. Minor maintenance works include weekly and monthly maintenance conducted on an inspections-only basis, without any shut-down of the LNTH Plants. Major maintenance includes (i) quarterly, half-yearly, and yearly maintenance with a shut-down period of two to three days, (ii) maintenance every two years with a shut-down period of five to six days, (iii) maintenance every three years with a shut-down period of eight days, and (iv) overhaul of the LNTH Plants conducted every six years with a shut-down period of 40 days.

The PPA for the LNTH Plants does not prescribe a level of availability required of the plants. However, prior to any scheduled maintenance that would result in outages of the LNTH Plants, LNTH is required to provide at least ten days' notice to EVN NPC, specifying the reasons and expected duration of the outage.

(d) Operations review

The following table summarises the operating statistics of the LNTH Plants for the financial years indicated.

Ngoi Xan 1 Hydropower Plant

| | FYE 2020 | FYE 2021 | FYE 2022 |
|---|----------|----------|----------|
| Volume of electricity sold (GWh) ⁽¹⁾ | 41.6 | 37.9 | 45.5 |
| Utilisation rate (%) ⁽²⁾ | 45.2 | 41.2 | 49.5 |
| Availability (%) ⁽³⁾ | 95.6 | 99.0 | 99.3 |
| Ngoi Xan 2 Hydropower Plant | | | |
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Volume of electricity sold (GWh) ⁽¹⁾ | 26.2 | 20.4 | 26.6 |
| Utilisation rate (%) ⁽²⁾ | 36.9 | 28.7 | 37.5 |
| Availability (%) ⁽³⁾ | 99.2 | 98.9 | 96.1 |
| Van Ho Hydropower Plant | | | |
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Volume of electricity sold (GWh) ⁽¹⁾ | 16.9 | 14.4 | 17.7 |
| Utilisation rate (%) ⁽²⁾ | 43.0 | 36.5 | 44.9 |
| Availability (%) ⁽³⁾ | 99.2 | 99.0 | 99.4 |
| Sung Vui Hydropower Plant | | | |
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Volume of electricity sold (GWh) ⁽¹⁾ | 68.7 | 65.3 | 75.1 |
| Utilisation rate $(\%)^{(2)}$ | 43.6 | 41.4 | 47.6 |
| Availability (%) ^{(3) ´} | 92.5 | 93.7 | 98.1 |
| | | | |

Trung Ho Hydropower Plant

| | FYE 2020 | FYE 2021 | FYE 2022 |
|---|----------|----------|----------|
| Volume of electricity sold (GWh) ⁽¹⁾ | 28.6 | 21.3 | 29.1 |
| Utilisation rate (%) ⁽²⁾ | 38.9 | 29.0 | 39.6 |
| Availability (%) ⁽³⁾ | 98.4 | 98.9 | 92.9 |

Note:

- (1) "Volume of electricity sold" means the volume of electricity actually sold to EVN NPC.
- (2) "Utilisation rate" is calculated by dividing the volume of electricity sold with the maximum output (NGC multiplied by the number of hours for the period of time).
- (3) "Availability" is calculated by dividing the total number of hours that the power plant is in operation with the total number of hours for the period of time.

(e) Shareholders' agreement

The LNTH Plants are owned by LNTH. Our wholly-owned subsidiary, LEVPL, owns 70.0% equity interest in LNTH, and the remaining 30.0% are held by two Vietnamese individuals in the proportion of 16.2% and 13.8%, respectively. They are unrelated parties to our Group, Directors, Promoters and Substantial Shareholders.

The management and operation of LNTH is regulated by a shareholders' agreement dated 28 December 2015, as amended on 11 January 2016, effective between LNTH, LEVPL and the two individual shareholders (the "LNTH SHA"). The LNTH SHA contains provisions that set out, among others, the right of shareholders to nominate directors to the board, the inspection committee, as well as the general director and the chief accountant of LNTH. The inspection committee is responsible for supervising all operations and business activities of LNTH on behalf of its shareholders. The LNTH SHA SHA also contains provisions setting out the quorums for meetings, shareholding voting thresholds before any resolutions can be passed for prescribed actions which are to be undertaken by or relating to LNTH, restrictions on transfers of shares in LNTH, procedures to be followed in the event of a breach or termination of the LNTH SHA or the transaction documents relating to LEVPL's acquisition of its 70.0% equity interest in LNTH, or the insolvency of any of the shareholders of LNTH.

According to the LNTH SHA, LEVPL is entitled to nominate four of the six members of the board, two of the three members of the inspection committee, and the chief executive officer and the chief accountant of LNTH. Therefore, through LEVPL, our Company is able to control the management and operation of LNTH as a simple majority is required for the resolutions and decisions of the shareholders, the board and the inspection committee except the specified matters that require approval of at least 75.0% of the total number of voting shares of all shareholders. Such matters include many of the most important corporate and business matters such as change of business line; entering into, amending or cancelling a contract of a value above the specified threshold; merger, consolidation, division or other reorganisation; and winding up, dissolution or commencement of bankruptcy proceedings.

(f) Environmental considerations

Under the law on environmental protection of Vietnam, organisations are required to take environmental protection measures stipulated in, depending on the nature of the project concerned, an EIA report or an environmental protection plan registered with several government authorities. Approvals for the EIA reports and environmental protection plans in respect of the LNTH Plants had been obtained before their respective COD.

Further, under Vietnamese law, organisations engaging in businesses which generate hazardous waste are required to register with the relevant government authority. Additionally, hydropower plants which discharge domestic solid waste are required by law to enter into contracts for waste collection, transport and treatment. The LNTH Plants have been registered with the Lao Cai Province Department of Natural Resources and Environment. LNTH has in place contracts for collection, transport and treatment of hazardous waste and solid waste with third party contractors who have sufficient expertise in their respective areas. LNTH has also built hazardous storage facilities at each hydropower plant to safely contain hazardous water and installed ecological pipes at all dams to release ecological flows as required by the relevant surface water licences to maintain acquatic ecosystem in the river.

During the Period Under Review and up to the LPD, we have been in compliance in all material respects with the relevant Vietnamese environmental laws and regulations as applicable to the LNTH Plants.

Please refer to Section 7.26.5 of this Prospectus for further information on applicable laws and regulations.

7.2.4.2 Phu My Plants

CEVD, our jointly controlled entity which we hold a 49.0% interest in, owns and operates the Phu My Plants. The Phu My Plants comprise three BOO solar PV power plants located in close proximity to each other and are all located in Phu My district, Binh Dinh province, South-Central Vietnam. The Phu My Plants have an aggregate GIC of 330.0MWp and each of them is under a separate PPA with EVN for 20 years from the respective COD.

The size, number of solar PV modules installed on site and GIC at the respective Phu My Plants are set out below:

| Plant | Phu My 1 Plant | Phu My 2 Plant | Phu My 3 Plant |
|---|-------------------------------|-------------------------------|-------------------------------|
| Size (sq m) | Approximately 1.23 million | Approximately 1.06 million | Approximately 0.94 million |
| Solar PV modules installed on-site ('000) | 269.8 | 254.0 | 226.0 |
| GIC (MWp) | 120.0 | 110.0 | 100.0 |

The land where the Phu My Plants are located is under leases between People's Committee of Binh Dinh Province (as lessor) and CEVD (as lessee), each effective from May 2020 or February 2021 to May 2070.

(a) **Production processes**

The production process of the Phu My Plants is similar to that of the LSE Plant and the LSE II Plant, which is described in Section 7.2.5 of this Prospectus.

Similar to our other solar PV power plants, the key components of the Phu My Plants include the solar PV modules, the mounting structure for the modules, and the inverters. We utilise standard monocrystalline PV modules for the Phu My Plants.

The solar PV modules are mounted on fixed-angle frames on the sites of the Phu My Plants, which convert solar energy from the sun to electrical power in the form of directcurrent. However, power grids to which the three Phu My Plants are connected to can only accept alternating current, for which we have installed inverters that will convert direct-current to alternating-current electric power.

(b) Power offtake

CEVD entered into three separate PPAs with EVN in respect of each of the Phu My Plants. All the three PPAs were entered into on 25 September 2019. Under the three PPAs, CEVD agreed to operate the power plants with the maximum capacity of the plants. CEVD is required to provide an annual forecast every year, covering forecast on the monthly energy output and available capacity during the year and monthly repair and maintenance schedule during the year. The forecasts are for EVN's energy despatch planning and CEVD has no obligation to meet the forecasted energy output. Accordingly, CEVD will not be subject to any penalty if the Phu My Plants falls short in terms of making available or supplying power generated against the forecasted energy output. Under the PPAs of the Phu My Plants, CEVD is also required to provide repair and maintenance plan and daily electricity forecast to the load despatch centre in accordance with applicable regulations. In addition, CEVD agrees to operate the plants in synchronisation with EVN's grid within the specified range of capacity coefficient. Provided that the Phu My Plants follow the coordination by the load despatch centre, EVN is to receive and purchase the power generated by the Phu My Plants, except in case of grid system breakdown, grid congestion, restoration or maintenance or the Phu My Plants' failure to comply with applicable regulations.

Under the PPAs of the Phu My Plants, the electricity purchase price would be negotiated and determined in accordance with the solar purchase mechanism issued by the relevant authority of Vietnam. Pursuant to the relevant amendments and supplements to the PPAs, the tariff rate (i.e., unit price for electricity) for Phu My 2 Plant, Phase 1 of the Phu My 1 Plant and Phase 1 of the Phu My 3 Plant is fixed at USD0.0709 per kWh (payable in VND) throughout the term of the PPAs and was set according to the rate of VND1,644 per kWH in Decision No 13/2020/QD-TTg dated 6 April 2020 by the Prime Minister of Vietnam on mechanisms to promote development of solar power in Vietnam.

On 30 May 2023, Phase 2 of both the Phu My 1 Plant and Phu My 3 Plant have been notified of their respective COD pursuant to official letters from EVN dated 30 May 2023. Their commercial operations have commenced from 30 May 2023 with a temporary tariff rate approved by MOIT of USD0.025 per kWh (50.0% of the ceiling rate) (payable in VND). The ceiling rate was set as VND1,184.9 (USD0.05) per kWh by the Decision No. 21/QD-BCT dated 7 January 2023 issued by MOIT. The ceiling rate is applicable to transitional ground-mounted solar projects in Vietnam, pending conclusion of the negotiation between the owners of the transitional ground-mounted solar projects and the MOIT to determine the final tariff rate that is anticipated to be higher than the ceiling rate as the ceiling rate is considered relatively low for the said solar projects to be commercially viable in Vietnam. After the conclusion of the said negotiations, the final tariff rate will be applied retrospectively from the COD of Phase 2 of the Phu My 1 Plant and Phase 2 of the Phu My 3 Plant.

The PPAs entered into by CEVD and EVN for the Phu My Plants may be terminated by either party, if either party fails to fulfil its obligations under the respective PPAs for one year due to a force majeure event, or if either party commits a material breach of the respective PPAs and fails to properly indemnify the other party. Examples of material breaches are CEVD's failure to settle an indisputable payment for 90 days without plausible reasons or CEVD fails to deliver and sell electricity within 60 days after receiving EVN's written notification. In addition, CEVD has the right to participate in the electricity market and may give a prior written notice to EVN and the Electricity Regulatory Authority of Vietnam to prematurely terminate the respective PPAs.

Under the PPAs, CEVD is obliged to sell electricity generated from the Phu My Plants exclusively to EVN.

(c) O&M

The operations and minor maintenance of the Phu My Plants are undertaken in-house by BCGE, the other substantial shareholder of CEVD. Minor maintenance works include weekly and monthly maintenance conducted on an inspections-only basis, without the shut-down of the Phu My Plants. Major maintenance is outsourced to third party contractors who have the necessary skilled manpower and the capabilities to deploy specialist equipment, which develop and keep track of the preventive maintenance plan to help ensure safe and reliable operations of the Phu My Plants. The performance of preventive maintenance minimises the need for corrective maintenance, which may adversely affect the availability of the Phu My Plants and would cost more than preventive maintenance.

The PPAs for the Phu My Plants do not prescribe a level of availability required of the plants, i.e., there is no requirement in terms of the minimum amount of power to be generated or the minimum days of operation. However, before any scheduled maintenance that would result in an outage of the Phu My Plants, CEVD is required to provide at least ten days' notice to EVN, specifying the reasons and expected duration of the outage of power delivery.

(d) Operations review

The following table summarises the operating statistics of the Phu My Plants for the financial years indicated.

Phu My 1 Plant – Phase 1⁽¹⁾

| | FYE 2020 | FYE 2021 | FYE 2022 |
|---|--------------------|--------------------|----------|
| Volume of electricity sold (GWh) ⁽²⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 54.3 |
| Utilisation rate $(\%)^{(3)}$ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 19.8 |
| Availability (%) ⁽⁴⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 99.9 |
| Performance ratio (%) ⁽⁵⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 80.3 |
| Tariff rate (RM/kWh) | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 0.31 |
| Phu My 2 Plant ⁽¹⁾ | | | |
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Volume of electricity sold (GWh) ⁽²⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 159.8 |
| Utilisation rate $(\%)^{(3)}$ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 19.5 |
| Availability (%) ⁽⁴⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 99.7 |
| Performance ratio (%) ⁽⁵⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 79.5 |
| Tariff rate (RM/kWh) | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 0.31 |
| Phu My 3 Plant – Phase 1 ⁽¹⁾ | | | |
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Volume of electricity sold (GWh) ⁽²⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 101.6 |
| Utilisation rate $(\%)^{(3)}$ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 20.6 |
| Availability (%) ⁽⁴⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 99.7 |
| Performance ratio (%) ⁽⁵⁾ | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 79.2 |
| Tariff rate (RM/kWh) | ⁽⁶⁾ N/A | ⁽⁶⁾ N/A | 0.31 |
| | | | |

- Note:
- (1) Phase 1 includes 37.0MWp, 110.0MWp and 69.0MWp solar panels for Phu My 1 Plant, Phu My 2 Plant and Phu My 3 Plant, respectively. Phase 2 which includes the remaining 83.0MWp and 31.0MWp solar panels for Phu My 1 Plant and Phu My Plant 3 are not in operation for the Period Under Review. Please refer to Section 7.2.4.2(b) of this Prospectus for further information on the tariff rates for Phase 2 of Phu My 1 Plant and Phase 2 of Phu My Plant 3 Plant.
- (2) "Volume of electricity sold" means the volume of electricity actually sold to EVN.
- (3) "Utilisation rate" is calculated by dividing the volume of electricity sold with the maximum output (NGC multiplied by the number of hours for the period of time).
- (4) "Availability" is calculated by dividing the total number of hours that the power plant is in operation with the total number of hours for the period of time.
- (5) "Performance ratio" is a measure of how well a PV system is converting the incoming solar flux into electricity based on (i) the amount of the solar resource reaching the plane of array of the PV installation and (ii) the nominal system capacity at standard test conditions.
- (6) Not applicable as the acquisition of a 49.0% equity interest in CEVD by LEVPL was only completed in December 2021.

Among our power generation assets, only our solar power assets in Vietnam experienced curtailment. Curtailment occurs when a power generation asset is required to reduce power generation as it is being limited to transmit power to the power grid. Curtailment is likely to be caused by (i) low demand of electricity, or (ii) overloading of electricity to the relevant power grids that poses a threat to the safety of such power grids.

For CEVD, the aggregate curtailment rate for the Phase 1 of the Phu My 1 Plant, Phases 1 of the Phu My 3 Plant and the Phu My 2 Plant decreased from 18.7% in FYE 2021 to 5.3% in FYE 2022 and we anticipate this positive trend to persist in the future. We foresee this curtailment as a short-term issue that will probably ease in the near to medium term, as electricity demand increases. According to the IMR Report, peak power demand in Vietnam is projected to grow at a CAGR of 8.4% between 2020 and 2030, and this is expected to minimise occurrence of curtailment for Phu My Plants.

(e) Shareholders' agreement

The Phu My Plants are owned by CEVD. Our wholly-owned subsidiary, LEVPL, owns 49.0% equity interest in CEVD, and the 51.0% remaining equity interest is owned by BCGE (41.3%) and two other Vietnamese individuals who own 9.6% and 0.1% of CEVD, respectively. BCGE and the two individual shareholders are unrelated to our Group, Directors, Promoters and Substantial Shareholders.

LEVPL entered into a shareholders' agreement (the "**Phu My SHA**") with BCGE on 27 October 2021, the same date when LEVPL and BCGE entered into the share purchase agreement pursuant to which LEVPL acquired from BCGE the 49% equity interest in CEVD – the acquisition was completed in December 2021. The Phu My SHA contains provisions that set out, among others, procedure and requirements, and parties' rights and obligations with respect to (i) conduct of business, such as construction, operation, maintenance and funding of the Phu My Plants, and dividend policy, insurance, taxation and financial statements of CEVD; (ii) corporate governance of CEVD, such as organisational structure, general shareholder meetings and resolutions, composition, meetings and decisions of the inspection committee and the board, respectively, appointment of key management and legal representatives; and (iii) transfer of shares in CEVD, such as pre-emptive rights, call and put options and transfer restrictions. In particular, the Phu My SHA provides BCGE's obligations in relation to the construction timetable, overrun cost and funding of the Phu My Plants.

According to the Phu My SHA, LEVPL is entitled to nominate two of the three members of the investment committee, three of the five members of the board, the chief financial officer of CEVD, while BCGE is entitled to nominate the chief executive officer of CEVD. Therefore, through LEVPL, we are able to control the decisions of the board and the investment committee, except the reserved matters. Additionally, LEVPL and BCGE work together on the day-to-day management through the chief executive officer and the chief financial officer. The reserved matters shall be approved together by LEVPL and BCGE, and include many of the most important corporate and business matters such as specified changes of corporate nature, governance structure or key employees, specified changes of operations, assets or financial status, specified changes of capital structure and specified changes to the Phu My Plants. The Phu My SHA also provides that BCGE shall procure completion of all construction works of and agree and finalise the terms of the O&M contracts for the Phu My Plants.

(f) Environmental considerations

The respective EIAs of the Phu My Plants had been approved before their respective COD. Phu My Plants regularly monitor their utilisation groundwater, and have implemented proper management of hazardous waste as required by the Vietnamese law, whereby the waste is collected and transported by an authorised entity via a contract. In addition, the Phu My Plants have implemented seawater spinach and fin grass plantation to reduce flying sand and airborne dust within the plant area. Phu My Plants also conduct electromagnetic survey on an annual basis to ensure that the electric and magnetic field of Phu My Plants are within allowable limits so that it will not be hazardous to the households staying near the Phu My Plants.

During the Period Under Review and up to the LPD, CEVD, our jointly controlled entity that holds the Phu My Plants, has been in compliance in all material respects with the relevant Vietnamese environmental laws and regulations as applicable to the Phu My Plants.

Please refer to Section 7.26.5 of this Prospectus for further information on the applicable laws and regulations.

7.2.4.3 Vinh Hao 6 Plant

The Vinh Hao 6 Plant is owned by VHJSC, a company we acquired 100% equity interest through LEVPL on 27 April 2023. The Vinh Hao 6 Plant is located on three pieces of lands totalling approximately 0.6 million sq m, under leases effective from 18 December 2018 and 20 June 2019, respectively to 4 July 2068.

(a) **Production processes**

The production process of the Vinh Hao 6 Plant is similar to that of the LSE Plant and the LSE II Plant, which is described in Section 7.2.5 of this Prospectus.

Similar to our other solar PV power plants, the key components of the Vinh Hao 6 Plant include the solar PV modules, the mounting structure for the modules, and the inverters. We utilise polycrystalline PV modules for the Vinh Hao 6 Plant.

The solar PV modules are mounted on fixed-angle frames on the sites of the Vinh Hao 6 Plant, which convert solar energy from the sun to electrical power in the form of directcurrent. However, power grids to which the Vinh Hao 6 Plant is connected to can only accept alternating current, for which we have installed inverters that will convert directcurrent to alternating-current electric power.

(b) Power offtake

VHJSC entered into a PPA with EVN on 22 November 2018. For the 20 years starting from the COD of the Vinh Hao 6 Plant, VHJSC is required to deliver and sell the electricity generated by the Vinh Hao 6 Plant exclusively to EVN. The tariff rate (i.e., unit price for electricity) is fixed throughout the term of the PPA and was set to be VND2,086 per kWh according to Decision No. 11/2017/QD-TTg dated 11 April 2017 by the Prime Minister of Vietnam on incentive mechanism for developing solar power projects in Vietnam.

VHJSC is required to provide EVN an annual power generation plan in the year before, including the power output and available capacity for the months of the year and plant maintenance schedule in the months of the year. VHJSC is also required to provide EVN with any maintenance and repair plan and mobilisation plan to the power system despatch unit, as well as any blackout schedule, in accordance with applicable regulations. In addition, VHJSC is required to connect the plant to EVN's grid and operate the plant in synchronisation with EVN's grid within the specified range of capacity coefficient.

The PPA can be terminated by either EVN or VHJSC, if the other party breaches the PPA and fails to rectify the breach within the specified time period, or the other party fails to fulfil its obligation for the specified time period or longer upon a force majeure event. In addition, the PPA shall be terminated if VHJSC participates in the electricity market (i.e. electricity generated from the Vinh Hao 6 Plant is not sold exclusively to EVN under the terms of the PPA).

Since our acquisition of the Vinh Hao 6 Plant on 27 April 2023 and up to the LPD, VHJSC had fulfilled its contractual commitment under the PPA for the Vinh Hao 6 Plant to generate and supply electricity.

(c) O&M

We completed the acquisition of the Vinh Hao 6 Plant on 27 April 2022, and since then, its O&M has been carried out by a contractor's O&M team. We plan to employ this team directly after about three months under the contractor's employment. To prepare for this transition, we are training the team and familiarising them with our Group, our management policies and procedures, and our operation systems. We aim to ensure that the team can work efficiently under our Group's management and cooperate well with our other employees. At the same time, we are also replacing the contractor's computerised maintenance management system with our own, and taking over the relevant inventory, O&M tools and asset register from the contractor and the previous management of VHJSC.

(d) Operations review

The operating statistics of Vinh Hao 6 Plant for FYEs 2020, 2021 and 2022 are not available as the Group only completed the acquisition of VHJSC which owns the Vinh Hao 6 Plant on 27 April 2023.

(e) Environmental considerations

The EIA of the Vinh Hao 6 Plant had been approved before its COD. As part of its commitment under the EIA, the Vinh Hao 6 Plant implements during its operation the measures to, among others, reduce impact on economic-social environment, ensure security and order in the communes of the project areas, minimise the impact of electric field on people's health, and prevent environmental risks and failures. Particularly, the Vinh Hao 6 Plant engages third parties to conduct electromagnetic survey once every three months during its operation.

After the completion of our acquisition of the Vinh Hao 6 Plant and up to the LPD, we have been in compliance in all material respects with the relevant Vietnamese environmental laws and regulations as applicable to the Vinh Hao 6 Plant.

7.2.4.4 Project Breeze

Project Breeze is the first wind power project being undertaken by our Group. It is an onshore project. As at the LPD, our binding offer of acquisition has been accepted by the seller and the negotiation on the final terms to enter into the definitive shares purchase agreement and shareholders' agreement between the parties is pending the official inclusion of this project in the proposed Power-Development Plan VIII of Vietnam. Subsequently, the proposed Power-Development Plan VIII of Vietnam on 15 May 2023 and the process to include the project is expected to be concluded in the near future.

Development of a wind power project comprises similar steps to the development of other Utility-Scale power projects. Key steps include preliminary assessment to determine the feasibility of a power project; preparatory work such as site selection and survey, and technical evaluation and design; and execution of key agreements, all of which are described in detail in Section 7.17 of this Prospectus. Additionally, project development also includes, among others, procurement of permits and approvals, purchase or lease of land, project design and construction.

Project Breeze is still at an early development stage, where:

- (a) the project site has been determined, however, pending confirmation by the offtaker;
- (b) the project seller has made an application to the Ministry of Industry and Trade of Vietnam for the project to be listed in the Power-Development Plan VIII of Vietnam. The plan was approved by the Government of Vietnam on 15 May 2023 and the process to include Project Breeze is expected to be concluded in the near future;
- (c) a PPA with the offtaker has yet to be signed, and is expected to be signed upon the approval of the application described in (b); and
- (d) construction has not commenced for this project.

If the acquisition is successfully completed, under an arrangement with the project seller which may be subject to changes, we are expected to be primarily responsible for the project design, construction and O&M, with the project seller being primarily responsible for liaising with local authorities and obtaining relevant permits and approvals.

For Project Breeze to succeed, as at the LPD, we have:

- (a) engaged an international engineering and project management company to conduct an assessment on site logistics, land use and occupation, land topography, land geotechnical conditions, flooding and erosion risk and utility connections;
- (b) engaged an international technical consultant to conduct assessment of wind resource, expected energy yield and the associated uncertainties of the project site; and
- (c) obtained from the project seller the wind speed measurement results for more than 36 months at the project site to support the relevant assessment.

For the project development work expected to be undertaken by us if the acquisition is successfully completed, we believe that our capabilities and experience of developing various types of power projects will benefit us in the following manner:

- (aa) the construction of an onshore wind power project requires transportation of construction materials from a port to a remote site, followed by construction of the foundation of the transmission towers by erection using cranes. We will also engage contractors with the relevant experience for some of the construction work and will monitor their progress to ensure project quality; and
- (bb) from the power projects completed by us, we have gained experience in, among others, the management of project development and coordination with multiple parties, the design of power projects, the procurement of supplies of equipment and construction materials and the negotiation on and execution of agreements such as PPAs and land lease agreements. The experience will be applicable to Project Breeze and other Utility-Scale power projects. In particular, we have gained a basic understanding of Vietnam's regulatory, geographic, business and social environment through our existing Utility-Scale power assets in Vietnam, such as for the Phu My Plants, the LNTH Plants and the Vinh Hao 6 Plant, which shall be beneficial for our development of Project Breeze in Vietnam.

In addition, we will engage third party professionals to ensure project quality: (a) we will engage an international engineering and project management company to act as owner's engineer to review the technical design and assist in the site supervision of construction; and (b) we will also have original equipment manufacturers to supervise the erection of, and carry out commissioning of, wind turbine.

If Project Breeze is successfully developed, we will undertake its O&M. Despite the difference between wind power plants and power plants of other energy types, we believe that our experience in operating and maintaining coal-fired power plants, hydropower plants and solar PV power plants, which is detailed in this Section 7.2 of this Prospectus, will bring us transferable skills and capabilities applicable in O&M of a wind power plant. We will arrange training to prepare our employees for O&M of a wind power plant and hire new employees with the relevant experience. If necessary, we will also engage professional firms with the relevant expertise prior to our employees obtaining the required expertise to operate on their own.

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7.2.5 RE business in Malaysia

As at the LPD, we wholly-own two Utility-Scale solar PV power plants in Kedah, Malaysia i.e., the LSE Plant and the LSE II Plant.

We also own C&I Solar Projects in Malaysia where we install solar PV systems on-site for our customers in the C&I sector. Please refer to Section 7.2.8 of this Prospectus for further information on our C&I Solar Projects in Malaysia.

Additionally, as at the LPD, we have two CGPP Projects at early development stage, i.e., two proposed solar PV projects intended to be included into CGPP. CGPP is an initiative by the Government to provide opportunities for businesses to use and promote RE in their business operation through the use of virtual PPAs. As at the LPD, we have submitted bid applications for the two projects to be included into CGPP and is pending result announcement. We are also exploring the business of EV charging docks. Please refer to Section 7.6 of this Prospectus for further information on the CGPP Projects and our potential business for EV charging docks.

(i) LSE Plant and LSE II Plant

The LSE Plant is a solar PV power plant under a 21-year BOO concession with a GIC of 38.0MWp, located at Lot 2, Mukim Sungai Pasir, Daerah Kuala Muda, Kedah, Malaysia. The LSE Plant is connected to TNB's substation in Pencawang Masuk Utama Tikam Batu, Kedah, Malaysia. It is located on approximately 492,300 sq m of land that is owned by our wholly-owned subsidiary, LSE, with approximately 114,000 solar PV modules installed on-site. The LSE Plant is owned and operated by our wholly-owned subsidiary, LSE, and operated under a PPA with TNB for the supply and delivery of 29.0MWac RE from solar PV modules, for a tariff concession period of 21 years from the COD of the plant. It commenced operations in October 2018 and the concession will expire in October 2039.

The LSE II Plant is a solar PV power plant under a 21-year BOO concession with a GIC of 29.4MWp, located at Lot 5, Pekan Bukit Selambau, Daerah Kuala Muda, Kedah, Malaysia. The LSE II Plant is connected to TNB's substation at Pencawang Masuk Utama Sungai Petani Industri, Kedah. It is located on approximately 291,400 sq m of land, with approximately 79,000 solar PV modules installed on-site. The land is under a lease between GUH Holdings Berhad (as lessor) and LSE II (as lessee), effective from 21 December 2018 to 20 December 2041. The LSE II Plant is owned and operated by our wholly-owned subsidiary, LSE II, and operated under a PPA with TNB for the supply and delivery of 20.0MWac RE from solar PV modules, for a tariff concession period of 21 years from the COD of the plant. It commenced operations in February 2020 and the concession will expire in February 2041.

7.2.5.1 Production processes

The key components of our LSE Plant and LSE II Plant include the solar PV module, which consists of solar cells interconnected and encapsulated with protective materials, the mounting structure for the PV module, and the inverters. For our LSE Plant, we use standard polycrystalline PV modules while we use newer mono passivated emitter and rear cells ("**Mono-PERC**") for our LSE II Plant. Mono-PERC is a type of monocrystalline PV modules which increases the efficiency of the solar PV modules compared with polycrystalline PV modules.

The solar PV modules are mounted on fixed-angle frames on the sites of LSE Plant and LSE II Plant, which convert solar energy from the sun to electrical power in the form of direct-current. However, power grids to which the two projects are connected to can only accept alternating current, for which we have installed inverters that will convert direct-current to alternating-current electric power. Below is a diagrammatic presentation of the process:



Note:

"DC": direct current; "AC": alternating current; "LV": low voltage; "MV": medium voltage.

7.2.5.2 Power offtake

LSE entered into a PPA with TNB in March 2017 in relation to the LSE Plant. Under the PPA, for a period of 21 years from its COD of 11 October 2018, LSE shall deliver to TNB no less than a minimum amount of solar power, and such minimum amount for each year is prescribed in the PPA. In addition, LSE shall deliver and sell to TNB, and TNB shall accept and purchase up to a certain amount of solar power generated from the LSE Plant per annum (the "**LSE Maximum Quantity**"). If the LSE Plant generates power in excess of the LSE Maximum Quantity of solar power, TNB can, without any obligation, accept any part or all of such excess power (the "**LSE Excess Quantity**").

In respect of the LSE II Plant, under the PPA entered into between LSE II and TNB in March 2018, the concession is for a period of 21 years from its COD of 11 February 2020. Under the PPA, LSE II shall deliver to TNB no less than a minimum amount of solar power, and such minimum amount for each year is prescribed in the PPA. In addition, LSE II shall deliver and sell to TNB, and TNB shall accept and purchase up to a certain amount of solar power generated from LSE II Plant per annum (the "LSE II Maximum Quantity"). If the LSE II Plant generates power in excess of the LSE II Maximum Quantity of solar power, TNB can, without any obligation, accept any part or all of such excess power (the "LSE II Excess Quantity").

The LSE Plant and the LSE II Plant are only connected to TNB's grid and sell electricity exclusively to TNB.

A fixed tariff rate is provided for the amount of power below the LSE Maximum Quantity in respect of the LSE Plant during the term of the PPA. Similarly, another fixed tariff rate is provided for the amount of power below the LSE II Maximum Quantity in respect of the LSE II Plant. These two tariff rates ("Energy Rates") take into account the costs of the solar PV systems, other operating costs and the design efficiency of the respective plants. The tariff rate for any LSE Excess Quantity in respect of the LSE Plant and the tariff rate for any LSE II Excess Quantity in respect of the LSE II Plant are also fixed, but each at a substantial discount to the respective Energy Rates, as such excess power generated does not take into account the aforementioned plant costs. The Energy Rates are subject to adjustment only where, as a result of a change in law, we have material capital improvement or other material modification to the LSE Plant or the LSE II Plant. A change in law includes the enactment, introduction, adoption or making of any new law, a change in, variation, repeal or modification of any existing law, the commencement of any law which has not come into effect or any change in the interpretation or application of any law. LSE and LSE II are required to consult with TNB and obtain approval from the Energy Commission of Malaysia before such an adjustment of the Energy Rates. As at the LPD, there have been no adjustments of the Energy Rates.

Every year, LSE and LSE II are each required to inform TNB of a declared annual quantity (the "Declared Annual Quantity") to be delivered for the next contract year, which shall be no less than the above-mentioned minimum annual quantity and no more than the LSE Maximum Quantity or LSE II Maximum Quantity, respectively. LSE and LSE II are required to make payments to TNB under their respective PPAs if the total energy output delivered by the LSE Plant and the LSE II Plant falls below 70% of the Declared Annual Quantity unless under permitted circumstances. Such permitted circumstances include, among others, predetermined emergency conditions and force majeure events affecting LSE or LSE II. Conversely, TNB will be required to make payments to LSE and LSE II under the respective PPAs if it fails to accept energy delivered from the LSE Plant under the LSE Maximum Quantity and the LSE II Plant under the LSE II Maximum Quantity, other than under permitted circumstances, including without limitation force majeure events affecting TNB, constraints or interruptions to the power distribution network or maintenance thereof below a threshold measured in hours. Since the respective CODs of the LSE Plant and the LSE II Plant and up to the LPD, both power plants have delivered annual energy output above 70% of the Declared Annual Quantity and there has been no payment of any type described in this paragraph by LSE, LSE II or TNB.

7.2.5.3 Other salient terms of the PPAs

LSE and LSE II are required to maintain insurance policies of a specified amount and to insure against such risks as are specified in the respective PPAs, such as material damages and business interruption policies as well as public liability policies. In addition, such insurance policies are required to cover TNB's directors, officers and employees as well. Please refer to Section 7.23 of this Prospectus for further information on the insurance policies that we maintain.

Each PPA may be terminated by either party to the PPA (i.e., LSE and TNB in respect of LSE Plant, and LSE II and TNB in respect of LSE II Plant), upon the occurrence of certain events including force majeure, liquidation or dissolution of a party and an unremedied material breach of the agreement. In the event of a termination by TNB as a result of an event of default by LSE or LSE II, TNB has a right to purchase LSE Plant or LSE II Plant, as the case may be, from LSE or LSE II for a nominal consideration. Conversely, if the relevant PPA is terminated due to a default by TNB, LSE or LSE II, as the case may be, has the option to sell the relevant project to TNB, at a consideration price which takes into account, among others, the respective project costs and the projected returns of the relevant project.

7.2.5.4 O&M

The operations and minor maintenance of the LSE Plant and the LSE II Plant are undertaken in-house. Major maintenance is outsourced to third party contractors who have the necessary experience and the capabilities to deploy specialist equipment. Minor maintenance works include weekly and monthly maintenance conducted on an inspections-only basis, without any shut-down of the two plants. Our in-house team develops and keeps track of the preventive maintenance plan to help ensure safe and reliable operations of the LSE Plant and the LSE II Plant. By performing preventive maintenance, which may adversely affect the availability of the LSE Plant and the LSE II Plant and would cost more.

The PPAs for LSE Plant and LSE II Plant do not prescribe a maximum length or frequency of permitted outage for the plants. However, we are required to use our best endeavours to coordinate any planned outages with TNB, and to provide TNB with at least seven days' prior notice for any proposed change to any planned outages. Please refer to Annexure C of this Prospectus for further information on a summary of the terms of these PPAs.

7.2.5.5 Operations review

The following table summarises the operating statistics of the LSE Plant and the LSE II Plant for the financial years indicated.

LSE Plant

| | FYE 2020 | FYE 2021 | FYE 2022 |
|---|----------|----------|----------|
| Volume of electricity sold (GWh) ⁽¹⁾ | 53.4 | 56.4 | 53.0 |
| Utilisation rate $(\%)^{(2)}$ | 21.0 | 22.2 | 20.9 |
| Availability (%) ⁽³⁾ | 100.0 | 100.0 | 98.6 |
| Performance ratio (%) ⁽⁴⁾ | 77.2 | 80.0 | 78.7 |
| Tariff rate (RM/kWh) | 0.41 | 0.41 | 0.41 |
| LSE II Plant | | | |
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Volume of electricity sold (GWh) ⁽¹⁾ | 36.7 | 41.6 | 41.3 |
| Utilisation rate $(\%)^{(2)}$ | 20.9 | 23.8 | 23.6 |
| Availability (%) ⁽³⁾ | 96.5 | 96.1 | 99.1 |
| Performance ratio (%) ⁽⁴⁾ | 73.8 | 76.1 | 77.6 |
| Tariff rate (RM/kWh) | 0.3799 | 0.3799 | 0.3799 |
| | | | |

Note:

(1) "Volume of electricity sold" means the volume of electricity actually sold to TNB.

(2) "Utilisation rate" is calculated by dividing the volume of electricity sold with the maximum output (NGC multiplied by the number of hours for the period of time).

(3) "Availability" is calculated by dividing the total number of hours that the power plant is in operation with the total number of hours for the period of time.

(4) "Performance ratio" is a measure of how well a PV system is converting the incoming solar flux into electricity based on (i) the amount of the solar resource reaching the plane of array of the PV installation and (ii) the nominal system capacity at standard test conditions.

For the Period Under Review, the utilisation rate for both LSE Plant and LSE II Plant ranges from 20.9% to 23.8%. Both LSE Plant and LSE II Plant's range of utilisation rate are common as the amount of electricity that can be generated is directly dependent upon the solar irradiation condition. The LSE Plant and the LSE II Plant have not experienced any curtailment since their respective CODs and up to the LPD.

7.2.5.6 Environmental considerations

In light of the development and diversification of Malaysia's economy towards environmental sustainability, the Government has developed policies and legislation in relation to renewable energy since the late 1970s. The Government has implemented further policies consistently throughout the years, such as the New Energy Policy 2010 and the Economic Stimulus Package 2020 in pursuit of promoting the use of solar power generation.

For example, the Electricity Supply Act 1990 was enacted as an initiative to mitigate the effects of climate change by means of regulating electrical installations. The Renewable Energy Act 2011 provided a mechanism under the tariff scheme for qualified persons to sell electricity generated from renewable energy resources.

Our Group has implemented its environmental management plan which includes proper management of scheduled and general waste and vegetation management at the LSE Plant and LSE II Plant to mitigate ground surface run-off or land slide, amongst others.

During the Period Under Review and up to the LPD, we have been in compliance in all material respects with the relevant Malaysian environmental laws and regulations as applicable to the LSE Plant and the LSE II Plant.

Please refer to Section 7.26.1 of this Prospectus for further information on applicable laws and regulations.

7.2.6 RE business in Taiwan

We started our business venture in Taiwan in March 2021 through our acquisition of a 60% equity interest in LGRESB. As at the LPD, LGRESB holds 100% equity interest in LGRECL, which in turn holds, a 60% equity interest in each of YBSSPCL and SDCL. The remaining 40% equity interest in LGRESB is held by GUH Utilities Holdings Berhad, which is a wholly-owned subsidiary of GUH. Please refer to Section 11.1 of this Prospectus for further information on the relation between GUH and our Directors and Substantial Shareholders. Hsinjing Renewable Energy Investment Co., Ltd. is the other shareholder which holds the remaining 40% direct equity interest in YBSSPCL and SDCL. Hsinjing Renewable Energy Investment Co., Ltd. is unrelated to our Group, Directors, Promoters and Substantial Shareholders. LGRECL has disposed of its shares in YBSSPCL to Hsinking Construction Co., Ltd. on 17 July 2023.

SDCL, VSPCL and VSPCL II are undertaking certain C&I Solar Projects (including Project Donald) in Taiwan. Please refer to Section 7.2.8 of this Prospectus for further information on the C&I Solar Projects in Taiwan.

Project Donald is a collection of 11 proposed agrivoltaic farming projects in Taiwan with aggregated GIC of 17.4MWp. It is being developed by VSPCL I and VSPCL II. LGRECL owns 90% equity interest in VSPCL I and VSPCL II and thus owns 90% effective interest in Project Donald. The remaining 10% equity interest is held by Zhao Feng Holding Co., Ltd. The COD for the 11 projects is expected to be between fourth quarter of 2023 and first quarter of 2024.

Please refer to Section 7.6 of this Prospectus for further information on Project Mingdao and Project Donald.

7.2.6.1 Shareholders' agreements

In relation to LGRESB, a shareholders' agreement (the "LGRESB SHA") was entered into among GUH, HNG Capital, GUH Utilities Holdings Sdn Bhd and LGRESB on 2 March 2021. The equity interest in LGRESB held by HNG Capital was transferred to our Company as part of the Pre-IPO Restructuring and we assumed the rights and obligations of HNG Capital in the LGRESB SHA. Please refer to Section 6.1.2 of this Prospectus for further information on the Pre-IPO Restructuring. The LGRESB SHA contains provisions that set out, among others, procedure and requirements and shareholders' rights and obligations with respect to (i) appointment and removal, rights, meetings and decisions of directors and senior management members; (ii) shareholders' meetings and resolutions; (iii) issuance and transfer of shares (e.g., pre-emptive rights, tag-along rights and negative pledge); (iv) finance and accounts and (v) resolution of deadlock. In particular, we are entitled to appoint three out of the five directors and are responsible to run the day-to-day operations of LGRESB.

As at the LPD, each of YBSSPCL and SDCL is owned by LGRECL (60% equity interest), a wholly-owned subsidiary of LGRESB, and Hsinjing Renewable Energy Investment Co., Ltd. (40% equity interest). A shareholders' agreement is in place among the two shareholders and the subject company in relation to each of YBSSPCL and SDCL (the "YBSSPCL SHA" and the "SDCL SHA", respectively). The YBSSPCL SHA and the SDCL SHA were executed on 18 August 2020 and 3 March 2021, respectively. Each of the YBSSPCL SHA and SDCL SHA sets out and regulates the different rights, powers and obligations of the shareholders of YBSSPCL and SDCL, respectively. The YBSSPCL SHA and the SDCL SHA each contains provisions that set out, among others, procedure and requirements and shareholders' rights and obligations with respect to (i) capital increase, security and working capital; (ii) board members and meetings; (iii) shareholders' meetings, rights and obligations; (iv) resolution of deadlock; (v) company loans and shareholders' guarantees; (vi) accounting and financial affairs; and (vii) transfer of shares including pre-emption and tag-along rights. LGRECL is entitled to appoint three out of five directors of each of YBSSPCL and SDCL under the respective shareholders' agreement.

Jointly with other shareholders of the respective entities, our Company develops the power projects and operates and maintains the power assets owned by LGRESB, YBSSPCL and SDCL including, among others, Project Donald. Our Company controls the day-to-day operation of LGRESB, YBSSPCL and SDCL, with the most important decisions jointly made by our Company and other shareholders of the respective entities, through the following:

- (i) Our Company effectively controls the board of LGRESB and is able to pass shareholders' resolutions except for those that require a supermajority as prescribed by law or for the shareholders' reserved matters provided by the LGRESB SHA:
 - (a) the board of directors of LGRESB supervises and controls LGRESB's operation. Pursuant to the LGRESB SHA, our Company is entitled to appoint, remove and replace three out of the five directors of LGRESB, and all the resolutions of the five directors shall be passed by a simple majority of vote;
 - (b) except for those shareholders' resolutions that require a supermajority as prescribed by law or for the shareholders' reserved matters provided by the LGRESB SHA which shall require a three-fourth majority to be passed, other shareholders' resolutions shall be passed by a simple majority vote that can be secured by our Company as it owns 60% equity interest in LGRESB; and

- (c) pursuant to the LGRESB SHA, the shareholders' reserved matters include the most important corporate and business decisions such as issuance of shares and securities; disposal of shares in YBSSPCL or SDCL or power assets or projects owned by YBSSPCL or SDCL; incurrence of financial borrowings and the terms of such borrowings; and transactions of which the value exceed a specified monetary amount. However, the shareholders' reserved matters under the LGRESB SHA do not include how LGRESB votes as a shareholder of YBSSPCL or SDCL or how LGRESB appoints or removes directors of YBSSPCL or SDCL, therefore, our Company is able to direct LGRESB on such areas.
- (ii) Through LGRESB and its wholly-owned subsidiary, LGRECL, our Company effectively controls the board of YBSSPCL and SDCL and is able to pass shareholders' resolutions except for those that require a supermajority as prescribed by law or for the shareholders' reserved matters provided by the YBSSPCL SHA and the SDCL SHA, respectively:
 - (a) the board of directors of each of YBSSPCL and SDCL supervises and controls the respective company's operation. Pursuant to the YBSSPCL SHA and the SDCL SHA, LGRECL is entitled to appoint, remove and replace three out of the five directors of each of YBSSPCL and SDCL, and all the directors' resolutions of YBSSPCL and SDCL shall be passed by a simple majority of vote;
 - (b) except for those shareholders' resolutions that require a supermajority as prescribed by law or for the shareholders' reserved matters provided by the YBSSPCL SHA and the SDCL SHA which shall require a three-fourth majority to be passed, other shareholders' resolutions shall be passed by a simple majority vote and LGRECL owns 60% equity interest in each of YBSSPCL and SDCL; and
 - (c) the shareholders' reserved matters provided by the YBSSPCL SHA and the SDCL SHA are substantially the same, including the most important corporate and business decisions such as amendment of corporate constitution; change of share capital; change of nature or scope of business; borrowing, lending, providing guarantee and creating mortgages; and disposal, acquisition, investment and capital expenditure of which the transaction value exceeds a specified amount.

7.2.7 RE business in Singapore

Our major RE business in Singapore is the operation and development of the C&I Solar Projects. Please refer to Section 7.2.8 of this Prospectus for further information on the C&I Solar Projects.

In Singapore, we also offer a wide range of clean energy consulting services in connection with the C&I Solar Projects, from energy assessment to regulatory support such as licensing and compliance matters, with the aim of helping customers to reduce energy costs and fulfil their sustainability goals. We perform energy and site audits, system design, permit procurement, monitoring, measurement of emission levels, implementation of strategies to reduce customers' carbon emission levels and also marketing management in respect of their green initiatives, as further explained below. The income from our consulting services is considered part of our C&I Solar Projects.

Our C&I Solar Projects in Singapore are eligible to be issued RECs for the power we generate through the solar PV assets. RECs are market-based instruments substantiating that electricity has been generated from RE sources. REC is denominated in MWh i.e., 1 unit of REC is 1MWh of electricity generated from RE sources. RECs are different from carbon offsets as RECs are measured in units of power output and are used to validate the consumption of 'green' electricity. Currently, we trade RECs on APX Tradable Instrument for Global Renewables (TIGR) Registry (an online platform for tracking and transferring RECs, enabling developers to generate, verify and sell RECs) and we also allocate RECs to certain customers of our C&I Solar Projects in Singapore on a case-by-case basis based on commercial negotiation.

Each REC certifies that the bearer of each certificate owns one MWh of electricity generated from a RE source. These RECs and their associated environmental attributes can then be sold by their legal owners to anyone wishing to purchase them. Upon successful purchase, the ownership of these RECs is transferred to the buyer who will become the new legal owner. The holder of RECs can claim the use of RE without having to physically use the energy. By selling RECs to our customers, we help our customers reach their emission reduction goals.

7.2.8 RE business - C&I Solar Projects

We develop and operate the C&I Solar Projects in Malaysia through LSSB and in Singapore, Indonesia, Vietnam and Thailand through LYS Energy Group. Both LSSB and LYS Energy Group are wholly owned by our Company. In Taiwan, we own and operate the C&I Solar Projects in operation through SDCL, one of our jointly controlled entities. We are also developing the C&I Solar Projects that are at early development stages through VSPCL I and VSPCL II, which are our majority owned subsidiaries.

The C&I Solar Projects primarily relate to rooftop solar PV systems installed at the premises of our C&I Customers and also include ground-mounted solar PV systems such as Project Donald, a collection of 11 agrivoltaic farming projects where we build ground-mounted solar PV systems on elevated structures in lands to be leased from various land owners. Please refer to Section 7.6 of this Prospectus for further information on Project Donald.

7.2.8.1 Types of C&I Solar Projects

Due to the diversity of our C&I Customers, their varying needs, as well as the different development stages of the local electricity markets in the jurisdictions where we operate our C&I Solar Business, we customise different C&I Solar Projects solutions for our customers in compliance with local laws and regulations. Generally, our C&I Solar Business is undertaken via the following models:

| Model | Description |
|--------------|---|
| PPA Model | We design, build, install, finance, operate and maintain the solar PV system for the C&I Customer at our own costs. Both the solar PV system and the power generated from it belong to us. The solar PV system is installed at the C&I Customer's premises and the C&I Customer is required to grant us the access to its premises for system installation and maintenance purposes. |
| | We generally sell the power to the C&I Customer pursuant to a direct power purchase agreement. If available and permitted by regulations, we would connect the system to the national power grid, where we can then sell excess power generated and not used by the C&I Customer through the national power grid. |
| Rental Model | We design, build, install and finance the solar PV system for the C&I Customer at our own costs. The system belongs to us and is rented to the C&I Customer over the term of the rental agreement. A separate O&M agreement is in place for the O&M of the system for the term of the rental, as well as for us to guarantee the performance of the system. The system is installed at the C&I Customer's premises and the C&I Customer also grants us the access to its premises for system installation and maintenance purposes. |

Note: (1)

| Model | Description |
|-----------|--|
| EPC Model | We design, build and install the solar PV system for the C&I Customer at the C&I Customer's cost and the system belongs to the C&I Customer. The system is installed at the C&I Customer's premises and the C&I Customer also grants us access to its premises for system installation and maintenance purposes. Under the EPC contract with our C&I Customer, we provide warranties for a defect liability period, according to which we would remedy the defects or bear the costs of defect rectification. If the construction works have been outsourced to a third party EPC contractor, we would procure the third party EPC contractor to address the defects, pursuant to our agreement with the contractor. |
| | Additionally, if we undertake to source for the key components of the solar PV system, then we are required to replace or bear the cost for replacing faulty or defective key components of the solar PV system under specified circumstances. Most parts such as PV modules, inverters, transformers and mounting system are covered against manufacturing defects by their respective product warranties. |
| | After construction, the C&I Customer may award the O&M contract to us or may choose other O&M service providers. |
| O&M Model | The C&I Customer has a solar PV system and engages us for O&M of the system. The system may have been built by us under the EPC Model or have been built by others, i.e., with respect to the same system, the C&I Customer may engage us under either the EPC Model or the O&M Model, or both. |
| | We provide a performance guarantee based on an agreed schedule under the O&M service agreement, and are required to compensate our customer in the case of a performance shortfall. |

Details of our C&I Solar Projects under the PPA Model and the Rental Model as at the LPD are as follows:

| | C&I Solar Projects under the PPA Model and the Rental Model | | | | | | |
|-----------|---|--------------------|-------------------|---------------------------|-------------------|-----------------------------|--|
| | Compl | eted | Under co | nstruction | At early de | At early development stages | |
| Country | No. of project | GIC (MWp) | No. of project | Estimated GIC (MWp) | No. of project | Estimated GIC (MWp) | |
| Singapore | 34 | 26.8 | 4 | 2.6 | 1 | 0.6 | |
| Malaysia | 11 | 9.5 | 1 | 0.6 | 1 | 0.5 | |
| Taiwan | 12 | ⁽¹⁾ 5.8 | - | - | 11 | ⁽¹⁾ 17.4 | |
| Vietnam | 8 | 11.5 | 3 | 3.2 | - | - | |
| Indonesia | 2 | 2.2 | 1 | 1.2 | - | - | |
| Thailand | 1 | 1.0 | - | - | - | - | |
| Total | 68 | 56.8 | 9 | 7.6 | 13 | 18.5 | |

We hold 36% effective interest in the completed C&I Solar Projects in Taiwan and 54% effective interest in the C&I Solar Projects at early development stages in Taiwan.

Details of our C&I Solar Projects under the EPC Model as at the LPD are as follows:

| | C&I Solar Projects under the EPC Model | | | | | | | | |
|-----------|--|--------------|-------------------|---------------------------|--------------------------------|------------------------|--|--|--|
| | Comp | leted | Under Co | onstruction | At early development stages | | | | |
| Country | No. of project | GIC (MWp) | No. of project | Estimated GIC (MWp) | No. of project | Estimated GIC (MWp) | | | |
| Singapore | 10 | 2.4 | 6 | 10.5 | 1 | 0.4 | | | |
| Indonesia | 4 | 10.5 | - | - | - | - | | | |
| Vietnam | 1 | 0.1 | - | - | - | - | | | |
| Total | 15 | 13.0 | 6 | 10.5 | 1 | 0.4 | | | |

As at the LPD, we have a track record of operating, constructing and developing 112 C&I Solar Projects at various locations across Malaysia, Singapore, Indonesia, Vietnam, Thailand and Taiwan. The table below sets forth the breakdown of the C&I Solar Projects under different models.

| Project status | PPA Model | Rental Model | EPC Model | O&M Model | ⁽³⁾ Total (Excluding O&M Model) |
|---|-----------------------|-------------------|----------------------|---|--|
| Completed ⁽¹⁾ | | | | | |
| No. of projects | ⁽⁴⁾ 63 | 5 | 15 | (3)3 | ⁽³⁾ 83 |
| - GIC (MWp) | ⁽⁴⁾ 53.1 | 3.7 | 13.0 | (3)9.8 | ⁽³⁾ 69.8 |
| - Contract value (RM'000) | 190,348 | 6,854 | 23,224 | ⁽³⁾ 10,406 | ⁽³⁾ 220,426 |
| Under construction ⁽²⁾ | | | | | |
| - No. of projects | 8 | 1 | 6 | - | 15 |
| - Estimated GIC (MWp) | 6.4 | 1.2 | 10.5 | - | 18.1 |
| - Contract value (RM'000) | ⁽⁵⁾ 13,114 | (7)_ | 35,846 | - | 48,960 |
| At early development stages | S ⁽²⁾ | | | | |
| - No. of projects | ⁽⁴⁾ 13 | - | 1 | - | 14 |
| - Estimated GIC (MWp) | ⁽⁴⁾ 18.5 | - | 0.4 | - | 18.9 |
| - Contract value (RM'000) | ⁽⁶⁾ 3,849 | - | (8)_ | - | 3,849 |
| Total | | | | | |
| - No. of projects - Estimated GIC (MWp) - Contract value (RM'000) | 84 78.0 207,311 | 6 4.9 6,854 | 22 23.9 59,070 | ⁽³⁾ 3 ⁽³⁾ 9.8 ⁽³⁾ 10,406 | ⁽³⁾ 112 ⁽³⁾ 106.8 ⁽³⁾ 273,235 |

Note:

- (1) As at the LPD, the completed projects under the PPA Model, Rental Model and O&M Model are in operation, while the completed projects under the EPC Model have been concluded.
- (2) Please refer to Section 7.1.2 of this Prospectus for the meanings of "under construction" and "at early development stages" in terms of power assets and projects.
- (3) O&M Model refers to the subsisting provision of O&M services for solar PV systems. The three C&I Solar Projects for which we provide services under the O&M Model were constructed by us under the EPC Model. To avoid double counting, (a) the number and GIC of those three C&I Solar Projects under the O&M Model have not been added to the total number and GIC; (b) the contract value of those three C&I Solar Projects under the O&M Model has been included in the contract value of EPC contracts and thus has not been added to the total contract value.
- (4) We hold 36% and 54%, respectively, effective interest in the C&I Solar Projects in operation (12 projects, 5.8MWp) and the C&I Solar Projects at early development stages (11 projects, 17.4MWp) in Taiwan. All of them are under the PPA Model.
- (5) As at the LPD, for 2 out of these 8 C&I Solar Projects (1.6 MWp) under the PPA Model, PPA agreements have been signed, but the agreements with EPC contractors for construction of the projects have not been signed. Therefore, the contract value for these 2 projects is not available and has not been added to the total contract value.
- (6) As at the LPD, for Project Donald, i.e., the 11 C&I Solar Projects (17.4MWp) are at early development stages under PPA Model in Taiwan, the development service agreement that outlines the development responsibilities and deliverables has been signed but the PPA has not been signed. Therefore, the contract value is not available and has not been added to the total contract value.
- (7) As at the LPD, a rental agreement has been signed, but the agreement with EPC contractor for construction of this project has not been signed. Therefore, the contract value is not available.
- (8) As at the LPD, the EPC agreement of this project has not been signed. Therefore, the contract value is not available.

Depending on the customer's requirements and the contracts negotiated, we may undertake works under the EPC Model, the O&M Model or both for the same solar PV systems.

Customers of our C&I Solar Projects are from various industries, including self-storage, food and beverage, aerospace, logistics, freight and transport, manufacturing and engineering, environmental, electronics, pharmaceutical, real estate investment trust and public infrastructures.

Under the PPA Model and the Rental Model, the PPAs or rental agreements for the C&I Solar Projects have contract durations of up to 25 years. Under the EPC Model, the EPC agreements may require the construction and installation to be completed over several months. Under the O&M Model, the term of our O&M services may be up to 25 years or until the expiry of the PPA or rental agreement relating to the solar PV system.

We conduct in-house or arrange through external providers the EPC and O&M services for the C&I Solar Projects. For EPC services, we help C&I Customers design, build and install their solar PV systems on their premises. A defects liability period may be provided subject to commercial negotiation and customers' requirement. For O&M services, we help C&I Customers operate and maintain their solar PV systems.

Under our C&I Solar Business, the electricity generated by the solar PV systems we own (i.e., the C&I Solar Projects under the PPA Model and the Rental Model) are sold to the countries we have presence in, in the following manner:

- In Malaysia, the electricity generated from the C&I Solar Projects is sold directly to our C&I Customers for their own consumption and/or export to the grid for any excess electricity;
- (ii) In Singapore, the electricity generated from the C&I Solar Projects is sold to our C&I Customers for consumption or exported to the grid at spot price;
- (iii) In Taiwan, all the electricity generated from the C&I Solar Projects is sold to Taiwan Power Company ("**TaiPower**"), the government-owned power utility company of Taiwan;
- (iv) In Vietnam, the electricity generated from the C&I Solar Projects is sold directly to our C&I Customers without exporting to the EVN grid. Additionally, we may utilise existing rooftops or ground space of our C&I Customers for projects that are qualified for the government's feed-in-tariff programmes that provide a tariff for offtake of electricity by the grid; and
- (v) In Thailand, all the electricity generated from the C&I Solar Projects is sold to our C&I Customers for their own consumption.

For the C&I Solar Projects owned by us where electricity is supplied to the grid rather than to the C&I Customers, we still contract with the C&I Customers to utilise their rooftops and/or ground space.

7.2.8.2 Business processes

In relation to our business processes, we generally start with marketing our C&I Solar Projects offerings to potential C&I Customers. For further information on our marketing activities, please refer to Section 7.8 of this Prospectus.

Once the specifications of the solar PV system are agreed with the C&I Customers, we proceed to negotiate and enter into the relevant agreements with the customers and relevant power grid companies, if applicable.

Once the relevant agreements are executed, we commence the design process. We may either mobilise our engineering team, planning team and quality control team or engage external EPC providers to develop the relevant solar PV system based on the customer's specifications and needs.

Once a design is finalised, we develop an installation schedule, and take into account factors such as suitability of timing for installation work to be conducted at the premises of our customers, and the availability of components required to assemble and install the solar PV system. Following the finalisation of the plans, we order the relevant components such as the solar PV modules, the inverters and other electrical systems from third party suppliers. When the parts arrive, we examine them to ensure that the components meet the specifications required by the design. We then commence the installation of the system on our customer's premises.

After the solar PV system is fully assembled and installed on our customer's premises, our quality control team will conduct testing on the system to ensure that it works based on the design specification. Any issues will be troubleshot and resolved. After the solar PV system has undergone final inspection and assurance, it will be connected to the relevant power distribution network on our customer's premises, and where applicable, be connected as well to the local power grid.

7.2.8.3 Construction

As at the LPD, the only power projects under construction of our Group are certain C&I Solar Projects. As at the LPD, under the PPA Model, the Rental Model and the EPC Model, we have 8, 1 and 6 C&I Solar Projects under construction, respectively, with a total estimated GIC of 6.5MWp, 1.1MWp and 10.5MWp, respectively. These power projects have a relatively small total GIC (18.1MWp) compared to that of our power assets (825.9MW) as at the LPD, and their average GIC (1.2MWp) is also relatively small compared to the GIC of a typical Utility-Scale power project (generally not smaller than 10.0MW).

Construction of the C&I Solar Projects involves (i) design and permitting, which are conducted concurrently and usually take one to six months, and (ii) installation of solar PV systems, including solar PV modules, mounting system, cables and inverters and connecting the systems to a building's electrical installation and/or the power grid. Installation work usually takes four to eight months for the C&I Solar Projects under construction, which are simple rooftop projects. Due to such nature of these power projects, ground geology is not required to be considered.

We are responsible for construction of the C&I Solar Projects in accordance with the PPAs under the PPA Model, rental agreements under the Rental Model and EPC agreements under the EPC Model. We are required to rectify if a solar PV system constructed by us fails to meet the specified standard and pay liquidated damages in case of delay in construction. During the Period Under Review, there were no delay in construction that resulted in liquidated damages.

We may engage third party contractors to conduct the construction work, and we purchase from third party suppliers the power PV modules and materials for construction of solar PV systems. As these contractors and suppliers have no contractual relationship with our customers, we are liable to our customers for quality issues and delays caused by any contractor or supplier and we have recourse against such contractor or supplier.

We provide performance bonds to our customers under the EPC Model or have a sum of contract price withheld by them. Such performance bonds and withheld fund may cover the construction period and/or a defects liability period after construction. Under the PPA Model and the Rental Model, we may engage external EPC contractors to do a portion of the construction work and in this case, we may ask for a retention of funds to cover a part of the construction period and/or a defects liability period after construction. The arrangement aforementioned in this paragraph is determined according to relevant parties' requests and through negotiation between the customer or the external EPC contractor, as the case may be, and us.

Construction of the C&I Solar Projects is subject to various risks as described in Section 9.1.4 of this Prospectus. To mitigate such risks, we take the following measures, among others:

- (i) we maintain our quality control in relation to the C&I Solar Projects, as described in Section 7.15 of this Prospectus;
- (ii) we choose reliable contractors and suppliers and we can claim compensation from them if they breach the relevant contracts with us;
- (iii) we regularly monitor our staff's performance and provide them with trainings, as described in Section 7.21 of this Prospectus;
- (iv) we maintain insurance policies that are customary in the power industry, as described in Section 7.23 of this Prospectus;
- (v) our agreements with the C&I Customers limit the amount of liquidated damages we have to pay to a certain percentage of the contract price; and
- (vi) our agreements with the C&I Customers generally treat strikes as force majeure events.

7.2.8.4 O&M

The operations and minor maintenance of our C&I Solar Projects are undertaken by our inhouse capabilities. We monitor from the office the performance of all the solar PV systems via a remote online monitoring system where we can check and track all the operations and detect any faults in the system remotely. Once a suspected defect has been detected, a technician will then be despatched to the site for checking and repair.

Major maintenance is outsourced to contractors which have the relevant skilled manpower and the capabilities to deploy specialist equipment. Maintenance is generally carried out after sunset to avoid interruption that will affect the performance of the projects. Our O&M team develops and keeps track of the preventive maintenance plan to help ensure safe and reliable operations of the solar PV systems. By performing preventive maintenance on the solar PV systems, we can minimise the need for corrective maintenance, which may adversely affect the availability of the electricity generated by the solar PV systems and would cost more than preventive maintenance. Our O&M team of engineers and operators are properly trained and equipped with the necessary skills for the O&M services of the solar PV systems installed by us for our C&I Solar Business. Please refer to Section 7.21 of this Prospectus for further information on the training of our employees.

7.3 PRINCIPAL MARKETS

We principally operate in Cambodia, Malaysia and Vietnam. Our operation in these countries in aggregate generated 100.0%, 99.0% and 96.6% of our revenue for FYE 2020, FYE 2021 and FYE 2022, respectively. We also operate in Singapore, Indonesia and Thailand as well as undertake various solar projects in Taiwan. We aim to further expand our presence in these existing markets.

The following table sets forth our revenue breakdown by energy type and country for the Period Under Review:

| Audited | | | | | | | |
|---------|---|---|--|--|---|--|--|
| FYE 202 | FYE 20 | FYE 2021 | | 22 | | | |
| RM'000 | % | RM'000 | % | RM'000 | % | | |
| | | | | | | | |
| 416,227 | 76.3 | 540,371 | 79.5 | 737,904 | 81.0 | | |
| | | | | | | | |
| 55,304 | 10.1 | 54,328 | 8.0 | 57,658 | 6.3 | | |
| 37,889 | 6.9 | 38,519 | 5.7 | 46,125 | 5.1 | | |
| 36,163 | 6.7 | 38,980 | 5.8 | 38,077 | 4.2 | | |
| - | - | 4,358 | 0.6 | 26,986 | 3.0 | | |
| - | - | 2,729 | 0.4 | 3,863 | 0.4 | | |
| - | - | 54 | (6)_ | - | - | | |
| 129,356 | 23.7 | 138,967 | 20.5 | 172,709 | 19.0 | | |
| 545,583 | 100.0 | 679,339 | 100.0 | 910,613 | 100.0 | | |
| | FYE 202 RM'000 416,227 55,304 37,889 36,163 - - - 129,356 545,583 | FYE 2020 RM'000 % 416,227 76.3 55,304 10.1 37,889 6.9 36,163 6.7 - - 129,356 23.7 545,583 100.0 | FYE 2020 FYE 2020 RM'000 % RM'000 416,227 76.3 540,371 55,304 10.1 54,328 37,889 6.9 38,519 36,163 6.7 38,980 - - 4,358 - 2,729 - - 54 54 129,356 23.7 138,967 545,583 100.0 679,339 | FYE 2020 FYE 2021 RM'000 % RM'000 % 416,227 76.3 540,371 79.5 55,304 10.1 54,328 8.0 37,889 6.9 38,519 5.7 36,163 6.7 38,980 5.8 - - 4,358 0.6 - 2,729 0.4 - - 54 (6)- 129,356 23.7 138,967 20.5 545,583 100.0 679,339 100.0 | FYE 2020 FYE 2021 FYE 20 RM'000 % RM'000 % RM'000 416,227 76.3 540,371 79.5 737,904 55,304 10.1 54,328 8.0 57,658 37,889 6.9 38,519 5.7 46,125 36,163 6.7 38,980 5.8 38,077 - - 4,358 0.6 26,986 - - 2,729 0.4 3,863 - - 54 (6) - 129,356 23.7 138,967 20.5 172,709 545,583 100.0 679,339 100.0 910,613 | | |

Note:

(1) Comprises revenue from sale of capacity and the power generated from the CEL Plant and CEL II Plant.

(2) Comprises revenue from the CTL Transmission Line Asset.

(3) Comprises revenue from the power generated by the LNTH Plants during the Period Under Review and revenue from on-site solar PV system installations for the C&I Solar Business since the fourth quarter of FYE 2021.

(4) Comprises revenue derived from the electricity generated by the LSE Plant and the LSE II Plant during the Period Under Review and revenue from on-site solar PV system installations for our Group's customers in the C&I Solar Business for FYE 2022.

(5) Comprises revenue derived from on-site solar PV system installations for our Group's customers in the C&I Solar Business since the fourth quarter of FYE 2021.

(6) Negligible.

7.4 OUR COMPETITIVE STRENGTHS

7.4.1 Our proven track record, diverse portfolio of power assets and projects as well as extensive geographic presence provide us with a competitive edge in undertaking new RE projects

We have a track record of about 29 years in the power industry, which dates back to early 1994 when Leader Universal Holdings Group, a predecessor of our Group, was awarded a concession to a diesel-fired power plant with a GIC of 37.1MW in Phnom Penh, Cambodia. We designed and built the plant and then operated it for a 15-year concession period from its COD in 1995. Leveraging our experience relating to the diesel-fired power plant, we started expanding our portfolio of power assets and projects in 2009, primarily through government concessions and acquisitions of brownfield power assets and greenfield power projects as follows:

Concessions:

| | Award of government concession | COD |
|-----------------------------|--------------------------------|---------------|
| CEL Plant | September 2009 | December 2013 |
| CTL Transmission Line Asset | January 2010 | August 2013 |
| CEL II Plant | March 2017 | April 2020 |
| LSE Plant | March 2017 | October 2018 |
| LSE II Plant | March 2018 | February 2020 |

We were awarded government concessions for these power assets. We designed and built them and have been operating them since their COD. Details of these concessions are set out in Section 7.2.1.2 of this Prospectus.

Acquisitions:

| | Time of acquisition | COD |
|--|--------------------------|---|
| LNTH Plants | July 2016 | From August 2007 to January 2014 |
| Phu My Plants | December 2021 | December 2020 and May 2023 ⁽¹⁾ |
| C&I Solar Projects under LYS Energy Group | September 2021 | Varies |
| C&I Solar Projects under SDCL | March 2021 | Varies |
| CTL II Transmission Line Asset Vinh Hao 6 Plant | March 2023 April 2023 | January 2018 June 2019 |
| | , | |

Note: (1)

December 2020 for Phase 1 of both the Phu My 1 Plant and the Phu My 3 Plant and the entire Phu My 2 Plant; May 2023 for Phase 2 of both the Phu My 1 Plant and the Phu My 3 Plant.

We acquired the legal entities which hold these power assets and projects, except for the CTL II Transmission Line Asset which we directly acquired the power asset. The LNTH Plants, the Phu My Plants, the CTL II Transmission Line Asset and the Vinh Hao 6 Plant are brownfield projects which were either in operation or already built up and pending commercial operation at the time of our acquisitions. The C&I Solar Projects comprise both brownfield and greenfield projects. Through our acquisition of LYS Energy Group and SDCL, we acquired both solar PV power assets in operation and solar PV power projects under development. We also market and obtain new concessions for our C&I Solar Projects primarily through LYS Energy Group, LSSB and SDCL.

As a result of our efforts above, as at the LPD, we have developed a diverse portfolio of power assets and projects located in six Southeast Asian countries (i.e., Malaysia, Cambodia, Vietnam Singapore, Indonesia and Thailand) as well as Taiwan and comprising three energy types, i.e., solar, hydro and coal. In particular, the total GIC of power generation assets owned by our Group and our jointly controlled entities as at 31 December 2020, 2021 and 2022 and as at the LPD was 389.1MW, 635.0MW, 769.1MW and 825.9MW, respectively. This represents a growth of 112.3% from 31 December 2020 up to the LPD. Accordingly, we recorded revenue of RM545.6 million, RM679.3 million and RM910.6 million for FYE 2020, FYE 2021 and FYE 2022, representing a CAGR of 29.2%.

Our development history and current operation of such a diverse portfolio of power assets and projects, together with the steady increase of our revenue, have demonstrated and further improved our ability to identify, develop, acquire and operate viable projects, including:

- (i) identification of profitable power projects;
- (ii) conceptualisation and budgeting for power projects;
- (iii) procurement of government concessions for power projects through bidding, tendering and negotiation;
- (iv) negotiation and execution for acquisitions of power projects and project companies;
- (v) design and building of power projects; and
- (vi) O&M of power assets.

We have experience in managing the entire life cycle of a power project. We have developed in-house capabilities to conduct or manage the activities described above. For example, for each of the CEL Plant, the CEL II Plant, the CTL Power Transmission Asset, the LSE Plant and the LSE II Plant, by deploying our internal capabilities, we have led and actively managed project bidding, procurement, financing and arrangement, third party engagement for construction, and full O&M. We have also taken over the O&M of the LNTH Plants from the previous owners when we acquired a 70% equity interest in LNTH. Since then, for the LNTH Plants, we have managed to restructure the project financing loans with reduced interest rates. Additionally, for the C&I Solar Projects, our in-house teams have the experience of managing and conducting the budgeting, bidding, design, installation and O&M, and where we engage contractors to conduct part of the work, we still manage the work and are responsible for the overall quality.

We have a track record of meeting development and operation targets for power assets. We have fulfilled the contractual commitments to supply power, maintain power generation capacity and perform power transmission functions (as the case may be) under the PPAs/PTA for all our Utility-Scale power assets except for the CEL Plant and the CEL II Plant during the initial years after their CODs as described in Sections 7.2.2.2 and 7.2.2.6 of this Prospectus. Moreover, we have followed the development schedules prescribed under the PPAs/PTA for all our greenfield Utility-Scale projects, except for (i) the delay involving the CEL II Plant described in Section 9.1.4 of this Prospectus and (ii) the delay involving certain phases of the Phu My Plants which resulted from the delay in completion of construction of these plants mainly attributed to the movement restrictions during the COVID-19 pandemic. In particular, we completed construction of the CTL Power Transmission Asset six months ahead of schedule, despite it being our first power transmission project. Additionally, there has not been any legal dispute over our development or operation of any power asset or project.

We have also successfully procured financing for our project development and acquisitions, including term loans, sukuk wakalah and revolving credits. In particular, we have issued the ASEAN Green SRI Sukuk Wakalah with tenures of more than one year and up to 18 years from the date of issuance, to support the development of the LSE Plant and the LSE II Plant. The sukuk wakalah has been assigned an AA-IS rating by the Malaysian Rating Corporation Berhad, and has won our Group three awards, i.e., Green Project Financing Award 2020 by Malaysian Rating Corporation Berhad (MARC), the ESG Top Issuance Award in the BPAM Bond Market Award 2021 by Bond Pricing Agency Malaysia and Business Excellence Award – Solar Company of the Year: Finance by Solar Quarter Magazine in 2021. For further information on our borrowings, please refer to Section 12.2.6 of this Prospectus and Note 24 of the Accountants' Report in Section 13 of this Prospectus.

We believe that our history, track record of timely development, depth of experience and strong capabilities as described above are critical to our competitiveness and our ability to secure, develop and operate new RE power projects and venture into new markets in the Southeast Asia countries and Taiwan.

7.4.2 We are able to leverage on our established presence and experience in undertaking various power projects along with our customer relations in Southeast Asia and Taiwan to undertake new RE projects as we continue to expand our portfolio and deepen our presence in these countries

We are one of the leading power companies in Cambodia according to the IMR Report. We also have a presence in various Southeast Asian countries and Taiwan, with competitive advantage in some of them.

- (i) We have a track record of about 29 years of working on power assets and projects in Cambodia. We are one of the pioneer independent power producers in Cambodia, and we had a market share by GIC of 9.0% and thus ranked the fifth in Cambodia's power generation industry in 2021.
- (ii) Our market share by GIC in Vietnam's power generation industry was estimated to be 0.4% in 2020 for assets that we have equity participation, according to the IMR Report. Our acquisition of a 49% equity interest in the Phu My Plants in December 2021 and our acquisition of the Vinh Hao 6 Plant in April 2023 would further strengthen our market position in Vietnam.
- (iii) Our market share in Malaysia's power generation industry by GIC of the LSE Plant and LSE II Plant was estimated to be 0.2% in 2020, according to the IMR Report.
- (iv) We established our presence in Singapore, Indonesia, Thailand and Taiwan primarily through the C&I Solar Projects, and we are also developing multiple Utility-Scale power projects in Taiwan.

From our track record and performance in managing our power assets and projects during the Period Under Review and up to the LPD, we have been able to establish a reputation as a capable business partner. Please refer to Sections 7.2 and 7.4.1 of this Prospectus for further information on our performance. Our market share in Vietnam and Malaysia, as mentioned above, are far from dominant or significant. However, we still consider that we have a competitive advantage in the power generation market in Vietnam and Malaysia as the two markets are fragmented apart from a few companies at the leading positions, many of which are government owned or government-linked. This has been elaborated in the IMR Report set out in Section 8 of this Prospectus.

For our Utility-Scale Business, the offtakers are government-owned or government-linked utility companies which own and/or operate large-scale power transmission and distribution systems, and are at leading or key positions in the power industry in their respective countries. For example, (i) EDC has the rights and responsibilities for generating, transmitting and distributing electricity throughout Cambodia⁽¹⁾; (ii) EVN conducts business in the fields of electricity trading and distribution, information technology and other production business in 27 provinces and cities of Vietnam⁽¹⁾; (iii) TNB is the owner of the largest electricity transmission and distribution network in Peninsular Malaysia⁽¹⁾; and (iv) Taipower is a state-owned power industry group in Taiwan that operates in generation, transmission, distribution, and the sale of electricity, with total length of distribution lines of 399,813 circuit kilometres in 2021⁽¹⁾. EDC, EVN, TNB and Taipower are our customers, and due to their market positions, they are also our key potential customers as we intend to obtain concessions for or acquire new power assets or projects in their respective countries. We have an established relationship with them, and their recognition of our capabilities and performance is demonstrated by their grant of concessions to us for multiple power assets and projects and/or their continued engagement with us after our acquisition of power assets and projects. For example, EDC granted us the concession for the CTL Power Transmission Asset after we commenced our work on the CEL Plant and on the CEL II Plant a few years after the COD of the CEL Plant and the CTL Power Transmission Asset. Our experience of working with these customers and their recognition will prove advantageous when we expand our portfolio in these existing markets.

Note:

(1) Based on publicly available information as at the LPD.

For the C&I Solar Business, as at the LPD, we have completed 83 C&I Solar Projects and have 15 and 14 C&I Solar Projects under construction and at early development stages, respectively. We have a good track record as a result of our experience of working with existing C&I Customers, including reputable companies such as PT. Coca Cola Bottling Indonesia and Malayan Banking Berhad in Malaysia. Our completion and operation of numerous C&I Solar Projects also demonstrate our relevant capabilities, which will help us attract new commissions from existing and new C&I Customers.

Through our operations in the six Southeast Asian countries and Taiwan, we have become familiar with the respective local industry landscapes, local business environment, local laws and regulations, local communities and the process to develop and operate power assets/projects in these countries. We have also developed business relations with local strategic partners, suppliers and contractors. Southeast Asia is a diverse region, with each country having its own economic, social, cultural and political conditions and various regions in a specific country also having their unique conditions. Our local expertise and experience through our employees that are familiar with local conditions and local business network will provide us with a competitive advantage in deepening our presence in these existing markets.

Both Southeast Asia and Taiwan have great potential for future growth in the RE industry, driven by the global trend of sustainability development and the respective governments' incentives and efforts to develop RE. Our presence and experience in these markets have equipped us to take advantage of such potentials and future trends. For example, the Malaysia Renewable Energy Roadmap published by the Ministry of Energy and Natural Resources of Malaysia in 2021 sets a target to reach RE installed capacity of 12,916MW by 2025 and 17,996MW by 2035, with 31% of RE share in the national installed capacity mix by 2025 and 40% by 2035.

According to the IMR Report, Cambodia's total installed capacity is projected to be approximately 14,259.0MW in 2030, compared to 2,991.2MW in 2020, with hydropower and solar power expected to account for 33.2% and 12.6% of the total installed capacity. Aside from that, Vietnam's total installed capacity is projected to be approximately 137.1GW by 2030, of which the proportion of RE sources (including hydropower, solar, wind power and waste to energy) is expected to be about 50% by 2030 and 74% by 2045. For further industry information, please refer to the IMR Report as set out in Section 8 of this Prospectus.

As we intend to expand our portfolio of power assets and projects and deepen our presence in Southeast Asia and Taiwan, our presence, experience and reputation in the existing markets, as well as our capabilities and track record of development and operation of diverse power assets and projects will provide us with a competitive advantage for our future business development and expansion.

7.4.3 Our Utility-Scale Business, which contributed more than 95% of our revenue during the Period Under Review, is backed by long-term concession agreements signed with government-owned or government-linked utility companies and provides predictable and stable cash flows for our operations and ability to undertake new financing for new RE projects

Our operating power assets in the Utility-Scale Business benefit from long-term concession agreements that range from 20 to 30 years. For our current operating power assets in Malaysia, Cambodia, and Vietnam, the expiry dates of the PPAs and PTA range from 2027 to 2050. Please refer to Section 7.2 of this Prospectus for further information on our power assets.

In Malaysia, we have signed a 21-year fixed-tariff PPA with TNB for each of our two solar PV power plants, i.e., the LSE Plant and the LSE II Plant, with the terms ending in 2039 and 2041, respectively. For each plant, pursuant to the relevant PPA, TNB shall accept and purchase at a fixed tariff rate all the solar power we generate up to a certain annual amount, and has the discretion to accept and purchase any excess amount we generate, at a lower fixed tariff rate. Please refer to Section 7.2.5 of this Prospectus for further information.

In Cambodia, the PPAs for our two coal-fired power plants, i.e., the CEL Plant and the CEL II Plant, are structured such that EDC as the offtaker must purchase a specified minimum amount of power annually, regardless of whether they consume the power, thus ensuring a minimum stream of revenue. The costs of the coal used for the CEL Plant and the CEL II Plant are passed through to EDC in the form of energy payments payable to us under the PPAs. So long as our coal supply meets a pre-agreed set of specifications, such as gross calorific value, and we operate the plants efficiently, we are not exposed to coal price fluctuation since it can be passed over to the energy purchase price. Please refer to Section 7.2.2 of this Prospectus for further information.

CTL's PTA is structured as a fixed annual charge assuming a specified availability of our transmission lines. Please refer to Section 7.2.3 of this Prospectus for further information.

In Vietnam, with respect to the LNTH Plants, by law, EVN NPC is obliged to purchase all electrical energy transmitted on the electrical grid by these plants, except for electrical energy sold to local electricity distribution units at the request of local authorities to provide electricity to villages, communes without electricity in the vicinity of the plants. During the Period Under Review and up to the LPD, EVN NPC purchased all the power generated by the LNTH Plants. With respect to the Phu My Plants under CEVD, CEVD is required to deliver and sell the electricity generated by Phu My Plants exclusively to EVN, provided that the specified conditions are satisfied. Please refer to Section 7.2.4 of this Prospectus for further information. The Phu My Plants have previously encountered an industry wide curtailment from EVN during FYE 2022 due to an overloading of electricity to the national power grid in affected areas which posed a threat to the security of their national grids, resulting in the curtailment which required us to reduce our power generation.

Except for the C&I Solar Projects, the offtakers for all our plants and projects are either government-owned or government-linked utility companies which are key players in the power industry in their respective countries and entrusted by their respective governments to manage the national grid systems, please refer to Section 7.11 of this Prospectus for further information. Additionally, the payment obligations of EDC for the CEL Plant, the CEL II Plant and the CTL Transmission Line Asset are guaranteed by the RGC. As at the LPD, we have not experienced any material delay or any defaults in the payments due to us under the PPAs or PTA.

Backed by these long-term concession agreements with government-owned or governmentlinked utility companies, our Utility-Scale Business provides predictable and stable cash flows for our operations and also supports our expansion in undertaking new RE power assets and projects. Please refer to Section 12.2.3 of this Prospectus for further information on the financial performance of our Group by type of business.

7.4.4 We have an experienced and skilled team of senior management and key employees, supported by seasoned shareholders

Our senior management members and key employees have a wealth of experience in the power industry and skills in their respective roles.

Our Group is led by Gan Boon Hean, our Non-Independent Executive Director and our Group CEO, who has more than 40 years of experience in the power industry, including 13 years at TNB and 12 years at ABB Malaysia Sdn Bhd and ABB Transmission & Distribution Sdn Bhd. He is an electrical competent engineer and is experienced in design, engineering, project management, and in the installation of large-scale solar farms, hydropower plants, coal-fired power plants, high voltage and extra high voltage substations, underground cables, and transmission lines.

Gan Boon Hean is supported by a highly experienced and skilled management team, which comprise among others: Ng Seoh Koon, our Group CFO with over 15 years of working experience in respect of finance, audit and accounting working in professional firms and industrial groups in various countries in Southeast Asia; Koo Shuang Chyuan, our Group COO with approximately 35 years of experience in the power industry, worked as an engineer or at managerial positions in reputable industry players such as TNB, Alstom and Malakoff Corporation Berhad before joining our Group; Liew Ken Loong, CEO of the LYS Energy Group, who has been responsible for acquisition, development and management of our power assets and projects since he joined our Group in 2006; Ng Siew Yen, our Human Resources Director with close to 20 years of working experience in respect of human resource-related matters in various multinational corporations and the education sector; Vinie Chong Pui Ling, our Chief Investment Officer cum Head of Investor Relations, who has executed investments and fundraising transactions with a combined value of more than RM25 billion; Mohd Tawfique Hidayat Bin Roseli, our Group's Head of Business Development, with 15 years of experience in sourcing business development and project management in the area of RE; and Evelyn Chee Siew Poh, our Chief Sustainability Officer, a GRI certified sustainability reporting specialist with over 25 years of professional experience in ESG field and environment, health and safety through her years of services at regional and global level positions in various multi-national organisations. Please refer to Section 5.3.1 for further information on the profiles of our Key Senior Management.

In addition, our non-executive Directors who are also our Promoters, have extensive experience and skills on management of power companies, and provide guidance and support to our management team. In particular, Tan Sri Dato' Seri H'ng Bok San founded Leader Universal Holdings in 1988, a predecessor of our Company, and Datin Seri H'ng Hsieh Ling joined Leader Universal Holdings as its chief financial officer since 1992. Together with Dato' H'ng Chun Hsiang, our Non-Independent Executive Deputy Chairman, they played an important role in the commissioning, development and operation of our first power plant, the 37.1MW diesel-fired power plant in Cambodia. They also led HNG Capital Group, another predecessor of our Company, in expanding its power business. Together with relevant managers, engineers and staff members, they carried over the experience and know-how gained from our first power plant and subsequent power assets and projects to our current operations. Please refer to Section 5.2.1 of this Prospectus for further information on the profiles of our Directors.

Our senior management members and key employees, some of whom are long-term employees of our Group, have significant experience in the power industry and in their respective roles. We also hire employees with the relevant skills and are experienced in the industry. In addition, we support the learning and development of our employees through specialised training programs and on-the-job training with periodic performance review. Please refer to Section 7.21 of this Prospectus for further information on our employees. With these strengths, we have been able to achieve growth in our business.

In addition, our management team is experienced in working with various regulators across different regulatory regimes. Based on the Group's proven competence and ability to successfully deliver projects on time, the Group has developed constructive working relationships with its stakeholders, including government regulators, business partners, and offtakers.

7.5 FUTURE PLANS AND BUSINESS STRATEGIES

7.5.1 Pursue our long-term climate goal of net-zero GHG emissions by 2050 in support of climate goals set under the Paris Agreement

The power industry is currently undergoing an energy transition from fossil fuels to RE to address the climate change risks the world is facing today. We are pursuing our long-term climate goal to achieve net-zero GHG emissions by 2050, in support of the climate goals set under the Paris Agreement, i.e., to limit global warming to below 2°C and preferably below 1.5°C, compared to pre-industrial levels.

To achieve this long-term climate goal of net-zero GHG emissions by 2050, in support of the climate goals set under the Paris Agreement, we have identified a two-pronged approach as below.

(i) Reduce our direct (scope 1) and indirect (scope 2 and 3) GHG emissions

To achieve net-zero GHG emissions by 2050, we plan to reduce our emissions primarily by using the following emission reduction strategies:

(a) For scope 1 GHG emissions, primarily through the retirement of our two coalfired power plants following the expiry of their PPAs in 2043 (for the CEL Plant) and 2050 (for the CEL II Plant), respectively. In the interim, we will reduce our use of fossil fuel energy through improving the efficiency of our coal-fired power plants and electrification of our machines, equipment and vehicles in all our power assets, where relevant;

- (b) For scope 2 GHG emissions, we will reduce our consumption of electricity purchased from the grid by improving the energy efficiency of our operation and deploying RE facilities (such as rooftop solar PV systems) on our operation sites. We will also lower our scope 2 GHG emissions through the use of RECs that we generate from our own RE power generation assets. Please refer to Section 7.2.7 of this Prospectus on further information of the RECs; and
- (c) For scope 3 GHG emissions, we will reduce GHG emissions that come from our value chain, such as purchased goods and services, transportation of raw materials and equipment by third parties, and employee commuting and business travel. We aim to reduce value chain emissions through efforts including, among others, proper procurement by selection of suppliers.

Moving forward, we will reduce our direct (scope 1) and indirect (scope 2 and 3) GHG emissions as set out above to help in removing GHGs from the atmosphere. Please refer to Section 7.24.3(A) of this Prospectus for further information on the above.

(ii) Increase our contribution to avoided emissions

In addition to our planned GHG emissions reduction in support of the climate goals set under the Paris Agreement we will increase our contribution to avoided emissions primarily through the continuous expansion of our portfolio of RE power assets. Our generation and export of electricity from RE sources provides substitute to the potential generation of electricity from fossil fuels by other power producers and thus create the avoided emissions. In respect of this, we have allocated [•] of our proceeds to be raised from the Public Issue to fund the acquisition of brownfield RE projects and development of greenfield RE projects to be identified in the next 36 months from the date of the successful listing of our Company.

Further, we have established our sustainability management process to perform sustainability assessment, set sustainability policies, measure and monitor relevant performance and facilitate the implementation of sustainability strategies and plans. Through these plans and strategies, we aim to be part of the global sustainability efforts in support of the climate goals set under the Paris Agreement.

Please refer to Section 7.24 of this Prospectus for further information on our sustainability strategies. We consider our long-term climate goal to be one of our key strategies which will bring us sustainable growth and long-term benefits.

7.5.2 Focus on profitable and sustainable RE projects and acquire projects with proven track records or potential for profitability through competitive bidding of brownfield and/or greenfield projects that meet our investment criteria

We will expand our portfolio of RE power assets and projects through competitive bidding for concessions and acquisitions, and we will focus on profitable and sustainable RE projects, both brownfield and greenfield, with proven track records or potential for profitability that meet our investment criteria.

The process of identifying potential opportunities, obtaining government approvals, completing construction and commencing commercial operation is lengthy and complex. Depending on the complexity of each power plant, it generally takes three months to three years to progress from the preliminary evaluation to the actual commercial operation. We have to undertake the whole development process if we bid for government concessions or the whole or part of the development process if we acquire a greenfield project. In contrast, the process of acquiring a brownfield project may be shorter, but we would face the challenges of taking over the O&M of the projects immediately after the acquisitions, for example, we may need to work with a totally new team and require them to follow our standard operating procedures. Nevertheless, we believe that we have the capabilities and expertise required to identify projects that are expected to contribute to our growth, secure the required government approvals, complete acquisitions and construction, to operate and maintain completed projects and to integrate these acquisitions successfully. For further information on our experiences of undertaking greenfield and brownfield power projects, please refer to Sections 7.4.1 and 7.4.2 of this Prospectus. Please also refer to Section 7.17 of this Prospectus for further information about our investment process, including our investment criteria.

We have committed to only participate in RE power projects since 2018 and between 2016 and 2022, we have recorded a CAGR of 45.9% for GIC of our RE power generation assets.

As at the LPD, we have identified potential RE projects in our project pipeline as set out in Sections 7.1.2(i) and 7.6 of this Prospectus and we endeavour to undertake our best efforts to secure them. If we successfully secure the RE projects and assuming their completion are in accordance with our current plans, we will be able to increase the GIC of our existing RE power generation assets from 555.9MW to 885.4MW and thus achieve in the medium-term (by 2025) an aggregate estimated GIC (comprising both non-RE and RE power generation assets) of approximately 1,200MW (before taking into consideration the effective interest owned by our Group in the projects). Please refer to Section 9.1.2(ii) of this Prospectus for uncertainties associated with this target.

Under our future plans and business strategies, we will continue to actively pursue RE power projects and thus contribute to avoided emissions, as part of our efforts to support the climate goals set under the Paris Agreement. We believe we are well-positioned to response to the urgent call for decarbonisation by the world's economy, the growing demand for electricity (particularly generated from RE sources) and the increasing pace of the power sector liberalisation as set out in the IMR Report, all of which will provide us the opportunities for new RE projects for investment.

We will leverage on our extensive experience and expertise in solar PV power plants, hydropower plants and power transmission assets to undertake new types of power projects, e.g., wind power plants and energy storage power assets. We have also recently started to explore the business of EV charging docks, which is detailed in Section 7.6 of this Prospectus. As at the LPD, we do not have any specific plan to invest a significant amount in this business. However, we aim to build our experience and expertise to grow this new business in the future, as the market demand for EV grows. According to the IMR Report, the sales of EVs and number of charging stations in Southeast Asia grows at a CAGR of about 14% and 25% respectively from 2018 to 2022, and the number expected to continue to grow at double digits between 2022 and 2027). As and when required, we will mobilise our existing resources and engage new personnel, whether as employees or contractors, to work on new power projects and new businesses.
We will focus on the Southeast Asian countries and Taiwan, particularly the markets with high or growing demand for RE power projects. According to the IMR Report, Southeast Asian countries and Taiwan are expected to achieve strong growth of power generation capacities, with expected CAGRs of 5.7% and 8.6% for total installed capacity and total installed RE capacity, respectively, from 2021 to 2026. Most of the major Southeast Asian countries (i.e., Cambodia, Malaysia, Indonesia, Taiwan, Thailand, Vietnam and Singapore) have published national plans to achieve substantial growth of RE power generation capabilities, according to the IMR Report.

For instance, the governments in the Southeast Asia region laid out an aspirational five-year sustainability plan under the second phase of the ASEAN Plan of Action Energy Cooperation ("APAEC") 2020-2025. Under APAEC, the region's energy ministers agreed to set a target of 23% share of RE in total primary energy supply and of 35% in the installed power capacity by 2025. Taiwan has also officially published "Taiwan's Pathway to Net-Zero Emissions in 2050", which outlines the action pathway to achieve "2050 Net-Zero Emissions", including green transition of the power industry. For further information on these national plans, please refer to the IMR Report as set out in Section 8 of this Prospectus. We aim to strengthen our position in our existing markets (i.e., Malaysia, Cambodia, Vietnam, Singapore, Indonesia, Thailand and Taiwan) and we will also look for opportunities in new markets which meet our aforementioned criteria. For our strengths that support our expansion, please refer to Sections 7.4.1 and 7.4.2 of this Prospectus.

We often work with local companies that can help us in various aspects of acquisitions, including identification of potential projects, obtaining local and regional regulatory approvals, execution of acquisitions, efficient integration of the new business, and training and retention of qualified personnel to facilitate a smooth transition. We may also develop a potential project with a partner if doing so would enable us to use our resources more efficiently or expedite the project's development. We have formed strategic partnerships with local industry players such as (i) BCGE with respect to CEVD which holds the Phu My Plants, (ii) GUH Utilities Holdings Sdn Bhd with respect to LGRESB, and (iii) Hsinjing Renewable Energy Investment Co., Ltd. with respect to SDCL which holds the C&I Solar Projects in Taiwan and YBSSPCL. Strategic partnership with local industry players would bring us local expertise and local capabilities. We will continue to look for potential partners who are competent and capable.

We believe the strategies described above will create sustainable growth for our business and long-term value for our shareholders.

7.5.3 Implement our operational excellence plan with focus on people, processes and technologies and optimise our costs to support our business growth

We are in a business that requires strong technical competency and operational capabilities. To grow through acquisitions and new concessions and manage our expansion, we need to continuously invest in our people, processes and technology. Our operational excellence plan outlines key initiatives along the following three critical pillars:

(i) People - We value responsible leadership, respect, empowerment, teamwork, a performance-driven culture and accountability for actions. We guide our management and operation team using key performance indicators that align with the objectives of our main operational functions, such as business development, finance and accounting, O&M, health and safety, procurement and human resource. We are also developing more of such key performance such indicators. We also recognise the importance of attracting and retaining top talents with the right competency to achieve our goals. We have a succession plan for key leaders and we assess and address the training needs to enhance the skills and knowledge of our team, such as for O&M of our specialised power plant equipment;

- (ii) Processes We plan to (a) optimise our key business processes and map out and implement the optimal processes of actions and decision making for critical functions, (b) embed key internal controls within our governance structures and processes to ensure achievement of business goals with reasonable certainty and (c) design key performance indicators and identify corresponding remedial actions;
- (iii) **Technology** Our growth strategies in target markets across Southeast Asia and Taiwan as well as the impact of COVID-19 experience necessitates the potential adoption of (a) smart digital machines and devices at all levels of the power systems, from generation and infrastructure to end-user devices to enhance operation management and (b) suitable IT applications and solutions and database management for support services such as procurement, human resources, financial and accounting, sustainability management and governance processes such as risk management and business continuity management. These will support and enhance our Group's business performance across multiple locations.

As we expand our business and strive for operational excellence, we will continue to look for ways to improve our cost structures, as follows:

- (a) Optimise our capital structure and funding cost We have refinanced the LSE Plant, the LSE II Plant, the CTL Transmission Line Asset and the LNTH Plants in the past with lower-interest financing facilities and we will actively source for low-cost funding opportunities for our other power assets and projects;
- (b) Implement shared services We plan to implement shared services for business support functions such as finance and accounting, procurement, human resource and IT. We will use technologies and leverage on our core teams in the head office to lead and support our multiple operation sites across Southeast Asia countries and Taiwan. This will help us reduce headcount and operational costs for the same work scope, especially for the small-scale sites. We can also achieve savings through and group discounts by purchasing in larger volumes and/or as a group. We started implementing shared service for finance and accounting in 2022 and aim to roll out similar shared services for procurement, human resource and IT in 2023.

The abovementioned operational excellence efforts are expected to improve our operational efficiency and results of operations in the future.

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7.6 NEW PROJECTS

The following table sets out the details of our Utility-Scale power projects and C&I Solar Project which are at early development stages as at the LPD, all of which are greenfield projects.

| | | | | Esti G | mated | Totalpurchaseconsideration/estimated | |
|-------------------|--|---------|------------------------------|-----------|-------|---|--|
| Project name | Project description | Country | Effective interest (%) | (MW) | (MWp) | development cost (based on effective interest) ⁽²⁾ | Further details on the proposed acquisitions and/or development |
| C&I Solar | Project | | | | | | |
| Project Donald | A collection of 11 proposed agrivoltaic farming projects, the aggregate GIC is 17.4MWp COD: Expected to be between fourth quarter of 2023 and first quarter of 2024, with the signing of the PPA before the respective expected COD of the 11 projects Concession model: BOO | Taiwan | 54% | - | 17.4 | Purchase consideration: Nil Estimated development cost: TWD499.7 million (RM72.4 million) | Project Donald will be undertaken by VSPCL I and VSPCL II. LGRECL holds 90% equity interest in each of VSPCL I and VSPCL II and the remaining 10% equity interest is held by Zhao Feng Holding Co., Ltd. ("Zhao Feng"). LGRECL is a wholly-owned subsidiary of LGRESB, which is 60% and 40% owned by our Company and GUH respectively. Hence, the effective equity interest in VSPCL I and VSPCL II held by our Company, GUH and Zhao Feng is 54%, 36% and 10% respectively. LGRECL will be primarily involved in project management, financing, EPC, site supervision and post-construction O&M of the project. Zhao Feng, our Group's local partner in Taiwan, will be primarily responsible for overseeing the contractor that provides agricultural-related services. The total development cost will be funded through equity and/or shareholders' advances by our Company, GUH and Zhao Feng based on their effective equity interests in VSPCL I and VSPCL II and bank borrowings to be undertaken by VSPCL I and VSPCL II to amongst others, obtain the necessary approval / permits / consent required from the Taiwan authorities in relation to the development of Project Donald. As at the LPD, VSPCL I and VSPCL II have entered into all required land lease arrangement on the project and are in the midst of obtaining the necessary permits (including agricultural facility approval) from the local authorities in relation to the usage of the solar PV facilities. |

| Project name | Project description | Country | Effective interest (%) | Esti G (MW) | mated IC ⁽¹⁾ (MWp) | Totalpurchaseconsideration/estimateddevelopmentcost(based on effectiveinterest) | Further details on the proposed acquisitions and/or development |
|--------------------|---|---------|------------------------------|-------------------|-------------------------------------|---|--|
| Utility-Sca | le power projects | | | | | | |
| Project Breeze | A proposed 200.0MW onshore wind farm COD: Unable to estimate the expected COD, because the timing of being included into the Power- Development Plan VIII of Vietnam is uncertain Concession model: BOO | Vietnam | 85% | 200.0 | - | Purchase consideration: USD24.7 million (RM110.1 million) Estimated development cost: USD283.9 million (RM1,265.8 million) | On 31 August 2022, LEVSB submitted a non-binding offer to the seller, An Phat Dai Ngan Joint Stock Company to acquire 85% equity interest of this greenfield wind farm ("Proposed Project Breeze Acquisition"), of which the seller had acknowledged. Subsequently on 16 December 2022, LEVSB submitted a final binding offer to the seller with a purchase consideration of USD24.7 million (RM109.1 million) for the Proposed Project Breeze Acquisition, and the seller accepted the offer on 30 December 2022. LEVSB will nominate LEVPL to undertake the Project Breeze, upon inclusion of this project in the proposed Power-Development Plan VIII of Vietnam. As at the LPD, the negotiation on the final terms to enter into the definitive shares purchase agreement and shareholders' agreement between the parties is pending the official inclusion of this project in the proposed Power-Development Plan VIII of Vietnam. Subsequently, the proposed Power-Development Plan VIII has been approved by the Government of Vietnam on 15 May 2023 and the process to include the project is expected to be concluded in the near future. Subject to the completion of the Proposed Project Breeze Acquisition, the project will be jointly developed by LEVPL and the seller with the effective equity interest of 85% and 15% respectively. The total development cost will be funded through equity and/or shareholders' advances by the parties based on their effective equity interest in the project and borrowings to be undertaken by LEVPL. |
| Project Mingdao | A proposed 20.0MWp ground- mounted solar PV project COD: Unable to estimate the expected COD, because the development is at a preliminary stage whereby the project | Taiwan | 36% | - | 20.0 | Purchase consideration: Nil Estimated development cost: N/A, as the project layout has yet to be determined. | YBSSPCL entered into a non-binding arrangement with the land owner, effective 9 January 2023, for the lease of the land for development of the project. As at the LPD, YBSSPCL is waiting for the land owner to obtain approval from the relevant education bureau before it can officially commence the application procedures for the implementation of a solar PV power plant. LGRECL has disposed of its shares in YBSSPCL to Hsinking Construction Co., Ltd. on 17 July 2023. |

| Project | | | Effective | Esti G | mated IC ⁽¹⁾ | Totalpurchaseconsideration/estimateddevelopmentcost(basedoneffective | |
|------------------|---|----------|-----------|-----------|----------------------------|--|---|
| name | Project description | Country | (%) | (MW) | (MWp) | interest) ⁽²⁾ | Further details on the proposed acquisitions and/or development |
| | determined Concession model: BOO | | | | | | |
| CGPP Projects | A proposed 39.9MWp ground- mounted solar PV project in Malaysia COD: Expected to be in the fourth quarter of 2025 Concession model: BOO | Malaysia | 100% | - | 39.9 | Purchase consideration: Nil Estimated development cost: N/A as the project is currently under bidding stage | On 31 January 2023, LEVSB entered into a conditional memorandum of understanding with HNG Capital for the lease of a portion of the land to participate in the CGPP to develop a solar power plant planned at Lot 5, Pekan Bukit Selambau, Daerah Kuala Muda, Kedah, Malaysia ("Land for CGPP"). Concurrently, HNG Capital had entered into a conditional memorandum of understanding with GUH to secure the right to purchase the said land for the development of the project, subject to the approval of GUH's board and shareholders. This project includes the development of a 132kV loop-in, loop-out substation that can cater for up to 90.0MW of large scale solar grid interconnection. The application to secure for quota for the CGPP was submitted by our Company on 9 May 2023, and is pending the result. The result is expected to be announced within 3 months from submission of application. |
| | A proposed 43.5MWp ground- mounted solar PV project in Malaysia COD: Expected to be in the fourth quarter of 2025 Concession model: BOO | Malaysia | 10% | - | 43.5 | Purchase consideration: Nil Estimated development cost: N/A as the project is currently under bidding stage | On 3 May 2023, LEVSB entered into a memorandum of understanding with IJMR to collaborate on participation in the CGPP to develop a solar power plant. The consortium is led by IJMR with 90% equity interest and the balance of 10% equity interest will be owned by LEVSB. This project will be undertaken by a special purpose vehicle to be incorporated upon successful in securing a quota for the CGPP. The bidding is undertaken by consortium of IJMR and LEVSB. This CGPP solar power plant project is planned to be located at a portion of the Land for CGPP. This project will be connected to a loop-in, loop-out substation that will be built by our Group. The application to secure the quota for the CGPP was submitted on 9 May 2023, and is pending the result. The result is expected to be announced within 3 months from submission of application. |

| | | | | Estii Gi | nated IC ⁽¹⁾ | Totalpurchaseconsideration/estimated | |
|-------------------------|---|----------|------------------------------|-------------|----------------------------|---|--|
| Project name | Project description | Country | Effective interest (%) | (MW) | (MWp) | development cost (based on effective interest) ⁽²⁾ | Further details on the proposed acquisitions and/or development |
| EV charging docks | Proposed deployment and implementation of 30 EV charging docks with combined 4,800.0kW | Malaysia | 60% | - | - | Purchase consideration: Nil Estimated development cost: N/A as the project is at a preliminary stage | On 17 March 2023, LEVSB entered into a memorandum of understanding with Star Future Energy Sdn Bhd (" STAR ") to collaborate in the field of EV charging docks and RE solutions. STAR is an EV charging stations solutions provider, and is in possession of valid, legal, effective and binding approvals, licences, and permits issued by the relevant authorities which will enable the setting up of various EV charging stations in Malaysia, in particular, along major expressways and fuel stations. The collaboration between LEVSB and STAR will be undertaken by a joint venture company, whereby LEVSB (or its nominated entity) will take up a majority stake in the joint venture company. STAR will be developing, deploying, and implementing the EV charging docks whereas LEVSB will undertake a supervisory and management role. 30 EV charging docks with a collective capacity of 4,800kW (160kW each) are planned to be initially deployed along the rest areas of the North-South Expressway, which is expected to be completed by end of 2024. As at the LPD, the parties are in the midst of finalising the terms of the joint venture agreement. |
| Total GIC | | | | 200.0 | 120.8 | | |

Note:

- (1) The GIC of each project as set out above was determined during the design stage. Therefore, the GIC set out in this table are estimated figures and can only be confirmed when our Group completes the construction of these projects.
- (2) Computed based on the exchange rate of USD1:RM4.4585 and TWD100:14.4900 as extracted from BNM's website for 28 April 2023, the market day immediately prior to the closest available date to the LPD.

In the table above, the estimated development cost is based on the portion to be funded by our Group based on its effective equity interest in the respective projects. The estimated development cost was arrived at based on best estimation from the management based on our Group's historical track records in project tenders, construction of new power plants and its business relationships with EPC contractors and suppliers of main equipment such as solar panels, module and inverters.

7.7 SEASONALITY OF OUR BUSINESS

We experience seasonality in our business such as:

- (i) Our hydropower plants (i.e., the LNTH Plants) are located in Lao Cai province, Vietnam on the Thau, Phin Ho and Ngoi Xan Rivers. Their ability to generate power are dependent upon hydrological conditions prevailing from time to time in Lao Cai. Water flow along the tributaries that our hydropower plants are located varies continuously and depends primarily on the levels of precipitation and seasonal changes. Generation normally peaks during July to October when the levels of precipitation in Lao Cai increase and the hydrological conditions prevailing at our hydropower plants become more favourable. Accordingly, revenue from our hydropower plants, i.e. the LNTH Plants tends to be higher for the periods from June to October.
- (ii) Our Utility-Scale solar PV power plants (i.e., the LSE Plant and the LSE II Plant, the Phu My Plants and the Vinh Hao 6 Plant) are located in Kedah (Malaysia), Binh Dinh province (Vietnam) and Binh Thuan province (Vietnam), respectively. Our C&I Solar Projects are located across Malaysia, Vietnam, Singapore, Indonesia, Thailand and Taiwan. The amount of electricity that can be generated is directly dependent upon the solar irradiation condition prevailing from time to time at the respective locations where these power generation assets are located. Hence, the revenue contribution from our Utility-Scale solar PV power plants and C&I Solar Projects may be affected by the solar irradiance at the respective locations of the Utility-Scale solar PV power plants and C&I Solar Projects.

In Southeast Asia and Taiwan, solar irradiance is generally higher in dry seasons and lower in wet seasons. Accordingly, the electricity outputs of our solar power plants are generally higher in dry seasons and lower in wet seasons. The dry and wet seasons vary by location. For example, in Kedah, Malaysia, where the LSE Plant and the LSE II Plant are located, the dry season is usually from February to April, and the wet season is usually from September to next January. In Binh Dinh, Vietnam, where the Phu My Plants are located, the wet season is usually from mid-October to February, and the rest of the year is relatively dry. The above are the typical seasonality patterns, while the actual condition may change from year to year. Accordingly, the electricity outputs and revenues of the LSE Plant, the LSE II Plant and the Phu My Plants tend to be higher in the respective dry seasons and lower in the respective wet seasons as mentioned above.

(iii) Our coal-fired plants (CEL Plant and CEL II Plant) are both located at Sihanoukville, Cambodia. EDC despatch instruction is dependent on the energy demand of the country. During the rainy season which typically span from May to October, EDC is likely to issue despatch instructions to run more hydropower generations due to the availability of water to generate the power as well as the lower contracted tariff rates for hydropower plants as compared to coal-fired plants. Hence, we normally arrange maintenance and shutdown of our coal-fired power plants, i.e., the CEL Plant and the CEL II Plant during this period. During the dry season which typically span from November to April, EDC is more likely to despatch instructions to run coal-fired plants due to low availability of water to generate power.

Our revenue stream from coal-fired plants is derived from the non-fuel component and the fuel component. The revenue contribution from the non-fuel component for CEL and CEL II is relatively stable, as EDC is obliged to pay for at least the minimum take, i.e., 86% of the net dependable capacity from both CEL Plant and CEL II Plant, while the fuel component is typically lower in the wet seasons compared to dry season.

7.8 BUSINESS DEVELOPMENT AND MARKETING ACTIVITIES

For our Utility-Scale Business, we carry out marketing activities to create brand awareness and promote our services and capabilities, and lay the groundwork to secure government concessions and projects. We typically obtain government concessions through a public tender process conducted by the relevant governmental authority having oversight of the proposed project.

In relation to our C&I Solar Business, we sell our solar energy systems using a direct-tocustomer approach. We market and sell our solar energy systems using direct channels and field marketing. We sell to C&I Customers over the phone or visits on-site and canvassing at the premises of potential C&I Customers. We also have partnerships with third party platforms and third party referrals in order to broaden our sales channels to potential C&I Customers.

If a C&I customer engages us, we will design, build, install, operate and/or maintain systems for such customer. Subject to the relevant laws and regulations of the relevant jurisdiction, we will tailor a customised solution to each customer. We believe that our customised, customer-focused selling process is important before, during and after the sale of our solar services. Please refer to Section 7.2.8 of this Prospectus for further information on the C&I Solar Projects.

For the C&I Solar Projects, we offer our sales team with comprehensive internal training, which covers sales techniques, applicable laws and regulations, our products and services. We encourage our sales personnel to customise their consultative presentation to C&I Customers. We also maintain quality through performance evaluations of our sales personnel. We believe our sales team is one of the key elements in enabling us to effectively design a tailored solar energy system and its accompanying O&M services for each customer, with optimised pricing, taking into account the complexity of the system, energy usages and characteristics of the building where the system will be installed.

7.9 RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out research and development. We do not have any material research and development policies, and have not carried out any significant research and development for the Period Under Review.

7.10 TECHNOLOGY

We rely on the technologies embedded in the equipment and machineries for our solar PV power generation assets, hydropower plants, coal-fired power plants and power transmission assets as well as software tools in our day-to-day operations.

7.11 MAJOR CUSTOMERS

Our Group's top 5 major customers during the Period Under Review are as follows:

FYE 2020

| Custor | ners | Type of products / services | Approximate length of relationship as at 31 December 2020 ⁽¹⁾ | Value of revenue | % of total revenue ⁽²⁾ |
|--------|---------|-----------------------------------|--|------------------|--------------------------------------|
| | | | | (RM'000) | (%) |
| (i) | EDC | Power generation and transmission | 26 years ⁽³⁾ | 471,531 | 86.4 |
| (ii) | EVN NPC | Power generation | 4 years | 37,889 | 6.9 |
| (iii) | TNB | Power generation | 2 years | 36,163 | 6.7 |
| Total | | | | 545,583 | 100.0 |

FYE 2021

| Custor | ners | Type of products / services | Approximate length of relationship as at 31 December 2021 ⁽¹⁾ | Value of revenue | % of total revenue ⁽²⁾ |
|--------|--|--------------------------------------|--|------------------|--------------------------------------|
| | | | | (RM'000) | (%) |
| (i) | EDC | Power generation and transmission | 27 years ⁽³⁾ | 594,699 | 87.5 |
| (ii) | TNB | Power generation | 3 years | 38,980 | 5.7 |
| (iii) | EVN NPC | Power generation | 5 years | 35,607 | 5.2 |
| (iv) | PT. Coca Cola Bottling Indonesia | EPC for the C&I Solar Projects | 3 years | 5,202 | 0.8 |
| (v) | Malayan Banking Berhad | EPC for the C&I Solar Projects | 1 year | 803 | 0.1 |
| Total | | | - | 675,291 | ⁽⁴⁾ 99.3 |

FYE 2022

| Custon | ners | Type of products / services | Approximate length of relationship as at 31 December 2022 ⁽¹⁾ | Value of revenue | % of total revenue ⁽²⁾ |
|--------|--|--------------------------------------|--|------------------|--------------------------------------|
| | | | | (RM'000) | (%) |
| (i) | EDC | Power generation and transmission | 28 years ⁽³⁾ | 795,562 | 87.4 |
| (ii) | EVN NPC | Power generation | 6 years | 46,125 | 5.1 |
| (iii) | TNB | Power generation | 4 years | 37,563 | 4.1 |
| (iv) | PT. Coca Cola Bottling Indonesia | EPC for the C&I Solar Projects | 4 years | 3,796 | 0.4 |
| (v) | Hafary Pte Ltd | EPC for the C&I Solar Projects | 1 year | 2,689 | 0.3 |
| Total | | | - | 885,735 | ⁽⁴⁾ 97.3 |

Note:

(1) For Utility-Scale Business, i.e., power generation and/or transmission, the length of business relationship with each of its major customers is calculated based on the COD of the first project which supplied power to the customers.

(2) Based on our Group's total revenue for the respective FYE 2020, FYE 2021 and FYE 2022.

(3) Including the length of relationship between EDC and our Group and its predecessors, i.e., the power business of Leader Universal Holdings Group and that of HNG Capital Group, since Leader Universal Holdings Group was awarded its 37.1MW power generation project by EDC in 1994.

(4) The balance of revenue was contributed by customers from C&I Solar Business.

Based on publicly available information, EDC is 100% owned by the RGC, and is co-owned by the Cambodian MME and the Ministry of Economy and Finance of Cambodia, on behalf of the RGC. EDC has the rights and responsibilities to generate, transmit and distribute electricity throughout Cambodia.

Based on publicly available information, TNB is the largest electricity utility in Malaysia and a leading utility company in Asia with an international presence in United Kingdom, Kuwait, Turkey, Saudi Arabia, Pakistan and India.

Based on publicly available information, EVN NPC is one of the five distribution companies wholly-owned by EVN and EVN was established and wholly-owned by the government of Vietnam.

EDC is the customer of the CEL Plant, the CEL II Plant and the CTL Transmission Line Asset. EVN NPC is the customer of the LNTH Plants. TNB is the customer of the LSE Plant and the LSE II Plant. EVN (the parent company of EVN NPC) is the customer of the Phu My Plants, however, the revenue generated by the Phu My Plants has not been consolidated to our revenue since they are held by one of our jointly controlled entities. In addition, EDC is the customer of the CTL II Transmission Line Asset and EVN is the customer of the Vinh Hao 6 Plant. We acquired these two power assets in 2023, therefore, they did not contribute to our revenue in FYE 2020, FYE 2021 or FYE 2022.

The C&I Solar Projects operated by LYS Energy Group have contributed to our revenue since we acquired LYS Energy Group in September 2021. Customers of those C&I Solar Projects are C&I Customers, and none of them contributed more than 1% of our revenue for the FYEs 2021 and 2022. As at 31 December 2021 and 2022, the number of our C&I Customers was 59 and 65, respectively.

Our Group is dependent on three major customers, namely, EDC, TNB and EVN NPC. They have collectively contributed a total of 100.0%, 98.4% and 96.6% of our Group's revenue for FYE 2020, FYE 2021 and FYE 2022, respectively, pursuant to the PPAs/PTA entered into with our Group, with long terms that range from 20 to 30 years. However, we are of the view that such dependency will not give rise to any material concern on the business operations and financial condition of our Group based on the following:

- our Group considers the collection risks relating to any of these three customers to be low since each of them are government-owned or government-linked utility companies that is a key or even the largest power provider in the respective countries. In addition, during the Period Under Review, our Group did not face any payment of default from these customers;
- (ii) due to the long-term concession agreement entered into with these major customers, our Group believes that we will be able to maintain good relationship with them and hence maintain a stable revenue stream from these major customers; and
- (iii) our Group aims to expand its portfolio of power generation and transmission assets to other countries in future to reduce dependency on any single major customer.

None of our Directors, Substantial Shareholders or their respective associates has any interest, direct or indirect, in EDC, TNB or EVN NPC.

7.12 MAJOR SUPPLIERS

Our Group's top five suppliers by value of purchases for the Period Under Review are as follows:

FYE 2020

| Suppliers | Type of products | Approximate length of relationship as at 31 December 2020 | Value of purchases | % of total cost of sales ⁽¹⁾ |
|--|--|---|--------------------|---|
| | | | (RM'000) | (%) |
| (i) Liannex Corporation (S) Pte Ltd | Coal | 4 years | 125,908 | 43.5 |
| (ii) Minerals Marque Sdn Bhd | Coal | Less than 1 year | 8,437 | 2.9 |
| (iii) Sahakreasphalit Kambor Neng Msaobeak Phnom Meas | Limestone | 1 year | 3,298 | 1.1 |
| (iv) W S 999 Green Lime Construction Material Co., Ltd | Limestone | 1 year | 1,960 | 0.7 |
| (v) Source Solution Limited | Spare parts, consumables and tools | 3 years | 1,702 | 0.6 |
| Total | | - | 141,305 | 48.8 |

FYE 2021

| Suppli | ers | Type of products | Approximate length of relationship as at 31 December 2021 | Value of purchases | % of total cost of sales ⁽¹⁾ |
|--------|--|--|---|--------------------|---|
| | | | | (RM'000) | (%) |
| (i) | Minerals Marque Sdn Bhd | Coal | 1 year | 228,558 | 62.5 |
| (ii) | Sokimex Co., Ltd | Diesel | 8 years | 4,411 | 1.2 |
| (iii) | Sahakreasphalit Kambor Neng Msaobeak Phnom Meas | Limestone | 2 years | 2,526 | 0.7 |
| (iv) | WEG Singapore Pte Ltd | Spare parts | 1 year | 2,182 | 0.6 |
| (v) | Source Solution Limited | Spare parts, consumables and tools | 4 years | 1,946 | 0.5 |
| Total | | | - | 239,623 | 65.5 |

FYE 2022

| | | | Approximate length of relationship as at | | % of total |
|--------|---------------------------------|---|--|-----------------------|---------------------------------|
| Suppli | ers | Type of products | 31 December 2022 | Value of purchases | cost of sales ⁽¹⁾ |
| | | | | (RM'000) | (%) |
| (i) | Minerals Marque So Bhd | in Coal | 2 years | 370,720 | 70.4 |
| (ii) | JA Solar Internation Limited | al Solar panels | 2 years | 8,105 | 1.5 |
| (iii) | ICM Company Limite | d Service maintenance | 6 years | 3,608 | 0.7 |
| (iv) | Source Solutio | on Spare parts, consumables and tools | 5 years | 3,486 | 0.7 |
| (v) | Sokimex Co., Ltd | Diesel | 9 years | 2,207 | 0.4 |
| Total | | | | 388,126 | 73.7 |

Note:

(1) Based on our Group's total cost of sales for the respective FYE 2020, FYE 2021 and FYE 2022.

The key suppliers that our Group requires for its business are generally suppliers of coal, diesel, limestone, spare parts, tools and consumables.

Liannex Corporation (S) Pte Ltd. was a major supplier of coal to our Group in FYE 2020 for CEL Plant and CEL II Plant. The CSTA with Liannex Corporation (S) Pte Ltd. expired in December 2020. Pursuant to EDC's review of the proposals from various coal suppliers, EDC recommended to our Group and approved the CSTAs with our current coal supplier, Minerals Marque Sdn Bhd. Please refer to Section 7.2.2 of this Prospectus for further information on the CSTAs with Minerals Marque Sdn Bhd. For information purposes, our Group's Directors, Substantial Shareholders or their respective associates do not have any interest in Minerals Marque Sdn Bhd during the Period Under Review and up to the LPD.

Our Group is not dependent on any single supplier. Even though our Group made substantial amount of purchases from Minerals Marque Sdn Bhd since 2021, our Group is not dependent on it as there are other coal suppliers in the market which is approved by EDC. If Minerals Marque Sdn Bhd fails to fulfil its obligations under the CSTAs entered into with our Group, our Group is permitted to and will be able to procure coal supplies from other suppliers in a timely manner. We maintain a list of coal suppliers to ensure quality and timeliness of alternative coal supplies when necessary. However, in accordance with the PPAs, we are obliged to follow the specified bidding procedure to select and secure for all long-term coal suppliers for CEL Plant and CEL II Plant and these suppliers are subject to EDC's approval.

7.13 TYPES, SOURCES AND AVAILABILITY OF MATERIALS AND INPUTS

The principal material used in our operations is coal, which we purchase for the operation of the CEL Plant and the CEL II Plant. We purchased coal from Liannex Corporation (S) Pte Ltd during FYE 2020 and from Minerals Marque Sdn Bhd during FYE 2020, FYE 2021, FYE 2022 and up to the LPD. We are able to procure sufficient supplies from alternative sources including the open market if Minerals Marque Sdn Bhd fails to supply coal that meets the quality standard specified in the CSTA and Minerals Marque Sdn Bhd is required to indemnify us for the additional costs associated with such procurement. Please refer to Section 7.12 of this Prospectus for further information on these two suppliers and Section 7.2.2 of this Prospectus for further information on the CSTA. For the Period Under Review, the purchase of coal amounted to RM134.3 million, RM228.6 million and RM370.7 million, accounting for 46.4%, 62.5% and 70.4% of our cost of sales, respectively. The costs of coal are and will be passed through to EDC in the form of energy payments payable to us under the PPAs for the CEL Plant and the CEL II Plant, therefore, we are generally not subject to risks caused by fluctuations in coal price.

The other materials and inputs we purchased during the Period Under Review primarily include diesel, limestone, spare parts, tools and consumables. We are not dependent on any source of supply for such materials and inputs and we are able to procure them from alternative sources including the open markets. None of such materials and inputs accounted for more than 3% of our cost of sales during the Period Under Review.

The primary reason for coal being our single most significant purchase of materials and inputs is that the materials and inputs for our RE power assets are generally immaterial and the biggest inputs are the sources of energy (solar irradiance or river water), which are natural sources of energy and at no cost except for the necessary permits and licences. For the same reasons, we expect that coal will continue to be our single most significant purchase of materials and inputs in the foreseeable future despite us having pledged to only invest in RE projects such as hydro, solar, and wind power projects going forward.

7.14 INTELLECTUAL PROPERTY RIGHTS

As at the LPD and save as disclosed below, we do not own or use any registered trademarks, patents or other intellectual properties on which our business or profitability is materially dependent on.

We are currently using the trademark owned by our Promoter and Substantial Shareholder, namely HNG Capital at no cost in carrying out our business.

We have entered into a licence agreement dated 28 January 2022 with HNG Capital, under which we have been granted a non-exclusive licence and right to use the trademark. The details are set out below:

- (i) Licensor: HNG Capital
- (ii) Licensee: Leader Energy
- (iii) Consideration: Nil
- (iv) Tenure: 5 year commencing from 28 January 2022, which shall be automatically renewed for a successive term for the duration equivalent to the initial term (unless either party gives notice to the other party of their intention not to renew the agreement at least 1 month prior to the expiry of the initial term or any renewed term).

(v) Trademarks:

| Registered owner of trademark | Trademark | Classification | Description of goods / services | Expiry date ⁽¹⁾ |
|-------------------------------------|-----------|---|---|-------------------------------|
| HNG Capital | | Class 39, with Trademark registration no. 2015062888 | Distribution of energy, distribution of power and distribution of electricity; all included in Class 39. | 28 January 2027 |
| HNG Capital | | Class 40, with Trademark registration no. 2015062892 | Distribution of energy, distribution of power and distribution of electricity; all included in Class 40. | 28 January 2027 |

We (licensee) had on 22 June 2023 entered into a joint notice of variation to the five-year licence agreement ("Variation Notice") whereby HNG Capital (licensor) granted us the exclusive licence to use the trademark on an exclusive basis without any monetary consideration. For avoidance of doubt, the exclusivity granted to us shall not prohibit HNG Capital and its group of companies from using the Trademark.

Further, upon expiry of the initial term, these trademarks shall be automatically renewed for a successive term for the duration equivalent to the initial term (unless either party gives notice to the other party of their intention not to renew the agreement at least one month prior to the expiry of the initial term or any renewed term). We do not foresee any hindrance in renewing the licence when it expires. In the event the licence is not renewed, we do not foresee any material adverse effect on our business or operations.

HNG Capital intends to transfer the trademarks to Leader Energy and in turn Leader Energy shall grant HNG Capital the licence and right to use the trademarks. The process to transfer and the registration of trademarks will be initiated in second half of 2023.

Note:

(1) Upon the expiry of the initial term of the license agreement, the agreement shall be automatically renewed for successive terms for the duration equivalent to the initial term unless either party gives notice to the other party of their intention not to renew the agreement within the prescribed notice period of one month prior to the expiry of the initial term.

7.15 QUALITY CONTROL, SAFETY, CERTIFICATION AND RECOGNITION

We are committed to ensuring a high level of performance with respect to our power generation and power transmission assets. We strive to optimise our asset operation, minimise asset downtime and meet customers' schedules and other demands. Our efforts include, among others, regular inspection of equipment, components and materials, regular training for staff members, on-site inspections and rectification and strict selection of subcontractors and vendors. We also commit ourselves to ensuring safety and health of our working environment. Please refer to Section 7.24 of this Prospectus for further information.

The nature of our business involves complex machinery and high voltage equipment. We have placed emphasis on safety measures, adopted safety protocols and various internal policies as well as taken protective measures designed to eliminate health and safety risks. Please refer to Section 7.24.3(B) of this Prospectus for further information on our health and safety measures. For the Period Under Review and up to the LPD, we achieved a satisfactory safety performance milestone by accomplishing no material loss time injury, no material accident and no fatal case.

Our quality control policies have received the following certifications in relation to our operations:

- the CTL Transmission Line Asset has received ISO9001:2015 (quality management systems), ISO14001 (environmental management systems) and ISO45001:2015 (occupational health and safety) certifications; and
- (ii) LYS Energy, the entity which directly and indirectly owns and develops the C&I Solar Projects (except those under SDCL), and LYSESV, one of LYS Energy's subsidiaries, have both received ISO9001:2015 (quality management systems) and ISO45001:2018 (occupational health and safety) certifications.

7.16 BUSINESS INTERRUPTION

There has not been any material interruption to our business activities during the past 12 months prior to the date of this Prospectus.

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7.17 INVESTMENT PROCESS

As elaborated in Section 7.5 of this Prospectus, for both our Utility-Scale Business and C&I Solar Business, we have in the past made investments by acquiring power assets and projects and procuring new concessions for power projects, and we will continue to do so as part of our future plans and business strategies.

The charts below illustrate the key activities of our investment processes through acquisitions and procuring new concessions, respectively.



Investment process – Acquisitions

Note:

(1) The internal reviews are carried out by our senior management members and/or our Investment Committee. Where the Board's approval is required, our Investment Committee will make recommendations to the Board for its decision making. Our Investment Committee is a committee of the Board, consisting of certain members of the Board.

- (2) The approvals in the internal review process, depending on the potential investment amount, will be made by our certain senior management members, the Investment Committee or the Board, in accordance with the authority limits granted under our internal investment approval guidelines. In the event that the potential investment amount exceeds the highest authority limit within the relevant senior management members, the approval will be made by the Investment Committee. Where the potential investment amount exceeds the authority limit of the Investment Committee, the approval will be made by the Board, unless it is specifically reserved for approval by the shareholders under the Listing Requirements and/or the Act. The Investment Committee will make recommendations to the Board and the Board will make recommendations to the shareholders on the investment proposal where in each case the latter's approvals are required.
- (3) The acquisition may involve direct negotiations between us and the seller, or an open or closed tender process. Under a direct negotiation process, an initial bid may be revised after its submission to the seller, taking into consideration the seller's needs and our available options to facilitate the negotiation. Under an open or closed tender process, generally no revision of an initial bid is allowed after its submission to the seller and the process will end if the initial bid is not accepted.
- (4) For further information of due diligence and other analysis, please refer to Section 7.17(iii)(a) of this Prospectus.



Investment process – New concessions⁽¹⁾

Note:

- (1) This chart only covers the investment process for new concessions for Utility-Scale power projects.
- (2) The internal reviews are carried out by our senior management members and/or our Investment Committee. Where the Board's approval is required, our Investment Committee will make recommendations to the Board for its decision making. Our Investment Committee is a committee of the Board, consisting of certain members of the Board.

- (3) The approvals in the internal review process, depending on the potential investment amount, will be made by our certain senior management members, the Investment Committee or the Board, in accordance with the authority limits granted under our internal investment approval guidelines. In the event that the potential investment amount exceeds the highest authority limit within the relevant senior management members, the approval will be made by the Investment Committee. Where the potential investment amount exceeds the authority limit of the Investment Committee, the approval will be made by the Board, unless it is specifically reserved for approval by the shareholders under the Listing Requirements and/or the Act. The Investment Committee will make recommendations to the Board and the Board will make recommendations to the shareholders on the investment proposal where in each case the latter's approvals are required.
- (4) For details of preparatory work, please refer to Section 7.17(iii)(b) of this Prospectus.
- (5) New concessions may involve direct negotiations between us and the potential concession grantor, or an open or closed tender process. For bidding under direct negotiations with the potential concession grantor, if our bid is not accepted, we may resubmit a revised bid after taking into consideration the needs of the potential concession grantor and relevant authorities (if any) and our available options to facilitate further negotiations. In contrast, the bidding process under an open or closed tender for new concessions will end if the bid is not accepted.

(i) **Preliminary assessment**

Our investment process starts with seeking for and identifying investment targets including (a) acquisition targets out of the existing power assets and projects and (b) new concession opportunities for Utility-Scale power projects, primarily through our business development team who regularly gathers market intelligence and maintains close contact with merger and acquisition brokers. In addition, we market to potential C&I Customers to initiate new projects under our C&I Solar Business. Please refer to Section 7.8 of this Prospectus for further information on our business development and marketing.

Upon identifying potential acquisition targets or new concession opportunities, with the support of our O&M team, corporate finance team and legal team, all of which are inhouse, our business development team conducts preliminary assessment that covers technical, legal, financial, tax and risk aspects of the potential investments. Site visits are undertaken at the locations of all the potential acquisition targets and new concession opportunities unless impracticable due to travel restrictions or distance and logistics consideration, at the preliminary assessment stage and/or at the stage of due diligence (for acquisitions) or preparatory work (for new concessions).

Our business development team, after preliminary assessment, determines whether an acquisition target or concession opportunity meets our investment criteria. Our investment criteria consider, among others:

- (a) the **operation aspect**, such as our capabilities and capacities for operating the potential new power assets and developing the potential new power projects;
- (b) the **governance aspect**, such as legal and environmental compliance requirements;
- (c) the financial aspect, such as the projected future cost, income and return. We typically adopt a discounted cash flow method in appraising the financial aspects of the potential new power assets and projects. The discounted cash flow method takes into account the expected future cash flow estimated and projected based on the offtake terms (if available) and/or other operational and financial information;¹ and

¹ When undertaking a discounted cash flow method in appraising the financial aspects of the potential new power assets and projects, our Group typically adopts the key assumptions as follows:

(d) the strategic aspect, such as whether and how the potential new power assets and projects can support our future plans and business strategies and what synergies can be created by the potential investments. An example of such synergies is that the O&M and finance team of the CTL Transmission Line Asset is able to support the operation of the newly acquired CTL II Transmission Line Asset at the same time, due to similar operational features and proximate locations of the two power assets, thus creating cost synergy.

Our investment criteria involve both quantitative and qualitative factors and we conduct a holistic and multi-factor analysis of potential investments. Our investment criteria also vary across different countries and energy types due to different opportunities and risks associated with specific countries and energy types. If we intend to enter into a new market, either a country where we have no operating history or an energy type for which we do not have any operating experience, through our in-house capabilities we will conduct careful analysis of opportunities and risks, such as analysis of market competitive landscape and operational, legal, and financial risks and requirements. In addition, we also conduct insurance risk assessment during our preliminary assessment; please refer to Section 7.17(v) of this Prospectus for further infomration.

If an acquisition target or a concession opportunity meets our investment criteria, our business development team will submit a report with a proposed bid for internal review and approval. For an acquisition or a new concession, internal review is also carried out after due diligence and preparatory work are undertaken, before a final bid is submitted to the potential seller or a concession grantor, as further described in this Section 7.17 below. The internal reviews aforementioned in this paragraph are carried out by our senior management members and/or Investment Committee. The approvals in the internal review process, depending on the potential investment amount, will be made by our certain senior management members, the Investment Committee or the Board, in accordance with the authority limits granted under our internal investment approval guidelines. In the event that the potential investment amount exceeds the highest authority limit within the relevant senior management members, the approval will be made by the Investment Committee. Where the potential investment amount exceeds the authority limit of the Investment Committee, the approval will be made by the Board, unless it is specifically reserved for approval by the shareholders under the Listing Requirements and/or the Act. The Investment Committee will make recommendations to the Board and the Board will make recommendations to the shareholders on the investment proposal where in each case the latter's approvals are required.

[•] revenues are estimated based on the projected power generation of the potential new power assets and projects and adjusted downwards under a conservative approach;

[•] O&M costs are estimated based on our Group's historical O&M costs for similar power assets;

other operating costs including the rental, electricity and administrative expenses are estimated based on the historical
operating costs as provided by the sellers (for acquisition targets) or estimated and adjusted based on our Group's
historical records of similar power assets and study of the region where the potential new power projects are located
(for new concessions);

[•] taxation is estimated based on the country's corporate tax rate, taking into account the potential tax incentives; and

[•] capital expenditure is estimated throughout the concession period, if required.

Our Group typically considers the internal required rate of return ("IRR") as opposed to relying on the analysis based on breakeven periods when undertaking a discounted cash flow analysis. In arriving at the IRR, our Group considers the condition of the plant and machinery, energy types, available funding and our Group's IRR for existing power assets in the region. Our Group also considers a range of IRR in arriving at the intended purchase consideration.

Our business development team comprises employees familiar with power assets and projects of various energy types and in various geographic regions and is supported by our corporate finance team throughout the bidding process. Our business development team is led by our Group CEO and headed by our Head of Business Development. Other key management personnel involved are the Chief Investment Officer and CEO of the LYS Energy Group. Our business development team regularly reports to the Executive Deputy Chairman of our Company.

Our Investment Committee was formed in March 2023. Before formation of the Investment Committee, its role in the investment process described in this Section 7.17 was undertaken by our Board. Please see Section 5 of this Prospectus for further information on our Board, Investment Committee and senior management members as mentioned above.

(ii) Bidding process

An acquisition target or a concession opportunity can be secured through an open or closed tender or direct negotiations with the potential seller or concession grantor, as the case may be.

(a) <u>Bidding process for acquisitions</u>

Once a proposed bid is internally reviewed and approved after our preliminary assessment, our business development team will submit to the potential seller, i.e., owner of the power asset or project, an initial bid which is a non-binding offer. Bidding under an open or closed tender process will end if the initial bid is not accepted, while bidding under direct negotiations may result in a number of revisions of the initial bid depending on the results of negotiations.

Upon the potential seller's acceptance of our initial bid, we will conduct further due diligence (as described in Section 7.17(iii)(a) of this Prospectus) and our business development team may prepare and submit a report and recommend a binding offer based on the due diligence results for internal review and approval. Typically, our initial bids (i.e. non-binding offers) each contains an exclusivity period, which typically ranges from two to three months and will be imposed upon acceptance by the potential seller, for us to conduct due diligence. In the event that our business development team's recommendation of a binding offer is not approved internally, our business development team may revisit the potential acquisition based on different investment modes and financing options, seek further information from the potential seller, and/or revise the relevant financial models, to prepare and present alternative proposals for internal reconsideration. While there is no limitation on the number of rounds of proposal submission for internal approval, a decision on whether to proceed with a final bid, which is a binding offer, is generally made within two rounds.

Upon the internal approval, our business development team will proceed to prepare a final bid and to finalise the terms of acquisition with the potential seller.

This acquisition process applies for both power assets and projects. In contrast to power assets, project development work is needed for power projects. Project development work includes, among others, project design, site selection and survey, purchase or rental of land, procurement of necessary licences, permits and approvals, procurement of equipment and raw materials, construction and procurement of financing. The scope of project development work varies depending on the scale and type of a project and its stage of development, and if the project development work starts from the inception of the project, it may include substantially all of the preparatory work akin to investment in a new concession as described in Section 7.17(iii)(b) of this Prospectus.

(b) Bidding process for new concessions

Once the proposed bid for a new concession opportunity is internally reviewed and approved after our preliminary assessment, we will conduct preparatory work (as described in Section 7.17(iii)(b) of this Prospectus) and our business development team will prepare recommendations on the terms and pricing based on the preparatory work undertaken, and submit a report with a proposed bid for internal approval.

Similar to the bidding process for acquisition, if a proposed bid is not internally approved, the business development team will have to revisit the potential new concession based on different investment modes and financing options, and seek further information, and/or revise the relevant financial models to present alternative proposals for internal reconsideration. A decision on whether to proceed to submit a bid is generally made within two rounds of internal submission and review of proposals. Upon the internal approval, our business development team will proceed to prepare and submit the bid to the potential concession grantor.

Bidding for a new concession under an open or closed tender process will end if the bid is not accepted, while bidding under direct negotiations with the potential concession grantor may result in a number of revisions of the bid depending on the results of negotiations and subject to internal approval. Additionally, there may be two bids submitted under direct negotiations with the potential concession grantor, including an initial bid in the form of a nonbinding offer and a final bid in the form of a binding offer; in contrast, there is only one bid submitted to the potential concession grantor under an open or closed tender.

The aforementioned bidding process is generally for new concession opportunities for Utility-Scale power projects. We generally initiate new C&I Solar Projects through directly marketing to and negotiating with potential C&I Customers.

(iii) Due diligence and preparatory work

(a) <u>Due diligence for acquisitions</u>

Apart from the preliminary studies conducted through our in-house capabilities during our preliminary assessment, we also engage third party consultants to conduct due diligence on our acquisition targets after our non-binding offers are accepted. Depending on the criteria of each acquisition and bidding process, we engage third party consultants to undertake all or part of the following:

| Area of study | Focus of study |
|-------------------------------|---|
| Technical due diligence | Technical aspects of power assets and projects, including, among others, the estimated power generation capacities, the technologies used, the civil and electrical design, and the equipment and facilities. |
| Legal due diligence | Legal and compliance aspects of power assets and projects, including, among others, permits, licences and approvals, agreements with offtakers, suppliers, customers and contractors, matters associated with property and land, mortgages, charges and other encumbrances, specific regulations for the power industry, foreign ownership restriction, exchange control and status of compliance with laws, regulations, agreements, permits, licences and authorisations. |
| Financial due diligence | Financial aspects of power assets and projects, including, among others, financial position, borrowings and financial covenants, income and costs, cash flow, valuation and financial projections. |
| Tax due diligence | Taxation aspects of power assets and projects, including, among others, applicability of various types of tax, taxation compliance, provision and treatment of deferred tax assets and liabilities, applicability of tax exemption, allowance and other benefits. |
| Environmental impact study | Assessment of the potential environmental impact of power assets and projects. Possible environmental assessment may be on, among others, air, water, soil, vegetation, wildlife, climate, agriculture, human health and community. The scope of environmental assessment is determined in accordance with the requirements of relevant laws and regulations and, occasionally, based on the requirements of the terms of the tender and/or lenders (typically, financial institutions). |

The scopes of study of different types of due diligence exercise may overlap and be interconnected with each other. For example, the key agreements such as the PPA, the grid connection agreement and the O&M agreement were reviewed by the technical consultant and legal adviser during the technical due diligence and legal due diligence, respectively. However, the respective professional consultants may focus on different aspects of the potential acquisition, as technical due diligence focused on the implication of the agreements on the technical aspect of operation and legal due diligence focused on potential legal risks associated with the agreements.

We engage firms with sufficient expertise and experience for each type of due diligence work. Generally, we engage engineering consulting firms for technical due diligence, law firms for legal due diligence, and accounting firms for financial and tax due diligence. The extent of work by third party consultants depends on the size and energy type of the power asset or project, and relevant laws and regulations. The opinions from third party consultants supplement our internal analysis in terms of their expertise and additional information. Third party consultant reports are also necessary for securing financing for the power asset or project.

We will conduct further analysis based on third party due diligence results. For example, we will combine the third party due diligence results with our preliminary assessment results in respect of technical, legal, financial, tax and risk matters to do a holistic analysis and will conduct detailed financial analysis and forecast by taking into consideration the third party due diligence results.

(b) <u>Preparatory work for new concessions</u>

We conduct the following preparatory work as part of our process to procure new concessions:

- identification of suitable site or land;
- identification of suitable interconnection point to the grid, to ensure that the power generated by the projects can be exported to the grid in compliance with local requirements;
- site survey we engage licensed surveyors to, among others, determine the exact land size, to survey the topography and the conditions of the ground;
- technical evaluation and design including, among others, soil investigation, energy yield assessment and power system study;
- environmental impact analysis, if required by the potential concession grantors, financial institutions, and/or relevant laws and regulations;
- obtaining quotations for major equipment;
- obtaining quotations for site installation and/or EPC;
- appointment of owner's engineers, if required by the potential concession grantors and/or financial institutions. In this context, an "owner's engineer" is an engineer who acts for our Group during design, development and construction of a power project to ensure work quality and legal compliance, and serve as an independent representative or advocate of our Group;
- preparation of bid bonds (i.e., debt secured by a bidder as a guarantee that the bidder will complete the work if selected) if required by the potential concession grantors;
- building financial models considering, among others, future profits and costs of power projects, fluctuation of exchange rates and interest rates; and
- evaluation of risks, such as risks associated with currency fluctuation, financing and curtailments of offtake, etc.

To the possible extent, we undertake the aforementioned preparatory work concurrently to improve efficiency.

In addition, we have developed for our existing power projects and will develop for our future power projects, respective capital expenditure plans based on the project design and the available quotations for equipment, site installation and/or EPC, whether the projects are developed through new concessions or acquired externally. The major capital expenditure is: the cost of solar modules and inverters and their installation for solar PV power projects; the cost of wind turbines, generators and other facilities and their construction and installation for wind power projects; and the cost of civil construction (e.g., dams, reservoirs, penstocks and power house) and generators and other equipment for hydro power projects. We also take into consideration the necessary replacement and repair cost during the design lives of the power projects.

We conduct the aforementioned preparatory work by our in-house capabilities, where possible, in the following manner:

- we conduct all the preparatory work in-house for small projects (of which the GIC is estimated to be less than 10MW);
- (2) we engage third party consultants to conduct site survey and technical evaluation and design for mid-sized and large projects (of which the GIC is estimated to be 10MW or larger), and we conduct in-house other preparatory work except environmental impact analysis;
- (3) we engage third party firms to conduct environmental impact analysis if required by the potential concession grantors, financial institutions, and/or relevant laws and regulations; and
- (4) for all the Utility-Scale power projects and those potential C&I Solar Projects which are planned to be connected to the grid, our in-house team works with grid operators from utility companies on identifying suitable interconnection point to the grid.

The preparatory work described above is not only for new concessions, we also conduct some of the preparatory work before and during acquisition of power projects, especially if the power projects are at their initial development stages.

(iv) Key agreements

(a) Acquisitions

If our binding offer is accepted, we will acquire a power asset or project through either a share acquisition, i.e., acquisition of shares in a corporate entity that owns the power asset or project or an asset acquisition, i.e., direct acquisition of assets such as equipment, facilities and interests in land.

For a share acquisition, we typically enter into a share purchase agreement and, if we only acquire part of the equity interest in the target company, a shareholders' agreement. For an asset acquisition, we typically enter into an asset acquisition agreement. We will also enter into substitution, novation or other agreements to substitute the original owner in the relevant PPA or PTA and land lease agreement (if any).

(b) <u>New concessions</u>

If our bidding or negotiation for a new concession is successful, we will typically enter into (1) a PPA or PTA with the offtaker in respect of a Utility-Scale power project, and (2) a PPA, rental agreement, EPC agreement or O&M agreement in respect of a C&I Solar Project, depending on the business model of the project. We will also enter into land lease agreements, supply agreements and EPC agreements if necessary.

(c) Financing

We fund our acquisition of power assets and/or projects and our development of power projects by a combination of equity and debt, generally at a ratio ranging from 2:8 to 3:7. Debt is in the form of bank borrowings, apart from the Sukuk Wakalah Bi Al-Istithmar which we issued to support the development of the LSE Plant and the LSE II Plant. Please refer to Section 12.2.6 of this Prospectus for further information on our borrowings. Accordingly, if external financing is needed, we will enter into a financing agreement, typically a banking borrowing agreement, for an acquired power asset or project, or a new concession.

(v) Additional information

After acquisition of power assets and/or projects and being awarded new concessions for power projects, we will take over the O&M of the acquired power assets (except for the Phu My Plants, the O&M of which is conducted by our jointly controlled entity partner) and continue to develop the acquired and new power projects. Please refer to Sections 7.1, 7.2, 7.4 and 7.5 of this Prospectus for further information on our O&M of power assets and development of power projects.

During our preliminary assessment, we conduct insurance risk assessment to ascertain the insurability and the level of premium that the power assets and projects can be insured adequately to the market standard and to satisfy possible requirements by potential lenders, and we also consider insurance or other financial assurance for a country of high political risks. As an example, The Multilateral Investment Guarantee Agency granted a guarantee of USD76.0 million for refinancing the CTL Transmission Line Asset, please refer to Section 7.2.3 of this Prospectus for further information.

After we acquire power assets and projects or are granted concession for power projects, we will obtain and maintain insurance policies that are customary in the power industry for such power assets and projects. Our insurance policies include property risks and business interruption policies; industrial all risk, general liability and/or public liability policies; construction risks and third party liability policies; fire and special peril policies; marine cargo insurance; term life and personal accidental policies and medical insurance. We have not experienced any material impediments in obtaining and maintaining the insurance policies with the customary insurance coverage during the Period Under Review and up to the LPD. Please refer to Section 7.23 of this Prospectus for further information on our insurance policies.

7.18 DEPENDENCY ON MAJOR LICENCES, PERMITS AND APPROVALS, OR PRODUCTION OR BUSINESS PROCESSES

Save for the major licences, permits and approvals as set out in Annexure B as well as commercial contracts as set out in Annexure C of this Prospectus respectively, we are not dependent on any major licences, permits and approvals, or production or business processes that could materially affect our business as at the LPD.

7.19 MATERIAL CONTRACTS

Save as disclosed in Annexure D of this Prospectus, our Group has not entered into any material contracts that are not in the ordinary course of our Group's business within the Period Under Review and up to the date of this Prospectus.

7.20 MATERIAL PROPERTY, PLANT AND EQUIPMENT

The LSE Plant is located in the land owned by us. Our other Utility-Scale power assets are located in leased land that the lease term of each piece of land covers the concession terms of the respective power assets. The table below sets out a summary of the expiry dates of the land leases and concessions of our Utility-Scale power assets.

| Expiry of concession | Expiry of land leases |
|------------------------|--|
| December 2043 | June 2044 |
| April 2050 | June 2054 |
| July 2038 | July 2038 |
| December 2042 | December 2042 |
| | |
| August 2027 | December 2057 |
| August 2028 | December 2057 |
| October 2030 | November 2057 |
| March 2033 | July 2057 |
| January 2034 | July 2057 |
| | |
| Phase 1: December 2040 | May 2070 |
| Phase 2: May 2043 | |
| December 2040 | May 2070 |
| Phase 1: December 2040 | May 2070 |
| Phase 2: May 2043 | |
| June 2039 | July 2068 |
| October 2039 | N/A |
| February 2041 | December 2041 |
| | Expiry of concession December 2043 April 2050 July 2038 December 2042 August 2027 August 2028 October 2030 March 2033 January 2034 Phase 1: December 2040 Phase 2: May 2043 December 2040 Phase 1: December 2040 Phase 2: May 2043 June 2039 October 2039 February 2041 |

For the C&I Solar Projects, typically, the customers grant us the access to their sites to install, use, operate and/or maintain (as the case may be) the solar PV systems under the respective agreements such as PPAs and EPC agreements.

Details of our material properties, whether owned or leased/tenanted, and our material equipment are set out in Annexure A of this Prospectus. Save for the non-compliance set out below, we are in compliance with the relevant requirement, laws and regulation in relation to the material property, plant and equipment of our Group:

| | Noturo of | non | | Re | ctification measures / | Estimated east to restify | Potential maximum | Impact to business |
|-----|-----------------------|--------|-----------------------------------|----|---------------------------|--------------------------------|----------------------------|-----------------------------|
| No. | compliance | non- | Status as at the LPD | | rectification | (RM) | (RM) | condition |
| 1. | Procurement of the | CCC | The Sungai Petani | • | On 21 July 2022, LSE | As at 9 June 2023: | Section 70 (27)(f) Street, | Failure to secure the |
| | for the buildings suc | ch as | Municipal Council | | and LSE II had made | | Drainage and Building Act | permanent CCC may |
| | the control | room, | (" MPSP ") wrote to LSE on | | submission to Jabatan | (i) LSE has incurred RM0.7 | 1974 (Act 133) provides | result in LSE and LSE II |
| | switchgear | room, | 11 April 2021 and LSE II on | | Bomba dan | million; and | that any person who | being exposed to the |
| | guardhouse, wareh | iouse/ | 18 April 2021 that the | | Penvelamat Malavsia | | occupies or permits to be | penalty risk and having to |
| | cabin and solar panel | ls and | limited planning permission | | and Jabatan | (ii) LSE II has incurred | occupied any building or | evacuate the buildings or |
| | the mounting struc | ctures | granted to LSE and LSE II | | Bangunan, MPSP | RM0.5 million, | any part thereof without a | premises resulting in |
| | (Collectively "Buildi | ings") | respectively has expired on | | (collectively the | | CCC, shall be liable on | business interruption |
| | erected on: | | 31 December 2020, and | | Authorities ") for | of rectification cost which | conviction to a fine not | losses. |
| | | | LSE / LSE II is required to | | building plan which | includes amongst others, the | exceeding RM250,000 or | |
| | (i) LSE's solar p | power | submit a fresh application | | covers all Buildings. | consultant fees and | imprisonment for a term of | The maximum penalty to |
| | plant situated i | in Lot | for renewal. | | _ | application fee for building | up to 10 years, or both. | be imposed by the |
| | 2, Kampung | Teluk | | • | As at the LPD, C&S | plan submission. | | Authorities is estimated to |
| | Wang Kecil, N | Nukim | Upon receiving the letters | | Consultant informed | | | be less than 0.1% of our |
| | Sungai Pasir, (| 00080 | from MPSP, LSE and LSE | | that LSE and LSE II | The estimated rectification | | Group's PBT for the FYE |
| | Sungai F | Petani | II immediately initiated the | | had received a | costs at this stage are | | 2022, which does not have |
| | Kedah; and | | application process by | | support letter from | subject the revision and | | a material adverse impact |
| | | | engaging an independent | | Jabatan Bomba dan | feedback pursuant to the | | on our Group's business |
| | (ii) LSE II's solar p | power | civil and structural | | Penyelamat Malaysia | outcome of the final review | | operations and financial |
| | plant situated i | in Lot | consultant (" C&S | | dated 19 February | of the building plan and other | | condition. |
| | 5, Pekan | Bukit | Consultant") for the | | 2023 for the building | further feedback by the | | |
| | Selambau, (| 08010 | purposes of the application | | plans. C&S | Authorities. | | If the operators and the |
| | Bukit Selar | mbau, | process. | | Consultant had also | | | security guards are |
| | Kedah. | | | | submitted the final | In relation to the above, the | | required to evacuate the |
| | | | The applications for the | | building plan drawings | total estimated rectification | | premise, the plant |
| | | | planning permission were | | to MPSP for both LSE | costs are as follows: | | operation cannot resume |
| | | | submitted in September | | and LSE II on 21 | | | safely and is exposed to |
| | | | 2021 and were approved | | March 2023 and 11 | (a) LSE: RM1.8 million; and | | security risks. |
| | | | on 2 March 2022 for LSE | | February 2023 | | | |
| | | | and 20 February 2022 for | | respectively. On 20 | (b) LSE II: RM1.1 million. | | As at 30 April 2023, |
| | | | LSE II. | | June 2023, the | | | according to the appointed |
| | | | | | Company had | | | C&S Consultant, MPSP |
| | | | | | obtained the building | | | already started the review |

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7. BUSINESS OVERVIEW

| No. | Nature of compliance | non- | Status as at the LPD | Rectification measures / Estimated time for rectification | Estimated cost to rectify (RM) | Potential maximum penalty (RM) | Impact to business operations or financial condition |
|-----|-------------------------|------|--|---|-----------------------------------|--------------------------------------|---|
| | | | Subsequently, LSE and LSE II were respectively operating under valid planning permissions which were issued by MPSP as follows: ISE 2 Mar 1 Mar 2022 2023 LSE 20 19 Feb II Feb 2023 As at the LPD, the Company is still in the process of obtaining building plan and the CCC for the Buildings. | plan approvals for the Buildings. Thereafter, taking into account <i>inter alia</i> the following: time required for the Authorities to review the applications and for the Authorities to revert with their feedback; implementation period for all actions required by the Authorities; and subsequent application procedures such as the online application via the OSC, site inspection by the Authorities, consultants and other local authorities, LSE and LSE II expect to obtain the CCC for the Buildings by November 2023. | | | the building plan submissions for the CCC applications of LSE and LSE II. As such, given that the review process is well underway, the risk of having to evacuate or to cease operations is very low. |

7.21 EMPLOYEES

As at the LPD, we have an aggregate of 550 employees, of which 113 employees are contractual employees. Our employees are not covered by any collective bargaining agreements and are not unionised. For FYE 2020, FYE 2021, FYE 2022 and up to the LPD, there has not been any labour disputes involving our employees. None of our employees are engaged on a temporary basis. A breakdown of the number of our Group's employees by business function as at the LPD is as follows:

| Business function | Cambodia | Vietnam | Malaysia | Singapore | Taiwan | Indonesia | Thailand | Total |
|----------------------------|----------|---------|----------|-----------|--------|-----------|----------|-------|
| Management | 13 | 4 | 26 | 7 | 2 | 1 | _ | 53 |
| Finance and administration | 77 | 12 | 33 | 8 | 1 | 2 | 1 | 134 |
| Project management | - | 2 | 1 | 5 | - | 2 | 1 | 11 |
| O&M | 233 | 90 | 8 | 4 | - | 7 | - | 342 |
| Business development | | 3 | 4 | 2 | | - | 1 | 10 |
| Total | 323 | 111 | 72 | 26 | 3 | 12 | 3 | 550 |

Note: Employees of our jointly controlled entities are not included.

We benefit from the long-term service of our key employees. As at the LPD, approximately 18% of our employees in Malaysia, 43% in Cambodia, 67% in Vietnam and 4% which are engaged through the LYS Energy Group (in Singapore, Indonesia, Vietnam and Thailand) have served our Group (including experience in the predecessors of our subsidiaries, if applicable) for more than five years. We also benefit from employees who joined us with extensive experiences and relevant skills. As at the LPD, our Group has approximately 86 employees with 10 to 15 years of experience and approximately 35 employees with more than 15 years of experience in their respective fields.

We regularly arrange training for our employees to ensure that our employees have the necessary skills and knowledge to carry out their work. Trainings are provided by our internal staff members, original equipment manufacturers and external training providers. These trainings cover technologies and techniques (O&M related), quality control, hard skills (e.g., financial management and information technology), management and leadership training, language classes, soft skills, team building, as well as on the relevant procedures, laws and regulations. We also conduct performance review twice a year in general, to help our employees to improve their skills and performance.

Save for the non-compliance set out below, we are in compliance with all employment and labour laws, requirement, and regulation which are applicable to our Group:

| No. | Nature of non- compliance | Status as at the LPD | Rectification steps / Estimated time for rectification | Estimated cost to rectify (RM) | Potential maximum penalty (RM) | Impact to business operations / financial condition |
|-----|---|---|--|---|--|---|
| 1. | LYSEV is required to conduct annual health check-ups on all its employees. LYSEV did not conduct health check-up prior to 2022 (over the last three years) and LYSEV did not issue an employee management book prior to 2022. | As at the LPD, all the employees have undergone annual health check-ups for FYE 2022. | The non-compliance happened before the acquisition of LYS Energy Group (which holds LYSEV) that was completed in September 2021. After the acquisition of LYS Energy Group, our Company had identified that segregation of duties is a key internal control to be put in place to avoid such reoccurrence. LYSEG had taken the following measures: (i) Checklist: Developed and review regularly the compliance checklist. (ii) Monitor process: Annual reminder by regional HR (in Singapore) to Country Manager on the expiry date (on or before 15 March every year). (iii) Follow up process: Regional HR will be notified on the completion of the health check-up. | As the non-compliance with respect of the annual health check-up happened in the past before our Group acquired the holding company of LYSEV, it is not capable of being rectified. However, moving forward, LYSEV will ensure that the annual health check-up for employees will be conducted. | Potential exposure is an administrative fine of USD82 - USD245 per violation for each employee. The maximum exposure shall not exceed USD6,200 or RM RM27,385 (computed based on the exchange rate of USD1:RM4.4170 as extracted from BNM's website as at the LPD), in any case for breaching the requirement under Article 21 of Law on Occupational Safety and Hygiene 2015. | Potential exposure is limited to the fine to be imposed by the authorities. The maximum exposure of RM27,385 is negligible as compared to our Group's PBT for the FYE 2022. |

7.22 COMPETITION

We are an IPP primarily engaged in the development, ownership, O&M of power assets and projects in Southeast Asia and Taiwan. As we intend to only invest in RE power assets and projects in the future, our competitors are the developers and operators of RE power generation and transmission assets and projects who conduct business in Southeast Asia and Taiwan. For the Utility-Scale Business, we primarily compete with local, regional and international independent power developers. For the C&I Solar Business, we primarily compete with companies which design, install, operate and/or maintain solar PV systems for customers. As agreements for our operating power assets and the secured power projects are usually long-term in nature, we primarily compete for the opportunities for development of new power projects and acquisition of power assets and projects.

The power industry that we operate in has numerous industry players of various sizes, apart from a limited number of companies with leading market positions, such as those government-owned and government-linked utility companies. Certain government-owned and government-linked utility companies. Certain government-owned and government-linked utility companies also conduct, among others, the same business as ours, i.e., design, build, operate and maintain power assets. Examples of these companies include Sarawak Energy Berhad, TNB and Sabah Electricity Sdn Bhd in Malaysia, EDC in Cambodia, EVN in Vietnam and Taipower in Taiwan. However, we consider them as customers and collaborators rather than competitors, because of their roles as the operators of national grids and regulators/quasi-regulators of the respective national power generation and transmission systems. Please refer to the Section 7.22.1 on our market share in the respective countries that we operate in as well as the IMR Report set out in Section 8 of this Prospectus for further information on the relevant competitive landscape and examples of our competitors.

As at the LPD, we have developed a diverse portfolio of power assets and projects located in six Southeast Asian countries (i.e., Malaysia, Cambodia, Vietnam Singapore, Indonesia and Thailand) as well as Taiwan and comprising solar, hydro and coal. We believe that we have provided our customers with quality and stable supplies and services. As our capabilities are recognised by them, our GIC and revenue have expanded substantially over the Period Under Review. Over the years, we have established relationship with our major customers, and their recognition of our capabilities and performance is demonstrated by their grant of concessions to us for multiple power assets and projects. Our experience of working with these customers and their recognition will prove advantageous when we expand our portfolio in these existing markets. Please refer to Section 7.4 of this Prospectus for further information on our competitive strengths and Section 9.2.1 of this Prospectus with respect to the risk factors relating to competition.

7.22.1 Competition law proceedings and dominant market position

For the Period Under Review and up to the LPD, we are not aware of nor have we been subject to any investigation by the Malaysian Competition Commission or equivalent regulatory bodies in the other countries we operate in, or any relevant allegations or complaints. Nor have we been involved in any legal proceedings relating to a breach of the Competition Act 2010 of Malaysia or any competition law in the other countries we operate in for the Period Under Review and up to the LPD.

Furthermore, we are not in a dominant market position to prevent, restrict or distort competition, or influence prices based on the following:

- (i) Our Group operates in a sizeable industry where our Group's market share is relatively insignificant. According to the IMR Report, our market share by installed capacity was 9.0% in Cambodia in 2021, 0.4% in Vietnam in 2020 and 0.2% in Malaysia in 2020. Whereas the IMR Report does not provide our market share in Singapore, Indonesia, Thailand and Taiwan, we believe it is also insignificant because the aggregate GIC of our power assets in any of these countries is much smaller compared to any of the aforementioned three countries;
- (ii) The power generation and transmission industry is highly regulated and dominated by government-owned or government-linked utility companies in each country we operate in. For example, according to the IMR Report, EDC had a market share by installed capacity of 17.1% in Cambodia in 2021, Sarawak Energy Berhad and TNB had a market share by installed capacity of 15.0% and 12.9% in Malaysia in 2020, respectively, and EVN (including its majority owned companies) had a market share by installed capacity of 42.6% in Vietnam in 2020. These leading market players also regulate and/or manage power distribution in the respective countries or regions; and
- (iii) We have to participate in tenders and compete with other peers to secure our projects.

In particular, with respect to our Group's operation in Cambodia, for the Period Under Review and up to the LPD:

- our Group is not aware of, and neither is our Group reasonably aware of, any allegation and/or complaint lodged against us, which may or may not lead to any initiation of investigation by Cambodia CC (as defined below in Section 7.22.2) or any other Cambodian authorities, in connection with the Cambodia Competition Law (as defined below in Section 7.22.2);
- (ii) our Group is not aware of, and neither is our Group reasonably aware of, any action taken or omitted to be taken by us that may lead to any claim, contravention, breach or dispute in relation the Cambodia Competition Law and no such claim, contravention, breach or dispute is threatened or likely to arise; and
- (iii) our Group is not aware of, and neither is our Group reasonably aware of, that it is involved in any administrative investigation, legal action, sanction, disciplinary proceeding, litigation or arbitration in connection with the Cambodia Competition Law, nor is our Group is aware that it is subject to any current supervision, warning, accountability, administrative penalties, criminal sanctions, civil cases, for any breach of the Cambodia Competition Law.

7.22.2 Applicable competition law

(i) Malaysia

The Competition Act 2010 does not apply to any commercial activity regulated under the Energy Commission Act 2001, which would include the business activities that are being carried out by LSE and LSE II licensed under the Electricity Supply Act 1990.

(ii) Cambodia

The Law on Competition of Cambodia, was promulgated on 5 October 2021 ("**Cambodia Competition Law**") and enacted with its primary purposes to govern the activities of any natural or legal persons that prevent, restrict, or distort competition in the Cambodia market whether or not the activities take place inside the country. The Cambodia Competition Law, together with the Sub-decree No. 37 on Organisation and Functioning of the Competition Committee of Cambodia ("**Cambodia CC**") which was issued on 17 February 2022 also established and regulates the governing regulator, the Cambodia CC.

The Cambodia Competition Law prohibits the following:

(a) <u>Horizontal agreement</u>

An agreement between persons who operate or are likely to operate at the same level in production and distribution chains. Based on Article 7 of the Cambodia Competition Law, any persons (including legal persons) are prohibited from making or implementing a horizontal agreement that directly or indirectly affects market competition by the following activities:

- fixing, controlling, or maintaining the price of goods or services;
- preventing, restricting, or limiting the quantity, type, or development of goods or services;
- allocating geographic areas between competitors;
- allocating customers between competitors; or
- favouring one bidder in bids for a contract in private procurement.

unless the following conditions are met:

- there are significant identifiable technological, economic or social benefits;
- such benefits would not exist without those agreements or activities;
- those benefits significantly outweigh the effects caused by any determined preventing, restricting, and distorting of competition; and
- they do not eliminate competition in any important aspects of goods or services.

(b) <u>Vertical agreement</u>

An agreement between persons who operate or are likely to operate at different levels in the production and distribution chains, as defined under Article 3 of Cambodia Competition Law. By virtue of Article 8 of the Cambodia Competition Law, a person is prohibited from making or implementing a vertical agreement that directly or indirectly requires a purchaser to resell the goods or services at no less than a fixed minimum price or to accept all the conditions of this nature as determined by the seller. Further, the law also prohibits any persons from making or implementing a vertical agreement that has or may have the object or effect to significantly prevent, restrict, or distort the market competition by:

- requiring a purchaser to resell the goods or services only within a specified geographic area(s);
- requiring a purchaser to resell the goods or services only to a specific customer(s) or specified type(s) of customers;
- requiring a purchaser to accept all the conditions or almost all of the conditions for the purchase of specified goods or services exclusively from the seller;
- preventing a seller from selling goods or services to other purchasers; or

• requiring a purchaser to purchase unrelated goods or services in addition to the goods or services that the purchaser intends to purchase.

unless the following conditions are met:

- there are significant identifiable technological, economic or social benefits;
- such benefits would not exist without those agreements or activities;
- those benefits significantly outweigh the effects caused by any determined preventing, restricting, and distorting of competition; and
- they do not eliminate competition in any important aspects of goods or services.

(c) <u>Abuse of dominant market position</u>

A person with a dominant market position refers to a person who has the power to act in a market for any competing goods or services significantly without any effective constraint from competitors.

Pursuant to Article 9 of the Cambodia Competition Law, a person (including legal person) with a dominant market position shall not conduct activities having the object or effect of significantly preventing, restricting or distorting competition in market by:

- requiring or inducing a supplier or customer not to do business with a competitor;
- refusing to supply goods or services to a competitor; selling goods or services on the condition that the purchaser shall purchase other separate goods or services unrelated to the object of the contract;
- selling goods or services at a cost below the production cost; or
- refusing to give a competitor access to an essential facility.

An exception to the above prohibition applies when Cambodian CC finds that the person(s) with a dominant market position establishes a proper reason to legally perform those activities for the benefit of the business and all of those activities do not significantly prevent, restrict, or distort market competition.

(d) <u>Business combinations</u>

The Cambodian Competition Law prohibits any business combination that has or may have the object to significantly prevent, restrict, or distort competition in a market, or the business combination that has or may have such effect. Cambodian CCC will examine, inspect, and evaluate the effect of the business combination on the competition.

As the Cambodia Competition Law was only promulgated on 5 October 2021, the law does not provide for any specific factor, parameter or threshold to determine if a company is in a "dominant market position". Save for the official proclamations and regulations issued by the authority(ies) which mainly dealt with the procedural aspects, there has not been any regulation and/or precedential case that supplements or provides official interpretations, guidelines and/or clarification on the provisions of those prohibited agreements and activities under the prevaliling Cambodia Competition Law. At the current juncture, the determination of violation of the Cambodia Competition by the Cambodia CC, where investigation will be made only if there is any complaint for violation of the Cambodia Competition Law by any company lodged to the Cambodia CC.

The violation of the Cambodia Competition Law will render the offender to a wide range of sanctions such as written warning, suspension, revocation or withdrawal of business registration certificate, business licence or business permit, fine, financial penalty and imprisonment.

Pursuant to Article 35 of the Cambodia Competition Law, any person (natural or legal person) who violate the prohibitions on the anti-competitive vertical agreement, or abuses of its dominant market position, or entered into the prohibited business combination arrangement shall be subject to a written warning and a fine of 3% up to 10% of the person's total turnover during the time period of its violation up to three years. Repeated violation after having been provided with a written warning and fine, may lead to revocation or withdrawal of business registration certificates or permits or business licences.

Article 38 of the Cambodia Competition Law further provides that any company participating in the prohibited agreements as stipulated in Article 7 shall be subject to a fine from KHR100 million (equivalent to approximately RM108,000)⁽¹⁾ to KHR2 billion (equivalent to RM2,160,000)⁽¹⁾.

Note:

(1) Computed based on the exchange rate of KHR100:RM0.1080 as extracted from BNM's website on 28 April 2023.

(iii) Vietnam

Law No. 23/2018/QH14 on Competition and its guidance ("**Vietnamese Competition** Law") apply to business organisations and individuals (hereinafter referred to as enterprises), including enterprises that produce and provide public-utility products and services, enterprises that operate in state-monopolised sectors and domains, public sector entities and foreign enterprises that operate in Vietnam; industry associations operating in Vietnam; and relevant domestic and foreign agencies, organisations and individual (together, "**Applicable Entities**").

The Applicable Entities have to abide by the Vietnamese Competition Law in the course of their business operations in Vietnam. Should they perform acts that are likely to affect or affect, prevent, restrict or distort competition in Vietnam or otherwise violate the Vietnamese Competition Law, they may be subject to sanctions. For example, the maximum administrative fine for acts of violating regulations on anti-competitive agreements or abuse of market dominance or monopoly is 10% of the total turnover of the violating enterprises on the relevant market in the financial year preceding the year of committing acts of violation, but it shall be lower than the lowest fine for organisations and individuals committing acts of violation constitutes an act of violation set out under the Vietnamese Penal Code, the violating enterprise shall be subject to the criminal punishment (e.g. being imposed with monetary fine of up to VND5 billion (equivalent to approximately RM950,000)⁽¹⁾ or suspension of operation for up to 24 months) in accordance with Article 217 of the Penal Code No. 100/2015/QH13.

Note:

(1) Computed based on the exchange rate of VND100:RM0.0190 as extracted from BNM's website on 28 April 2023.

According to the Vietnamese Competition Law, an enterprise holds a monopoly position if there is no enterprise competing on the goods or services dealt in by such enterprise on the relevant market.

An enterprise holds a dominant position on the market if it has substantial market power or has market shares of 30% or more on the relevant market. A group of enterprises hold a dominant position on the market if they (i) jointly cause anti-competitive effects and (ii) have substantial market power or their total market shares fall into one of the following cases:

- Two enterprises having the total market share of 50% or more on the relevant market;
- Three enterprises having the total market share of 65% or more on the relevant market;
- Four enterprises having the total market share of 75% or more on the relevant market;
- At least five enterprises having the total market share of 85% or more on the relevant market.

When assessing the dominant market position of a group, a company holding a market share of less than 10% of the relevant market shall be excluded from the assessment.

(a) <u>Relevant market</u>

To assess market position in accordance with the Vietnamese Competition Law, the starting point is to determine the relevant market for the assessment of market share.

"Relevant market" means the market of those products and/or services that are regarded as interchangeable by reason of their characteristics, intended use and prices in a specific geographical area with homogeneous conditions of competition, which is considerably differentiated from neighbouring geographic areas.

Relevant market is therefore determined on the basis of (i) relevant product market and (ii) relevant geographic market.

- A "relevant product market" comprises all those products and/or services which are regarded as interchangeable or substitutable by reason of the products' characteristics, their prices and their intended use.
- A "relevant geographic market" is a specific geographical area in which provided goods and services are interchangeable under homogeneous conditions of competition, and which is considerably differentiated from neighbouring geographic areas.

(b) <u>Market share determination</u>

Once the relevant market has been determined, the Competition Law requires determination of the market share, using one of the following methods:

- The percentage of sales revenue of an enterprise out of the total sales revenue of all enterprises on the relevant market on a monthly, quarterly or yearly basis;
- The percentage of purchase revenue of an enterprise out of the total purchase revenue of all enterprises on the relevant market on a monthly, quarterly or yearly basis;
- The percentage of volume of product/service sold by an enterprise out of the total volume of products/ services sold by all enterprises on the relevant market on a monthly, quarterly or yearly basis; or
- The percentage of volume of product/service purchased by an enterprise out of the total volume of product / service purchased by all enterprises on the relevant market on a monthly, quarterly or yearly basis.
- (c) <u>Substantial market power</u>

The alternative criterion to the market share estimation to determine whether a company has a dominant position in Vietnam is the substantial market power.

"Substantial market power" is determined by assessing the following factors:

- Market shares of enterprises on the relevant market;
- Financial strength and size of the enterprise;
- Barriers to market entry and expansion to other enterprises;
- Ability to obtain, assess, control the goods distribution/ consumption market or sources of supply;
- Advantages in technology and technical infrastructure;
- Right to own, obtain and assess infrastructure;
- Right to own or use subject matters of intellectual property;
- Ability to transfer to other sources of supply or demand associated with other goods and related services;
- Particular factors in the specific business sector.

Our market share by installed capacity was 0.4% in Vietnam in 2020 which is under the threshold to be considered as holding a dominant position under the Vietnamese Competition Law.

(iv) Singapore

Singapore's principal competition legislation is the Competition Act 2004 ("**Singapore Competition Act**"). The Singapore Competition Act prohibits anti-competitive arrangements, abuse of dominance and mergers which substantially lessen competition. Arrangements entered into outside of Singapore, or with foreign parties, may also contravene the Singapore Competition Act if they have an anti-competitive effect within Singapore.

(a) <u>Anti-competitive arrangements</u>

The Singapore Competition Act prohibits agreements or arrangements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore (unless an exemption applies, for instance where the agreement has a "net economic benefit").

The following agreements are expressly prohibited:

- directly/indirectly fixing purchase or selling prices or other trading conditions (price-fixing);
- limiting or controlling production, markets, technical development or investment (limiting output or controlling production or investment);
- sharing markets or sources of supply (market sharing); and/or
- applying dissimilar conditions to equivalent transactions with other trading parties (bid-rigging).

Other types of agreements will be examined on their facts in order to determine whether they fall foul of this prohibition. Notably, purely "vertical" agreements or concerted practices (i.e., agreements between two firms at "different levels of the production or distribution chain") will not be subject to this prohibition, subject to any Ministerial order otherwise.

(b) <u>Abuse of dominance</u>

The Singapore Competition Act prohibits abuse of a (collective or individual) dominant position in any market in Singapore.

Businesses with substantial market power in any of their business activities in Singapore may be deemed as "dominant". A dominant entity must not engage in the following (non-exhaustive) list of abusive conduct:

- predatory behaviour towards competitors;
- limiting production, restricting markets or technical development to the prejudice of consumers;
- applying dissimilar conditions to equivalent transactions with other trading parties; and/or
- making contracts conditional on the acceptance by other parties of supplementary obligations that are unrelated to the subject matter of the contract.

Exclusions and exemptions from this prohibition include undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly; and conduct to the extent to which it is engaged in order to comply with a legal requirement. Unlike for anticompetitive arrangements, however, there are no exemptions for conduct which may have a "net economic benefit", and no block exemptions are available.

(c) <u>Anti-competitive mergers and acquisitions</u>

The Singapore Competition Act prohibits any merger or acquisition of control which results or may result in a substantial lessening of competition in a market in Singapore, unless excluded or exempted.

(d) Administration and enforcement

The Competition and Consumer Commission of Singapore ("**CCCS**") is a statutory board of the Ministry of Trade and Industry. The CCCS administers and enforces the Singapore Competition Act, which empowers the CCCS to investigate and adjudicate anti-competitive activities, investigate any merger or acquisition, block a potentially anti-competitive transaction, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. The amount of the penalty imposed may be up to 10% of the turnover of the business of the undertaking in Singapore for each year of infringement, up to a maximum of three years.

(e) <u>Subsidiary legislation, regulations and guidelines</u>

The Singapore Competition Act is supplemented by various statutory regulations and orders as well as 12 Guidelines which outline how the Singapore Competition Act is administered and enforced. The statutory regulations and Guidelines are listed below for reference:

| | STATUTORY REGULATIONS | | GUIDELINES |
|----------|--|-----|---|
| 1. | Competition Regulations | 1. | Major Competition Provisions |
| 2. | Competition (Notification) Regulations | | (February 2022); |
| 3. | Competition (Transitional Provisions for section 34 Prohibition) Regulations | 2. | Section 34 Prohibition – Anti- competitive agreements (February |
| 4. | Competition (Fees) Regulations | | 2022); |
| 5. | Competition (Composition of Offences) Regulations | 3. | Section 47 Prohibition – Abuse of dominance (February 2022); |
| 6. 7. | Competition (Appeals) Regulations Competition (Financial Penalties) | 4. | Substantive Assessment of Mergers (February 2022); |
| | Order (Competition (Financial | 5. | Merger Procedures (February 2022); |
| | Penalties) (Amendment) Order 2010) | 6. | Market Definition (February 2022); |
| 8. | Competition (Block Exemption for Liner | 7. | Directions and Remedies (February |
| | Shipping Agreements) Order | | 2022); |
| | | 8. | Appropriate Amount of Penalty in Competition Cases (February 2022): |
| | | 9. | Treatment of Intellectual Property Rights (February 2022): |
| | | 10 | Powers of Investigation in Competition |
| | | 10. | Cases (December 2016): |
| | | 11. | Filing notifications for guidance or |
| | | | decisions with respect to the section |
| | | | 34 or section 47 prohibition (December |
| | | | 2016): and |
| | | 12. | Lenient Treatment for Undertakings |
| | | | Coming Forward with Information on |
| | | | Cartel Activity (December 2016). |
| | | | |

7.23 INSURANCE

We maintain insurance for our property, plants, and various other aspects of our business that we consider to be subject to significant operating risks. These policies include:

- property risks and business interruption policies, covering damages to real properties, power plants, power stations, facilities, equipment and machinery and business interruptions caused by the damages. The scope of coverage varies among the insurance policies and may cover all real and personal properties, all machinery and equipment, or certain specified machinery or civil structure;
- (ii) industrial all risk, general liability and/or public liability policies, covering contingent liability for contractors and hired vehicles, emergency medical expenses, employees' and visitors' personal effects, sudden and accidental pollution and contamination, and other risks associated with industrial operation;
- (iii) construction risks and third party liability policies for the projects under development, covering, among others, accidental loss and damage to properties and accidental bodily injuries and illness;
- (iv) fire and special peril policies for certain assets;
- (v) marine cargo insurance for coal cargos used by the CEL Plant and the CEL II Plant; and
- (vi) term life and personal accidental policies and medical insurance for our employees.

The insurance policies that we currently hold are customary in the industry in which we operate in, and our lender banks, as well as ourselves, do review our insurance coverage annually. We also consult with our appointed insurance brokers about the adequacy of our insurance policies coverage and policies. Notwithstanding that the scope of coverage varies across our different power assets and projects, our Directors believe that we have adequate insurance coverage for our business operations.

For the Period Under Review, we incurred an aggregate of RM3.0 million, RM5.0 million, RM7.9 million and RM10.7 million, respectively in insurance premiums for our business, respectively. The increase is primarily due to the expansion of our portfolio of power assets and projects. We have not experienced any material impediments in obtaining and maintaining the insurance policies with the customary insurance coverage during the Period Under Review and up to the LPD.

Note:

(1) The exchange rates for conversion from USD to RM for preparation of financial numbers in this paragraph are the rates provided by Note 2.21(a) of the Accountants' Report in Section 13 of this Prospectus.

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7.24 SUSTAINABILITY

7.24.1 Introduction

The world is on the brink of a climate catastrophe, and the window to avert it is closing rapidly, according to the Sustainable Development Goals Report 2022 by United Nations (the "**SDG Report 2022**"). According to the SDG Report 2022, rising global GHG emissions are resulting in record-breaking temperatures and more extreme weather, and the global mean temperature in 2021 was about 1.11 ± 0.13 °C above the pre-industrial level, making it one of the seven warmest years on record (2015 to 2021). Climate change is causing disasters and extreme weather events, affecting oceans, biodiversity, agriculture and food systems, vulnerable populations and everyone in the world.

We recognise the need to be part of the global sustainability efforts to address the escalating climate change risks. We are in an industry that is undergoing a transition of its reliance from fossil fuels (non-RE) to RE sources such as hydro, solar and wind that form part of the critical solutions to address the climate change risks brought by increasing GHG emissions, and we are also following this direction to transition our reliance from non-RE to RE.

Our vision is to be a leading provider of renewable, reliable and affordable electrical energy to power the economic growth of the Southeast Asia countries and Taiwan in a sustainable, innovative and socially responsible manner. Our missions are (i) to create stakeholder value while being recognised as a responsible corporate citizen, contributing to society, in the markets and communities we serve; (ii) to grow our business in environmentally sustainable ways; and (iii) to maintain a workplace that prioritises the health and safety of our employees and promotes a corporate culture that emphasises, respect and empowerment for our staff at all levels.

We are taking steps to adopt a holistic approach for the management of our businesses, taking into consideration the material sustainability risks and opportunities (also known as **"material sustainability matters**" or **"MSMs**") that are identified based on the ESG pillars.

We have set a long-term climate goal of achieving net-zero GHG emissions by 2050 in support of climate goals set under the Paris Agreement to address our top-priority MSM on climate change. We have identified a two-pronged approach to achieve this goal: (i) to reduce our scope 1, 2 and 3 GHG emissions and (ii) to increase our contribution to avoided emissions. Our sustainability strategies and plans for climate change mitigation are formulated based on our baseline assessment of our Group's major sources of GHG emissions (identified during the carbon footprint verification exercise conducted by BSI for our base year of 2021). These strategies and plans are further described in Sections 7.24.2 and 7.24.3 of this Prospectus.

7.24.2 Sustainability approach

We have adopted a top-down management approach towards sustainability. We embarked on our sustainability journey in 2018, when we committed to only investing in RE projects. The management is in the process of reviewing the sustainability framework that incorporates the following key elements:

- (i) our Group's vision, mission and core values;
- (ii) the guiding principles the ESG pillars;
- (iii) the sustainability governance structure;
- (iv) the sustainability policy; and
- (v) the relevant standards (Global Reporting Initiative Standards, Task Force on Climate-Related Financial Disclosures and the Sustainable Development Goals by the UN SDGs).

We are currently developing a sustainability roadmap that will provide a blueprint for our sustainability journey towards achieving our vision, missions and goals and to ensure our business resilience and create long-term values for our shareholders and other key stakeholders. In our sustainability roadmap, we intend to set out our sustainability strategies and plans in pursuit of various sustainability goals in support of the United Nations 2030 Agenda for Sustainable Development, as well as the material standards, short-, medium- and long-term targets, and key performance indicators for each strategy.

(A) Sustainability governance structure



Note:

Under the responsibility of Sustainability Working Committee

---- Reporting to Chief Sustainability Officer

The Board's Sustainability Committee assumes responsibility for and on behalf of the Board in overseeing the successful implementation of our sustainability strategy. On a quarterly basis, the Sustainability Committee conducts thorough reviews, assessments, reports and provides relevant recommendations to the Board pertaining to various sustainability matters.

The Executive Management Committee, chaired by the Executive Deputy Chairman and consisting the Group CEO and Key Senior Management, plays a pivotal role in advancing sustainability within our organisation. Executive Management Committee meeting held monthly serves as a platform for in-depth discussions on sustainability performance and related matters. Through these dedicated sessions, we ensure that sustainability remains at the forefront of our strategic decision-making and that our actions align with our sustainability goals.

The Sustainability Working Committee, chaired by our Chief Sustainability Officer, had been established with the purpose of effectively managing and driving the implementation of our sustainability programs. This committee is entrusted with the responsibility of making informed recommendations to the Executive Management Committee, Sustainability Committee, and/or Board on all matters that necessitate management, board decision-making and approval relating to sustainability. Through the Sustainability Working Committee's diligent efforts, we ensure that sustainability initiatives are effectively executed, and strategic decisions align with our commitment to sustainability across our Group.

To ensure seamless integration of sustainability throughout our organisation, we have designated Sustainability Champions for each business division and relevant corporate departments. These individuals play a vital role in fostering a sustainability culture within Leader Energy Group.

(B) Sustainability management process

Generally, our sustainability management process is set out below:



(i) Materiality assessment process: Our materiality assessment process is guided by Bursa Securities' Sustainability Reporting Guide (3rd Edition) and Global Reporting Initiative Standards that enable our Group to focus on and manage what matters most to its business and stakeholders i.e., identification of the MSMs. We have identified and prioritised eight MSMs as below:

- (a) Climate change (Environment);
- (b) Health, safety and environment (Social);
- (c) Ethics and integrity (Governance);
- (d) Board leadership and effectiveness (Governance);
- (e) Business and financial performances (Governance);
- (f) Reliable energy (Governance);
- (g) Waste management (Environment); and
- (h) Human rights (Social).
- (ii) **Develop sustainable strategies**: From each of the MSM identified, we will formulate and embed sustainability objectives in specific business strategies and action plans to address the material risks and opportunities presented to ensure the achievement of our identified sustainable development goals.
- (iii) Setting key performance indicators: Following the formulation of sustainability strategies, appropriate measurable targets will be identified to facilitate the measurement of sustainability performance and determine progress towards meeting the sustainability goals. These are currently being developed for inclusion in our sustainability roadmap.
- (iv) Performance measurement: We intend to prepare and report the sustainability progress and performance on quarterly basis after the Listing, based on the sustainability reporting frameworks adopted by us.
- (v) Sustainability reporting: Our sustainability reporting will be prepared in accordance with the Listing Requirements, and aligned with Bursa Securities' Sustainability Reporting Guide (3rd Edition), Global Reporting Initiative Standards and UN SDGs. Adhering to the governance frameworks and reporting procedures under Bursa Securities' Sustainability Reporting Guide (3rd Edition), we are committed to ensuring the accuracy and transparency of our sustainability statement. It is our Group's intention to obtain external assurance for our sustainability reporting after the Listing.
- (vi) Continuous monitoring and review: We will continue to monitor and review the MSMs which may change over time, reflecting developments in the operating environment and the changing expectations of stakeholders. Feedbacks gathered from stakeholders together with data and/or information collected will form part of the inputs for future materiality assessment process for identification of MSMs and sustainability strategy considerations.

7.24.3 Sustainability strategies and plans

Following are some of our key sustainability strategies and plans prioritised and implemented based on the ESG pillars as at the LPD:

(A) Environment

| Strategic focus area and sustainability strategies and plans implemented | | | |
|---|---|--|--|
| Climate change - manage climate related risks as we transition towards a low carbon future. | | | |
| Following the identification of our top priority MSM, i.e., climate change, we have set out following plans and strategies for action: | | | |
| (i) Establish a carbon management plan ("CMP") to guide us to achieve the climate goal of net-zero GHG emissions by 2050 in support of climate goals set under the Paris Agreement – our Group's CMP is established based on our GHG report, i.e., an internal report that analysed the GHG emissions of all our power assets and other operations of our Group as well as BSI's verification opinion, both for the base year of 2021 and for scope 1 and 2 of GHG emissions only. | | | |
| For the year 2021, the total GHG emissions of our Gro independently verified by BSI in accordance with ISO 140 follow: | oup which has been)64-1, are set out as | | |
| Description | Tonnes of CO ₂ e ⁽¹⁾ | | |
| Scope 1: Direct emission Scope 2: Indirect emission - imported electricity | 874,580.2 7,141.8 | | |
| Total emission | 881,722.0 | | |
| Note: (1) CO₂e refers to carbon dioxide equivalent, being the r of CO₂ emissions with the same global warming po- ton of another GHG. For the quantification of GHG emissions, we relied on Greenhouse gases – Part 1 ("the Standards") and relevant prepared our Group's GHG inventory lists for FYE 2021 (included in our GHG report. The GHG emission analysis results in our GHG report a opinion statement has provided guidance for us to developed | | | |
| opinion statement has provided guidance for us to develop our CMP for year 2022 and beyond. Through the projections associated with our Group's CMP, we are able to estimate the timing of achieving our long-term climate goal in the future. | | | |

| Strategic focus area and sustainability strategies and plans implemented | UN SDGs |
|--|------------|
| We are doing analysis and internal reporting of GHG emissions for the year of 2022 and will do the same for the future years, which will provide us with feedback on our implementation of the CMP and help us adjust our CMP from time to time. To ensure our relevant staff's competency, we arrange for them technical training and certification on the Standards by certified training organisations. Up to the LPD, training has been conducted in August 2022 and February 2023, and certification was issued to the relevant staff who sat and passed the exams. | |
| As an organisation operating in the power and utilities sector, we recognise our responsibility and the need to participate in the global climate actions. Hence, we have set our long-term climate goal and aspire to reach net-zero GHG emissions by 2050 in support of the climate goals set under the Paris Agreement. | |
| "Net-zero GHG emissions" is defined in Annex-I of WGIII of IPCC Annual Report 6 as condition in which metric-weighted anthropogenic (i.e. resulting from or produced by human activities) GHG emissions are balanced by metric- weighted anthropogenic GHG removals over a specified period. The quantification of net-zero GHG emissions depends on the GHG emission metric chosen to compare emissions and removals of different gases, as well as the time horizon chosen for that metric. | |
| To achieve our long-term climate goal of net-zero GHG emissions by 2050, in support of climate goals set under the Paris Agreement, we have identified a two-pronged approach as follows: | |
| (a) Reduce our direct (scope 1) and indirect (scope 2 and 3) emissions | |
| To achieve net-zero GHG emissions by 2050, our emission reduction strategies are as below: | |
| (aa) For scope 1 GHG emissions, primarily through the retirement of our two coal-fired plants (being our biggest GHG emitters) at the end of their concession periods, i.e., 2043 for the CEL Plant and 2050 for the CEL II Plant. In the interim, we will reduce our use of fossil fuels energy through improving the efficiency of our coal-fired power plants and electrification of our machines, equipment and vehicles in all our power assets, where relevant; | |
| Nonetheless, in our efforts to accelerate our target to achieve net- zero GHG emissions before 2050 in support of climate goals set under the Paris Agreement, we have intentions to explore options with the regulators in Cambodia for a possible early retirement of our two coal-fired plants before they reach the end of their respective concession periods. Such options however, are subject to our engagement with the regulators in Cambodia and their concurrence, as well as our financial assessment that such early retirement, if it materialises, will not have a material adverse impact to our Group's financial performance. Nonetheless, as at the LPD, we have yet to engage the regulators in Cambodia to explore our above intentions. | |
| Further, in line with our Group's planned investment policy, we will not develop or acquire any non-RE power asset in the future. | |

| Strateg | gic focu | s area and sustainability strategies and plans implemented | UN SDGs |
|---------|---|--|------------|
| | (bb) | For scope 2 GHG emissions, we will reduce our consumption of electricity purchased from the grid by improving the energy efficiency of our operation and deploying RE facilities (such as rooftop solar PV systems) on our operation sites. We will also lower our scope 2 GHG emissions through the use of RECs that we generate from our own RE power generation assets; and | |
| | | We have started deploying rooftop solar PV system at certain operation sites such as such as the LSE Plant, the LSE II Plant and the CTL Transmission Line Asset. For FYE 2021, FYE 2022 and as at the LPD, the total RE usage are 12.5MWh, 41.4MWh and 31.0MWh. We intend to conduct such installation at other operation sites in the future. We also plan to have our RE power generation assets certified for obtaining RECs to reduce our scope 2 GHG emissions in the near future. | |
| | (cc) | For scope 3 GHG emissions, we will reduce GHG emissions that come from our value chain, such as purchased goods and services, transportation of raw materials and equipment by third parties, and employee commuting and business travel. We aim to reduce value chain emissions through efforts including, among others, proper procurement by selection of suppliers. | |
| | | We aim to quantify our scope 3 GHG emissions from 2024 onwards to enable us to identify other key areas for emission reduction. We will incorporate our value chain emissions mitigation procedures into our planned Group Procurement Policy and Procedures. | |
| | In addit our sco credits that wil | tion, any of our residual GHG emissions in the future, whether under upe 1 or 2 or 3, will be further reduced through the use of carbon offset to be created from natural carbon sink (such as tree planting projects) I help to remove GHGs from the atmosphere. | |
| (b) | Increas | se our contribution to avoided emissions | |
| | In addit goals s avoided portfolid | tion to our planned GHG emissions reduction in support of the climate set under the Paris Agreement, we will increase our contribution to d emissions primarily through the continuous expansion of our o of RE power assets. | |
| | Avoided organis organis decarbo develop zero Gl | d emissions refer to emissions reduction that occur outside an sation's value chain, but as a result of the use of products from that sation. Avoided emissions offer an additional means to accelerate onisation by providing a broader picture that supports the oment and scaling of products and services needed to achieve net HG emissions. | |
| | We have forward by 2050 incorpo strategi actions in respo change | we pledged since 2018 to only develop RE generation assets going d, in line with our long-term climate goal of net-zero GHG emissions D in support of climate goals set under the Paris Agreement. We have prated this sustainability strategy into our future plans and business ies which will allow us to participate strategically in the global climate (through the acceleration of energy transition from fossil fuels to RE) onding to the urgent call to decarbonise the world economy for climate e risks mitigation. | |



| Strategic focus area and sustainability strategies and plans implemented | UN SDGs |
|---|------------|
| Additionally, we prepared an EIA report that encompassed comprehensive social impact assessments. | |
| Further, our power transmission company, CTL, has also been certified with ISO 14001:2015 Environmental Management System (" EMS ") by ISB-K2A (ISO certification Body of K2A Management), which helps CTL to improve its environmental performance through more efficient use of resources and reduction of waste. We intend to replicate the same EMS for our major operations in the CEL Plant and the CEL II Plant in 2023 as part of our commitment to do better in protecting the environment i.e., to reduce wastes during all operations at the sites. | |
| We have developed the following waste management practices for our major wastes i.e. coal ash (fly and bottom ash) from our coal-fired plants: | |
| Partnering with authorised vendors for disposal of scheduled waste to be in compliance with local regulations and rules. | |
| Stringent adherence with our waste management standard operating procedures, which are designed to align with local regulations such as waste segregation, storage of scheduled waste, recycling initiatives, and proper waste disposal methods. | |
| Promoting a circular economy – economy, we diligently implement waste management practices across all our operations. | |
| We have formulated our environmental management plan that addresses the following major wastes coming from our major operation sites: | |
| (i) Emissions - Both of our coal-fired plants in Cambodia, i.e., CEL Plant and CEL II Plant are designed to meet the IFC World Bank Environmental Standards. We have put in place an emissions management system known as Continuous Emission Monitoring System ("CEMS") that monitor the emissions at the smokestack and will continuously look into enhancing the operations efficiencies (using less diesel and coals) and aim to reduce the emissions of harmful gases. | |
| Our coal-fired plants in Cambodia are required to submit periodic environmental observation and monitoring report to the Cambodian MOE covering the emissions of CO_2 , SO_2 and NO_X at the smoke stacks (based on reading from CEMS) and the ambient air surrounding the plants up to certain distance. The ambient air testing is conducted by independent third party consultant on a half-yearly basis to monitor the air quality at location prescribed by Cambodian MOE under the environment impact assessment. | |
| We have started injecting limestone powder into the furnace for the CEL Plant from 2019 and the CEL II Plant from 2020 to form the calcination and sulphation process that can absorb the SO_2 gas to form sulphate (CaSO ₄). With the limestone injection, we have managed to control the SO_2 emissions effectively at the smokestacks and in the ambient air. | |
| | |

| Str | ategic focus area and sustainability strategies and plans implemented | UN SDGs |
|------|--|------------|
| | We have been in compliance with, as applicable, the standards under Cambodian laws and regulations and the IFC World Bank Environmental Standards with respect to SO ₂ emission of our coal-fired power plants for the Period Under Review and up to the LPD, except for an isolated non-compliance case by the CEL II Plant in the second quarter of FYE 2020, due to the CEL II Plant's limestone injection system readiness. The isolated non-compliance case was reported in the Environmental Observation and Monitoring 2nd Quarter Report (April – June 2020) to Cambodian MOE with no further action except for recommendation to continue the desulphurisation process to reduce the SO ₂ . Please refer to Section 7.2.2.8 of this Prospectus for further information on the latest air quality monitoring results and relevant requirements, and Section 7.26.4 of this Prospectus for further information on relevant laws for our coal-fired plants. | |
| | Suspended particulate matter | |
| | During coal combustion process, large amounts of ash are created along with carbon dioxide and other gases. The fine particle ash that rises up with the flue gases is known as fly or flue ash, a type of particulate matter. Fly ash is then removed from the flue gas by the electrostatic precipitator. For FYE 2020, FYE 2021 and FYE 2022, we have managed to sustain the suspended particulate matter emissions within the permissible limits of 50mg/m ³ under the IFC World Bank Environmental Standards based on reading obtained from the CEMS that detects the emissions at the smokestacks of the coal-fired plants. We have also complied with the relevant standards under Cambodian laws and regulations on the air quality monitoring scopes and requirements for suspended particulate matter for the Period Under Review. We will continue to reduce the suspended particulate matter emissions through improving our plants efficiency. | |
| (ii) | Coal ash (fly and bottom ash) – Fly ash is removed from the flue gas using an electrostatic precipitator, and heavy / bottom ash settles at the bottom of the boiler furnace. Through circular economy strategy, we have collected both fly and bottom ash and sold them to industrial users in Cambodia who use fly ash in cement production and bottom ash for clinker production. From FYE 2020 to FYE 2022, our annual total recycled coal ash (fly and bottom ash) averaging approximately 90.0% of annual total production were recycled by selling to industrial users. We aim to achieve a 100% coal ash production recycling by the year 2023. | |

(B) Social

| Strategic focus area and sustainability strategies and plans implemented | UN SDGs |
|---|-------------------------------------|
| Health, safety and environment | 3 GOOD HEALTH |
| We commit to ensure the health and occupational safety of our employees, contractors, visitors and other stakeholders to be our highest priority. We focus on prevention of work-related accidents by complying with the Malaysian Occupational Safety and Health Act and other applicable laws. Guided by this principle, we have implemented, among others, the following initiatives and preventive measures progressively during the Period Under Review, to ensure a safe and conducive working environment for our employees and contractors: | 8 ECENTRICE AND ECONOMIC CARDYIN |
| Designation of safety officers/ person in charge to oversee the health and safety practices. | |
| • Raising and maintaining occupational safety and health awareness of our employees and other interested parties through regular ongoing training, counselling and industrial accident prevention programmes for our employees. | |
| Forming emergency response teams to coordinate, evacuate, and provide aid during emergencies situation, where relevant. | |
| Establishment of standard operating procedures, emergency response plan and preparedness procedures. | |
| Provision of personal protective equipment. | |
| By undertaking the abovementioned practices, we achieved a satisfactory safety performance milestone by accomplishing no material loss time injury, no material accident and no fatal case during the Period Under Review and up to the LPD. | |
| Human rights | 5 GENDER EQUALITY |
| We respect human rights and embrace a culture of inclusivity, and diversity. We ensure that all individuals are treated equitably and fairly as we uphold the fundamental human rights principles in our operations. We strictly adhere to and implement the six fundamental behaviours consistent with | 8 ECONUMIC GROWTH |
| the International Labor Organisation declaration: | |
| Freedom of association Rejection of forced labor and child labor Minimum age Minimum wage and equal pay Equal employment No discrimination | |

(C) Governance and economic

| | Strategic focus area and sustainability strategies and plans implemented Our Board's diversed composition influences our oversight capabilities. Our Board adheres to standard of ensuring at least 30% of its directors are women under the Malaysian Code on Corporate Governance as at the LPD, in line with its commitment to gender equality. | UN SDGs 16 fractierer The sector |
|---|--|--|
| | As at the LPD, all our Board members are members of the Institute of Corporate Directors Malaysia (" ICDM "). Through ICDM, members are encouraged to continuously keep abreast of the current corporate governance landscape and upgrade their skills, knowledge and mindset in accordance to the ICDM Directors Competency Framework and Directors Development Pathway. | |
| | We had engaged a consultant to assist in developing the sustainability framework, sustainability governance structure and the sustainability policy to facilitate our sustainability development process and procedures. As at the LPD, the sustainability framework, sustainability governance structure and sustainability policy have been reviewed by our Executive Management Committee and are expected to be tabled for next review by Sustainability Committee and thereafter recommending to our Board for approval by the third quarter of 2023. | |
| - | Ethics and integrity | 8 GOOD JOBS AND |
| | We are committed to upholding common core values of ethics, integrity and continuous improvement in the things we do and the manner in which we conduct our business. | 16 FLAC ARTICLARD |
| | Our Group has set out our Group's code of business conduct that provides clear guidance for directors, officers, employees, and certain third party stakeholders. Our Group's code of business conduct has been distributed to all employees and continuous efforts are made to ensure that employees understand its meaning, function and importance in our daily conduct. | <u> </u> |
| | We have also established rules and guidelines to supplement legislation governing how our Group intends to act as a trusted business partner in social, economic, governance, and environmental matters. These rules and guidelines include, among others: | |
| | Anti-bribery and anti-corruption policy and guidelines Whistleblowing policy Health and safety procedure Employees' handbook Risk management policies | |
| - | Business and financial performance | |
| | The Company's senior management team leverages their extensive knowledge and expertise in the RE business to make informed decisions, ensuring the Company's competitiveness and performance in a dynamic and rapidly evolving environment. Drawing upon their wealth of experience, they play a crucial role in guiding the organisation towards success. Through continuous research and a deep understanding of market trends, the Company remains proactive in responding to changing dynamics. This allows us to seize opportunities, mitigate risks, and optimise returns. Our commitment to staying abreast of industry developments enables us to navigate through uncertainties and make strategic choices that align with our goals. | |

| Strategic focus area and sustainability strategies and plans implemented | UN SDGs |
|--|---------|
| The Company's senior management team harnesses their experience and | |
| expertise, supported by research and market knowledge, to make informed | |
| decisions. By doing so, we are able to respond to market trends and optimise returns | |
| to generate growth in our financial performance. | |

7.25 DEPENDENCY ON COMMERCIAL CONTRACTS

As at the LPD, there are no contracts, agreements, other arrangements or other matters entered into by or issued to us or on which we are materially dependent on, and which are material to our business and profitability, save as those as described in Annexure C of this Prospectus.

7.26 GOVERNING LAWS, REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUE

Our business is regulated by, and in some instances required to be licensed under specific laws of the jurisdictions where we operate our business. The relevant laws and regulations governing us and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and is only intended to provide general information to investors. It is not intended to be a substitute for independent professional advice.

During the Period Under Review and up to the LPD, save for the non-compliance set out in Sections 7.20 and 7.21 of this Prospectus, we are in compliance with the applicable laws and regulations in the jurisdictions where our Group operates in all material aspects. As at the LPD, we are not aware of any notice or action that has been issued or taken against our Group in respect of any violation of regulatory requirements (including environmental laws and regulations) which have materially affected the operations of our Utility-Scale power assets since their respective CODs and, in case of the acquired Utility-Scale power assets, since the respective dates of our acquisitions of such power assets.

7.26.1 Malaysia

(i) Electricity Supply Act 1990

The Electricity Supply Act 1990 governs the electrical supply industry and regulates the supply of electricity at reasonable prices. Further, the Electricity Supply Act 1990 provides for the licensing of any electrical installations. The Electricity Supply Act 1990 also governs the control of any electrical installation, plant and equipment in relation to the safety of persons, the efficient use of electricity, as well as other related purposes.

Section 9 of the Electricity Supply Act 1990 states that a licence is required for the usage, supply, or operation of an installation for the use of any other person's electricity from any installation subject to the terms and conditions stipulated as provided.

Pursuant to sections 18(2) and 37(5) of the Electricity Supply Act 1990, in the event the licensee fails to comply with any terms or conditions of the licence or the provision of the Electricity Supply Act, its licence may be suspended or revoked and/or the licensee may be liable to a fine of not more than RM100,000, and a further fine of not more than RM1,000 for every day or part of a day the offence continues after conviction.

We are the holder of the Generation Licence as issued by the Energy Commission of Malaysia, which permits us to construct, operate and maintain solar photovoltaic system and any associated facilities.

(ii) Environment Quality Act 1974 ("Malaysian EQA")

The Malaysian EQA governs the prevention, abatement, and control of pollution, as well as the enhancement of the environment, and for related purposes which includes the issuance of licences, the prohibition and control of pollution, and other related issues.

Our Group's power assets and projects are subject to environmental legislation, regulations and policies. These include ensuring compliance with air, water and noise emission standards. The agency responsible for implementing and monitoring Malaysia's environmental regulations and policies is the Malaysian Department of Environment.

The Malaysian EQA specifies particular punishments for each of the offences and breaches under the act. Section 16 of the Malaysian EQA, for example, states that any licence holder who fails to comply with the terms and conditions of the licence shall be guilty of an offence and liable to a fine of not exceeding RM25,000 or imprisonment for not more than two years, or both. If the offence continues after the licensee receives a notice from the Malaysian Department of Environment requiring compliance with the terms and conditions of the licence, a further fine of RM1,000 every day will be imposed.

Pursuant to section 41 of the Malaysian EQA, failure to comply or breach of any provisions, regulations, terms and conditions or restrictions under the Malaysian EQA shall constitutes an offence under this act and for offences which no penalty is provided therein, the offender shall be liable to a fine not exceeding RM10,000 or imprisonment not exceeding two years or both.

(iii) Occupational Health and Safety Act 1994 ("OSHA")

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

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

Pursuant to section 51 of the OSHA, the general penalty for any act or omission that contravenes any provision of the OSHA or any regulation made thereunder shall be the conviction of the offence and if no penalty is expressly provided, shall be liable to a fine not exceeding RM10,000 or imprisonment for a term not exceeding one year or both. In the case of a continuing offence, a fine not exceeding RM1,000 for every day or part of a day which the offence continues will be imposed.

(iv) Renewable Energy Act 2011 ("RE ACT")

The RE Act was enacted to provide the establishment and implementation of a special tariff system to catalyse the generation of RE and to provide for related matters.

A feed-in tariff system was established to provide the connection to supply line connection points for the distribution energy generated by RE installations and application for the feed-in approval may be made to the Sustainable Energy Development Authority.

The feed-in approval holder shall comply with the provisions under the RE Act, Electricity Supply Act 1990 or any of its subsidiary legislation and the prescribed standard conditions of the feed-in approval stipulated in the RE Act. Pursuant to section 8 of the RE Act, failure of the feed-in approval holder to comply with any of the condition of a feed-in approval commits and offence, and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding three years or to both.

7.26.2 Singapore

(i) Electricity Act 2001 ("SG Electricity Act")

The electricity industry in Singapore is mainly regulated by the SG Electricity Act. The SG Electricity Act defines electricity as "electrical power when generated, transmitted, supplied or used for any purpose".

A business must obtain an electrical licence from the Energy Market Authority of Singapore ("**SG EMA**") in order to engage in the following activities in Singapore:

- Generation;
- Transmission;
- Retail;
- Import or export; and
- Trade or operation of the wholesale electricity market.

Relevant entities within our Group are required to hold a generation licence unless an exemption applies (for example the generating plant has a nameplate capacity of less than 10 MV and is not connected to the transmission system). A generation licensee must develop and maintain a reliable, efficient, coordinated and economical system of electricity generation in accordance with the market rules and applicable codes of practice and other standards of performance issued and approved by the SG EMA.

Additionally, relevant entities within our Group must be registered with the independent market operator of Singapore's wholesale electricity market ("**Energy Market Company**") in order to participate in this market. The issuance of an electricity licence does not guarantee registration by the Energy Market Company for participation in the wholesale electricity market in Singapore.

A further electrical installation licence is required if a relevant entity within our Group intends to use or operate electrical installation of approved load exceeding 45 kVA for non-domestic purposes. Electrical installations in premises used for 'hazardous trades', irrespective of their approved loads, are also required to be licensed. An electrical installation refers to any electrical wiring, fitting or apparatus used for the conveyance and control of electricity in any premises.

The SG EMA is responsible for the administration and enforcement of the SG Electricity Act and the relevant electricity licences granted under it. A contravention, or likely contravention, of the Electricity Act, the conditions attached to an electricity licence, an applicable code of practice or standard of performance may result in:

- a written direction by the SG EMA to do or not do certain things;
- a performance bond, guarantee or any other form of security on such terms and conditions as the SG EMA may determine; and/or
- a financial penalty of an amount not exceeding 10% of the annual turnover of the relevant part of the licensee's business, or an amount not exceeding SGD1.0 million (equivalent to approximately RM3.3 million)⁽¹⁾, whichever is higher.

Further, it is an offence to supply electricity to any premises without an electrical or a supply installation licence, punishable by a fine of SGD50,000 (equivalent to approximately RM166,740)⁽¹⁾ and/or a term of three years' imprisonment.

Subsidiary legislation, regulations and guidelines

In addition to the SG Electricity Act, market participants must also comply with the Singapore Electricity Market Rules and relevant codes of practices issued or approved by the SG EMA under the SG Electricity Act.

Note:

(1) Computed based on the exchange rate of SGD1.00:RM3.3348 as extracted from BNM's website on 28 April 2023.

(ii) Workplace Safety and Health Act 2006 ("WSH ACT")

The Workplace Safety and Health Act 2006 is the key occupational health and safety legislation in Singapore. The WSH Act applies to all workplaces in Singapore, unless otherwise excluded by the statute.

The WSH Act imposes a broad duty on relevant entities within our Group, in their capacity as employers, to ensure the safety and health of their employees at work and persons who are not employees but may nevertheless be affected by activities carried on in the workplace. This duty includes, so far as is reasonably practicable:

- providing and maintaining a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons;
- (c) ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things:
 - (i) in their workplace; or
 - (ii) near their workplace and under the control of a relevant entity within our Group;
- (d) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and
- (e) ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Where a relevant entity within our Group engages a subcontractor or consultant, this duty is extended to cover the subcontractor, its employees and any direct or indirect third party contractor engaged by the subcontractor when at work.

Further, where a relevant entity within our Group is in charge or has control of a workplace premises in Singapore, it must take, so far as is reasonably practicable, such measures to ensure that:

- (a) the workplace;
- (b) all means of access to or egress from the workplace; and

(c) any machinery, equipment, plant, article or substance kept on the workplace,

are safe and without risks to health to every person within those premises, whether or not the person is at work or is an employee.

The Ministry of Manpower of Singapore ("**SG MOM**") is responsible for administering and enforcing the WSH Act. Where there has been a breach of the WSH Act, SG MOM may:

- (a) issue remedial orders (directing the person served with the order to comply with the WSH Act, to do or refrain from doing something or to remedy a particular danger);
- (b) issue stop-work orders (directing the person to immediately cease carrying on work); and/or
- (c) impose financial penalties, including fines of up to SGD500,000 (equivalent to approximately RM1,667,400)⁽¹⁾ for companies, and up to SGD200,000 (equivalent to approximately RM666,960)⁽¹⁾ and/or two years' imprisonment for individuals (i.e., where an officer of the company is liable).

Subsidiary legislation, regulations and guidelines

There are numerous pieces of subsidiary legislation under the WSH Act covering a diverse range of matters in Singapore, including but not limited to:

(a) general provisions mandating the minimum health and safety standards at the workplace;

- (b) medical and hygiene monitoring of employees where necessary;
- (c) implementation of a safety and health management system;
- (d) provision of first aid boxes and first aiders at workplaces;
- (e) regular inspections to uncover safety or health lapses at the workplace; and
- (f) minimisation of foreseeable risks to employees at the workplace.

In a similar vein, the Workplace Safety and Health Council have issued numerous guidelines on various topics, which apply in Singapore, including:

- (a) Working Safely on Roofs;
- (b) Safeguarding against Falling Objects;
- (c) Safe Use of Lorry Cranes;
- (d) Safe Loading on Vehicles; and
- (e) Workplace Traffic Safety Management

Amongst these, the following appear to be most salient and relevant to our Group's business in Singapore: (a) the Workplace Safety and Health (Incident Reporting) Regulations; (b) the Workplace Safety and Health (Construction) Regulations 2007; (c) the Workplace Safety and Health (Work at Heights) Regulations 2013, and (d) Workplace Safety and Health Guidelines: Working Safely on Roofs.

Workplace Safety and Health (Incident Reporting) Regulations

These regulations apply to all workplaces in Singapore and requires an employer to report accidents leading to injury or death to SG MOM within 10 days. Failure to report an accident can result in a fine of up to SGD5,000 (equivalent to approximately RM16,674)⁽¹⁾ for the first contravention, and SGD10,000 (equivalent to approximately RM33,348)⁽¹⁾ and/or six months imprisonment for subsequent offences.

Workplace Safety and Health (Construction) Regulations 2007

These regulations mandate that employers in Singapore like relevant entities within our Group must, amongst other things:

- (i) obtain a permit-to-work before carrying out high-risk construction work (including demolition work, excavation and trenching, lifting operations involving tower, mobile or crawler cranes, piling work and tunnelling work);
- (ii) appoint an appropriately skilled and competent workplace safety and health co-ordinator in respect of every worksite where the contract sum for the work is less than SGD10 million;
- (iii) provide and maintain personal protective equipment to any person carrying out work on the worksite, as far as is reasonably practicable; and
- (iv) ensure that a person does not carry out any manual work without having received adequate safety and health training.

A contravention of any provision in the Workplace Safety and Health (Construction) Regulations may result in fine of up to SGD20,000 (equivalent to approximately RM66,696)⁽¹⁾ or two years' imprisonment, or both.

Workplace Safety and Health (Working at Heights) Regulations 2013

Similar to the above, these regulations impose a permit-to-work system. The system applies to employers in Singapore like relevant entities within our Group and prohibits the carrying out of work at height (defined to be a distance of more than three metres) without the requisite permit.

The regulations also impose other duties on employers in Singapore, including:

- (i) to ensure that no work at height is carried out where it is reasonably practicable to carry out the work safely otherwise than at height;
- (ii) to establish and maintain a fall prevention plan;
- (iii) to ensure workers have received adequate safety and health training regarding the hazards associated with work at height and the precautions to be observed; and
- (iv) to ensure all work at height is carried out under the immediate supervision of a competent person for that work.

Workplace Safety and Health Guidelines: Working on Safely on Roofs

These guidelines reiterate and clarify many of the obligations outlined in the various workplace safety and health regulations issued by SG MOM. For instance, under the Workplace Safety and Health (Working at Heights) Regulations, employers like relevant entities within our Group which operate worksites at height must implement a fall prevention plan. The guidelines provide that a comprehensive fall prevention plan should cover (but not be limited to):

- (i) Policy for fall prevention;
- (ii) Responsibilities;
- (iii) Hazard identification and risk assessment;
- (iv) Control measures and methods;
- (v) Safe work procedures;
- (vi) Personal fall prevention equipment;
- (vii) Inspection and maintenance;
- (viii) Training;
- (ix) Incident investigation; and
- (x) Emergency response.

The guidelines also outline details with respect to other obligations in Singapore including, the application for a permit-to-work, the identification of hazards on roofs, the use of scaffolds and the use of personal protective equipment.

Note:

(1) Computed based on the exchange rate of SGD1.00:RM3.3348 as extracted from BNM's website on 28 April 2023.

(iii) Planning Act 1998 ("SG PA") and Building Control Act 1989 ("SG BC Act")

The SG PA and SG BC Act regulate developments and building works in Singapore including, but not limited to, rooftop solar PV installation.

Building works in Singapore require the approval of the Urban Redevelopment Authority ("**SG URA**") and the Building and Construction Authority ("**SG BCA**") before they can begin, unless an exemption applies. The following approvals are required:

- (a) Planning approval must be obtained from the SG URA for the works;
- (b) Building plan and structural plan approval, and a permit to carry out building works, must be obtained from the SG BCA; and
- (c) Permits may also have to be obtained from the Land Transport Authority for activities such as:
 - works within or near public areas;
 - the closure of roads and pedestrian crossings;
 - using oversized vehicles on public roads; and
 - the display of temporary directional signage.

On completion of the building works, the relevant entities within our Group must obtain a certificate of statutory completion before it allows the building to be occupied.

The SG URA is responsible for the administration and enforcement of the SG PA. Carrying out development on land in Singapore without planning permission from the SG URA is an offence punishable by a fine of up to SGD200,000 (equivalent to approximately RM666,960)⁽¹⁾. For a repeat offender, the penalty is a fine of up to SGD200,000 (equivalent to approximately RM666,960)⁽¹⁾ and/or a prison term of up 12 months. The SG URA may also:

- (a) issue an enforcement notice in respect of development carried out without planning permission specifying the steps to be taken, or the activities on or use of the land to remedy the unauthorised development. Non-compliance with an enforcement notice is an offence carrying financial penalties and possible imprisonment; and/or
- (b) enter the land and take steps to secure compliance with the notice and recover the cost incurred by taking these steps from the person served with the notice.

The SG BCA is responsible for the administration and enforcement of the SG BC Act. Carrying out building works without the SG BCA's prior approval or requisite permit, is an offence punishable by a fine of up to SGD200,000 (equivalent to approximately RM666,960)⁽¹⁾ or a term of two years' imprisonment. For a continued contravention, an additional fine may be imposed of up to SGD1,000 (equivalent to approximately RM3,335)⁽¹⁾ per day.

Penalties also apply to any person who contravenes any term or condition of an approval or permit provided by the SG BCA.

Subsidiary legislation, regulations and guidelines

The SG URA has published a number of 'Circulars' in the form of guidelines and advisory notes to assist businesses in complying with their obligations under the SG PA.

Relevantly, according to the Planning Guidelines for Solar Panels (Circular No. URA/PB/019/10-DCG), relevant entities within our Group must apply for planning permission for the installation of solar panels in Singapore where:

- (a) the area is subject to urban design guidelines;
- (b) the area is a conservation area;
- (c) the solar panels will be elevated (i.e., more than 1 metre from roof level for landed housing developments or more than 1.8 metres from the roof level for other developments) and located within a prescribed land use zone (which includes commercial, residential and educational zones); or
- (d) the space beneath the solar panels is enclosed or put to commercial uses (such as an outdoor refreshment area).

Further with respect to the installation of rooftop solar panels in Singapore, under the Building Control Regulations 2003, relevant entities within our Group must ensure that none of its developments subject a building to any load beyond its maximum load bearing capacity (as indicated in an approved structural plan). Non-compliance with this obligation is an offence, punishable by a fine of up to SGD20,000 (equivalent to approximately RM66,696)⁽¹⁾ and/or a term of 12 months' imprisonment.

Guidance from the SG BCA suggests that a professional engineer should be engaged to check the building's structural loading capacity and to advise on whether the roof is suitable to accommodate proposed solar panels. If there is a need to strengthen the structural elements of the building, then approval is required from the SG BCA before such work can commence.

- Note:
- (1) Computed based on the exchange rate of SGD1.00:RM3.3348 as extracted from BNM's website on 28 April 2023.

7.26.3 Indonesia

(i) Law No. 30 of 2009 on Electricity jo. Regulation of the Government in Lieu of Law of the Republic of Indonesia No. 2 of 2022 on Job Creation ("Indonesian Electricity Law")

The electricity related sector in Indonesia is mainly governed under the Indonesian Electricity Law. The Indonesian Electricity Law defines electricity as anything related to the supply and the utilisation of electric power as well as the electricity supporting business.

Under the Indonesian Electricity Law, the electricity business in general comprises of two categories, namely electricity supply business and electricity supporting services business. Each category has different scope of activities and can only be carried out by the business actors after obtaining the relevant business licence from the central or regional government based on the scope of its authority respectively.

The electricity supply business can be carried out for either public or private interests and the scope of permitted business activities include power generation, transmission, distribution, and/or sales (only allowed for those who conduct the electricity supply business for public interest).

The electricity supporting services business has different scope of business activities which include, among others, consultancy, construction and installation, inspection and testing, operation of electric installations, maintenance, and certification of electric power equipment.

Carrying out electricity business activities without obtaining a business licence shall be subject to administrative sanction, which is ranging from a written warning, temporary suspension of business, penalty to revocation of business licence.

(ii) Minister of Energy and Mineral Resources Regulation No. 11 of 2021 on Electricity Business Implementation ("MEMR Reg. 11/2021")

The MEMR Reg. 11/2021 is the implementing regulation of the Indonesian Electricity Law which further regulates on the requirements for each business licence holder based on its categories.

An Electricity Supply Business License (*Izin Usaha Penyediaan Tenaga Listrik* or IUPTL) holder is required to:

- carry out the obligations as referred to in Article 43 of MEMR Reg. 11/2021, among others, to provide electric power that meets the applicable standards quality and reliability, to provide the best service to the consumers and public, to comply with the provisions of Electricity Safety⁽¹⁾, and to prioritise domestic products and potential;
- fulfil the basic infrastructure commitments in accordance with business needs;
- have an operational-worthy certificate for the installation that will be operated;
- have a certificate of competence for operation carried out by technical personnel;
- use equipment that meets SNI (Indonesian National Standard) as mandatory; and
- submit a business implementation report periodically to the Minister of Energy and Mineral Resources.

An electricity support service business licence (*Izin Usaha Jasa Penunjang Tenaga Listrik* or IUJPTL) holder is required to:

- meet the requirements and standards of business licensing;
- meet the quality and good service in accordance with the quality management system;
- meet technical standards and conditions of electrical safety;
- prioritise the use of domestic products;
- employ the technical personnel who hold certificates of competence of electrical engineering that is still valid;
- implement the quality management system; and
- submit a business implementation report periodically to the Minister of Energy and Mineral Resources.

Failure to comply with the above requirements shall be subject to administrative sanction, which is ranging from a written warning, temporary suspension of business, to revocation of business licence.

Note:

(1) "Electricity Safety" is any effort or step to fulfil the standardisation of electricity equipment and utility, security of electricity installation, and security of electricity utility for the realisation of reliable and safe condition for installation, safe from danger to human and other living creatures, as well as environmentally friendly.

(iii) Minister of Industry Regulation No. 15 of 2019 on the Issuance of Industrial Business Licence and Expansion (of Business) Licence in the Framework of Electronically Integrated Business Licence Service as amended by Minister of Industry Regulation No. 30 of 2019 ("Mol Reg. 15/2019")

Under Mol Reg. 15/2019, the industrial business activities cover all forms of economic activities that process raw materials and/or utilise industrial resources in order to produce goods that have added value or higher benefits, including industrial services.

To conduct the industrial business activities, the relevant business actors must first obtain the Industrial Business Licence (*Izin Usaha Industri, "IUI"*) and the IUI holder shall comply with some requirements which include, among others:

- to have a SIINas (National Industry Information System) account;
- submit Industrial Data⁽¹⁾ report for each semester through the SIINas account; and
- for the IUI holder that is exempted from the obligation to be located in an Industrial Area⁽²⁾ shall obtain the waiver letter.

Note:

- (1) "Industrial Data" is a recorded fact in the form of numbers, letters, pictures, maps and/or the similar which shows the actual condition for certain period, value fee, and has not been processed in relation to Industrial Company activities.
- (2) "Industrial Area" is an area where industrial activities are centralised and is equipped with supporting facilities and infrastructure which are developed and managed by Industrial Area Company.

(iv) Government Regulation No. 22 of 2021 on Implementation of Environment Protection and Management ("GR 22/2021")

Every business and/or activity that has an impact, whether significant or not, which results in basic changes to the environment must have an environmental approval from the authorities. Under GR 22/2021, the environmental approval can be carried out through the (i) preparation of an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan* or "**Amdal**") document and Amdal feasibility examination; or (ii) preparation of Environmental Management Efforts and Environmental Monitoring Efforts (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or "**UKL-UPL**") forms and examination of UKL-UPL forms. The type of environmental approval above will be determined by considering whether the business and/or its business activities has a significant impact or not on the environment.

Any violation of the related provisions under each business licences, environmental approval and/or environmental laws and regulations shall be subject to administrative sanction which form will be determined by the Minister of Environment and Forestry.

(v) Government Regulation No. 5 of 2021 on Risk-Based Licensing Services ("GR 5/2021")

Every business actor conducting business and/or activity in Indonesia are obliged to obtain a Business Identification Number (*Nomor Induk Berusaha* or "**NIB**") from the Online Single Submission institution. NIB will serve as evidence of registration and identity of the business actors to conduct its business activities in Indonesia. In addition, NIB may also serve as the import identification number, custom access rights, the registration as member of health social security and manpower social security and the first submission of the manpower compulsory report of the relevant holder of NIB.

Specific for the business which falls under low-risk category may use the NIB as the legality to carry out the business activities. Under GR 5/2021, the risk category of business activity is determined from the potential for injury or loss from a risk or a combination of possibilities and consequences of risks.

The GR 5/2021 is silent on the sanctions which it will impose on a business actor who does not have the NIB. However, as the prerequisite for obtaining the business licence in Indonesia is the NIB, this will be an issue when the business actor applies for the business licences for the relevant business activities.

(vi) BKPM Regulation No. 5 of 2021 on Guidelines and Procedure for Risk-Based Business Licence Supervision ("BKPM Reg. 5/2021")

BKPM Reg. 5/2021 stipulates that any business actor in Indonesia is obliged to submit its investment activity (*Laporan Kegiatan Penanaman Modal* or "**LKPM**") on quarterly basis with the deadline of submission (within a year) as follows:

- first-quarter report must be submitted at the latest on 10 April;
- second-quarter report must be submitted at the latest on 10 July;
- third-quarter report must be submitted at the latest on 10 October; and
- fourth-quarter report must be submitted at the latest on 10 January of the following year.

Any failure to comply with the LKPM reporting requirement will be subject to administration sanctions, which ranges from a warning letter, limitation of business activity, suspension of business activity and/or investment facility, to revocation of business activity/ investment licensing.

7.26.4 Cambodia

(i) Law on Electricity (2001)

Under the Law on Electricity, the Cambodian MME is the government institution responsible for setting and administering government policies, strategies, and plans in the power sector. Whereas, the Electricity Authority of Cambodia (the "**Cambodian EAC**") is a public legal entity, which has been granted the right from the RGC to autonomously regulate electricity-related services and to govern the relations between the delivery, receiving, and use of electricity in the Cambodia.

Each electric power service provider shall be required to obtain a licence from the EAC and shall abide by the Law on Electricity, other laws, and regulations in force in the Cambodia, regulations, and policies adopted by the Cambodian EAC, as well as the terms and conditions provided in its licence. Under the Law on Electricity, there are several types of licences:

(a) Generation Licences

Under which licensees shall have the right to own, operate and manage or control the specifically identified generation facilities which generate electricity for the purpose of supplying to offtakers and not solely for its own consumption. The term of this licence shall generally be determined according to the expected life of the generation facility except in the case that the power purchase agreement provides a shorter term, subject to revocation under the Law on Electricity.

(b) Transmission Licenses

Under which licensees shall have a right to own, operate and manage power transmission facilities for transferring and delivering or selling electricity in bulk. There are two types of transmission licences, the National Transmission Licence and the Special Purpose Transmission Licence.

- National Transmission Licences are issued to power transmission companies under the responsibility of the State (i.e., the RGC). These companies have the right to provide electrical transmission services to distribution companies and bulk power consumers throughout the Cambodia. These licences are valid throughout an indefinite term, subject to revocation under the Law on Electricity.
- Special Purpose Transmission Licences (the "Cambodian SPTL") are issued to companies which fulfil the requirements defined under the Prakas (Ministerial Proclamation) on Principles and Conditions for Issuing Special Purpose Transmission Licences issued by the Cambodian MME. Under this licence, licensees shall have the right to construct, own and/or operate the specifically identified transmission facilities in the Cambodia for a specified purpose and which guarantee the protection of public interest. These licences could be valid for an indefinite term or until the life of effective use of the transmission facilities, subject to revocation under the Law on Electricity.

According to the 2007 Principles and Conditions for Issuing the Cambodian SPTL in the Cambodia published by the Cambodian EAC, the holder of the Cambodian SPTL may only operate transmission facilities and/or sub-transmission facilities which are identified in its licence.

(c) Despatch Licences

Under this licence, the licensee shall have the right to control, manage and operate the despatch facilities for facilitating the delivery and receiving the electricity from the generation, transmission and distribution systems. This licence shall be valid for an indefinite term, subject to revocation under the Law on Electricity.

(d) Distribution Licence

Under this licence, the licensee shall have the right to provide electricity distribution services which includes the right of ownership, operation and management or control of distribution facilities for supplying and selling the electricity to the consumers. This licence may be valid for indefinite term, subject to revocation under the Law on Electricity.

(e) Bulk Sale License

Under this licence, the licensees shall have the right to buy the electricity from any generation licensee(s) or from the power systems of a neighbouring country for sale to distribution licensees or to the large consumers in one connected power system. This licence shall be valid for definite term, subject to revocation under the Law on Electricity.

(f) Retail Licence

Under this licence, the licensees shall have the right to engage in the sale of electric power to consumers in contiguous service territories. This licence shall be valid for a maximum of five years, subject to revocation under the Law on Electricity.

(g) Subcontract Licence

Under this licence, the licensees shall have the right to supply electric power services in accordance with the subcontract agreement with existing licensee(s). The Cambodian EAC shall specify all applicable terms and conditions for the supply electric power services, and any such conditions as the Cambodian EAC may consider in public interest.

(h) Consolidated Licences

Under this licence, the licensees shall have the right to generate, transmit, despatch, distribute and sell the electric power to consumers. However, if the licensee intends to establish new generation facilities, they must apply for generation licence for each new generation facility.

Any electrical service provider operating in the Cambodia shall operate in the form of a registered company in accordance with the laws and regulations in force. Provided that an individual may operate small scale generation, distribution and/or retail of electricity under conditions determined by the Cambodian EAC. All licensees shall use a uniform system of accounting established by the Cambodian EAC.

Under the Law on Electricity, no licensee, other than a state-owned licensee, may hold more than one licence or own shares in, or have any other direct financial interest in any other licensee. The licensee shall not rent, sell or deposit as lien its licence to any other person and may only assign or transfer its licence with the special approval of the Cambodian EAC.

If considered in the public interest, the Cambodian EAC may approve, disapprove, or restrict the following activities of a licensee:

- (a) Merger or reorganisation, or a material acquisition or sale of assets or securities; or
- (b) Expansion of the licensee's business activities.

In case of violation of the licensing and regulatory provisions of the Law on Electricity, the licensee shall be imposed with a fine ranging from KHR400,000 (equivalent to approximately RM432)⁽¹⁾ to KHR4 million (equivalent to approximately RM4,320)⁽¹⁾ per day and per violation. This fine also applies to the person who is found to be providing electricity power service without having obtained the necessary licence.

If there is any material failure in complying with the conditions under the granted licences, the Cambodian EAC has the power to suspend or revoke the licence and submit the case to court or, if revocation of licence may impact the public interest, to impose above mentioned fines until there is a new licensee replacing the default licensee.

Note:

(1) Computed based on the exchange rate of KHR100:RM0.1080 as extracted from BNM's website on 28 April 2023.

(ii) Law on Environmental Protection and Natural Resource Management (1996)

Per the Law on Environmental Protection and Natural Resource Management and Sub-Decree No. 72 on Environmental Impact Assessment Process, an EIA shall be done on every project and activity, private or public, and shall be reviewed by the Cambodian MOE before being submitted to the RGC for decision unless otherwise deemed necessary to react to a declared state of emergency and approved by the RGC. The nature and size of the proposed projects and activities and existing and in-process activities, both private and public, shall be subject to environmental impact assessment. The project sponsor shall conduct an Initial Environmental Impact Assessment (the "**Cambodian IEIA**") for the project requiring EIA. The project sponsor shall submit the Environmental Application for reviewing IEIA reports and pre-feasibility study to the Cambodian MOE.

In accordance with the Law on Environmental Protection, our Group's companies in the Cambodia must comply with the approved EIAs and the environmental protection contract with the Cambodian MOE. As for the material terms, the approved EIAs, generally, require that our Group's companies comply with the terms and conditions under their respective final EIA reports and the environmental protection contracts as well as to pay for the environmental endowment fund on an annual basis until the completion of the business. Failure to meet such terms may lead to suspension or revocation of the approval.

Moreover, material terms under the environmental protection contracts include:

- to respond and implement all matters described in the full-scale EIA for the coal-fired power plant project;
- to provide an environmental monitoring report every three months to Cambodian MOE for checking and giving advice; and
- to contribute to the endowment fund.

The range of fines and punishments under the Law on Environmental Protection and Natural Resource Management are dependent on the severity of the violation:

- If the violation causes danger to human bodies or lives, to private property, to public property, to the environment, or to natural resources, the violator shall be imposed a fine from KHR10 million (equivalent to approximately RM10,800)⁽¹⁾ to KHR50 million (equivalent to RM54,000)⁽¹⁾ or an imprisonment of one year to five years, or both.
- A person who commits a violation shall also be responsible for repairing damage and for compensation.
- In case of a violation that causes serious disaster to society, the court may consider the gravity of the circumstances of the offense connected with any other offenses above in order to pronounce the punishment.

Note:

(1) Computed based on the exchange rate of KHR100:RM0.1080 as extracted from BNM's website on 28 April 2023

(iii) Sub-Decree on Solid Waste Management (1999)

Under the Sub-Decree on Solid Waste Management, our Group's companies in the Cambodia must not dispose of its wastes, including hazardous wastes, to public sites or anywhere that is not permitted by the authorities. The annex of the Sub-Decree contains the list of hazardous wastes which include combustion residues from coal-fired power plants. For hazardous waste, the owner shall be responsible for the temporary storage of its waste in a proper technique and safe manner. The owner of the hazardous waste shall make a quarterly report on its waste to the Cambodian MOE which shall specify the type and amount of the waste, the temporary storage method, and the treatment or elimination method. The transportation or construction of storage places or landfill of hazardous wastes from factories and manufacturing sites shall be subject to a permit from the Cambodian MOE.

Any person who violates this Sub-Decree shall be penalised in accordance with the general penalty provisions of the Law on Environmental Protection and Natural Resource Management, as set out above.

(iv) Prakas No. 387 on the Standard of Quantity of Poisonous Substance or Hazardous Substance Permittable to Discharge Issued by the Ministry of Environment (2015) ("Prakas No. 387")

Prakas No. 387 sets out the standards of the quantity of toxic chemicals or hazardous substances contained in hazardous waste which is allowed to be disposed of in sanitary landfills and standards of the quantity of toxic chemicals or hazardous substances allowed in soils.

Under the Prakas No. 387, every disposal of toxic chemicals, hazardous substances, or hazardous waste shall be proposed to the Cambodian MOE. Every disposal of chemical waste or hazardous substances outside of the sites determined by the ministry and competent institutions shall be prohibited and deemed as an infringement of law.

Moreover, companies granted with an ash disposal permit shall comply with the terms of the permit. These companies are required to, *inter alia*:

- conduct waste separation;
- submit a report of waste quantity and hazardous waste produced in the company every three months to the Cambodian MOE;
- handover waste to a licensed company; and

refrain from burning hazardous waste on the company's premises.

Any person who violates this Prakas shall be penalised in accordance with the general penalty provisions of the Law on Environmental Protection and Natural Resource Management, as set out above.

(v) Law on Water Resources Management (2007)

Under the Law on Water Resources Management, every person has the right to use water resources for his/her vital human need including drinking, washing, bathing, and other domestic purposes including watering for animal husbandry, fishing, and the irrigation of domestic gardens and orchards, in a manner that will not affect the legal right of others. The diversion, abstraction, and use of water resources for industrial purposes and purposes other than those previously mentioned, as well as the construction of the waterworks relating thereto, are subject to a licence or permit.

The Ministry of Water Resources and Meteorology is mandated to manage, lead, and supervise the implementation of the present law, and may modify, suspend or cancel a water use licence in the following cases:

- violation of the conditions imposed in the licence;
- violation of the provisions of this Law and other norms adopted thereunder;
- the over-use of water in a quantity exceeding the amount permitted;
- use of the water for purposes other than those authorised;
- non-use of the water for two consecutive years after the licence was issued;
- transfer of the licence without prior approval;
- causing a negative impact on public health or the environment; and
- refusal, without justification, to pay the water fee.

The range of fines and punishments under the Law on Water Resource Management are dependent on the nature of the offence or violation:

- (a) Any unlicensed construction of water works is subject to a fine ranging from KHR200,000 (equivalent to approximately RM216)⁽¹⁾ to KHR2 million (equivalent to approximately RM2,160)⁽¹⁾.
- (b) Any unauthorised use of water is subject to a fine ranging from KHR2 million (equivalent to approximately RM2,160)⁽¹⁾ to KHR5 million (equivalent to approximately RM5,400)⁽¹⁾ or imprisonment of one month to six months, or both.
- (c) Any unauthorised disposal of polluting substances is subject to a fine ranging from KHR5 million (equivalent to approximately RM5,400)⁽¹⁾ to KHR10 million (equivalent to approximately RM10,800)⁽¹⁾ or imprisonment of one year to five years, or both. Repeated violation may lead to the monetary fines to be doubled.
- Note:
- (1) Computed based on the exchange rate of KHR100:RM0.1080 as extracted from BNM's website on 28 April 2023

(vi) Sub-Decree No. 27 on Water Pollution Control (1999)

All businesses of our Group in Cambodia must also comply with all regulations in relation to water pollution control to protect the public water. Sub-Decree No. 27 on Water Pollution Control, applies to all sources of pollution and all activities that cause pollution to public water areas.

Discharge of wastewater from any sources of pollution must be consistent with the standards specified in the governmental regulation. Under the Sub-Decree No. 27, the business owner must discharge his wastewater consistently with the standards for effluent discharge set out in Annex 2 of the Sub-Decree and/or a separated standard for effluent discharge set by the Cambodian MOE in the necessary cases or in response to the requirement of each area for the purposes of protecting human health and conserving biodiversity. The Sub-Decree prohibits the disposal of solid waste or any hazardous substances in public water areas or into public drainage systems.

Business owners must first apply for a permit from the Cambodian MOE to discharge or transport wastewater to other places for any purpose when the sources of pollution are from, among many others, power plants.

The range of fines and punishments under the Law on Water Resource Management are dependent on the nature of the offence or violation as set out above:

- (a) Any unlicensed construction of water works is subject to a fine ranging from KHR200,000 (equivalent to approximately RM216)⁽¹⁾ to KHR2 million (equivalent to approximately RM2,160)⁽¹⁾.
- (b) Any unauthorised use of water is subject to a fine ranging from KHR2 million (equivalent to approximately RM2,160)⁽¹⁾ to KHR5 million (equivalent to approximately RM5,400)⁽¹⁾ or imprisonment of one month to six months, or both.
- (c) Any unauthorised disposal of polluting substances is subject to a fine ranging from KHR5 million (equivalent to approximately RM5,400)⁽¹⁾ to KHR10 million (equivalent to approximately RM10,800)⁽¹⁾ or imprisonment of one year to five years, or both. Repeated violation may lead to the monetary fines to be doubled.

Note:

(1) Computed based on the exchange rate of KHR100:RM0.1080 as extracted from BNM's website on 28 April 2023.

(vii) Sub-Decree No. 42 on Air Pollution Control and Noise Disturbance (2000)

Businesses of our Group in Cambodia must comply with regulations in relation to control of air pollution and noise disturbances to mitigate their impact on the environment. Under Sub-Decree No. 42 on Air Pollution Control and Noise Disturbance, it is strictly prohibited for any business to cause an emission of pollutants into the atmosphere in an amount that exceeds the standards specified in Annexes 3 and 4 of the Sub-Decree. Standards for noise emission and emission of pollutants are stipulated in different annexes attached to the Sub-Decree, the violation of which is strictly prohibited. Discharge or leakage of various flammable substances, fuel-oil, radioactive or chemical substances into the atmosphere is strictly prohibited.

The business owner must apply for permission from the Cambodian MOE and send application copies to the concerned ministries and agencies for the emission of pollutants and noise from immovable sources at least 40 days before the project commencement in Phnom Penh and 60 days before the project commencement in towns or provinces. The owner or responsible person must, *inter alia*, be responsible for reduction of the pollution and noise disturbance to be consistent with the set standards, must install equipment to measure the amount of pollutant contained in their pollution sources and keep a record of the results and send them to Cambodian MOE every three months.

Any person who violates this Sub-Decree shall be penalised in accordance with the general penalty provisions of the Law on Environmental Protection and Natural Resource Management, as set out above.

(viii) Law on Construction (2019)

Under the Law on Construction, to construct any building, the owner must request a construction permit from the Ministry of Land Management, Urban Planning and Construction or its department. After acquiring the construction permit, to commence the construction the owner must file for the Construction Site Opening Permit. If the construction is completed, the owner must file for the Certificate of Occupancy of Construction (previously known as Site Closing Permit).

Any person who violates the Law on Construction will be subject to sanctions such as written warning, suspension or revocation of a licence or a permit for construction professional practice or business practice, transitional penalty, prohibition against professional practice, forced demolition and/or rebuilding to the original condition, fine, and imprisonment.

(ix) Law On Establishment of The Ministry Of Public Works And Transportation (The "MPWT") (1996)

Persons who construct a port on their property shall file an application to MPWT with the following documents:

- Report on the completion of the port.
- Operation plan of the port's inventory and equipment.
- Maintenance plan and port inventory management.
- Environmental measures and environment monitoring program, if necessary.
- Port's inventory security plan, if necessary.

To operate the port, they must obtain the Port Operation Permit, and the port must meet the following criteria:

- The port, in part or in whole, shall have a full capacity to perform its function.
- The port shall have a system to record the number of goods, passengers, docking ships, and other relevant information.
- The use of the port inventory and equipment shall conform with the port construction's purpose.
- Shall arrange an enforceable plan for maintenance and management of the port inventory.
- Shall arrange a measure for environmental protection, safety, and security at the port
- Shall arrange an emergency plan that responds to the danger, oil spill, or other natural dangers and other similar forms of dangers in the water and inland zone of the port.

Any permit holder who fail to uphold the standard requirements may lead to revocation or suspension of the permit issued.

7.26.5 Vietnam

(i) Circular No. 43/2012/TT-BCT dated 27 December 2012 regulating the management of planning, investment in the construction of hydropower projects, and operation of hydropower works and its guidance ("Vietnamese Circular 43")

Vietnamese Circular 43 sets out various requirements and conditions for developing and operating hydropower projects in Vietnam including, but not limited to the following:

- (a) A hydropower project must generally conform with and be included in a hydropower master plan and an electricity development master plan approved by the competent authorities.
- (b) In order to be selected as a developer of a hydropower project, an investor must satisfy the following key conditions:
 - Being an enterprise established in accordance with the Law on Enterprise (now the Law No. 59/2020/QH14 dated 17 June 2020 on Enterprise) and having the business line of investment in and construction of hydropower projects.
 - Having sufficient financial capability for implementing the project: The investor shall ensure its equity capital of at least 30% of the total investment of the project and receive written commitments of credit institutions, financial institutions or banks to lend the remaining investment capital amount. The investor must report to the competent authority on the plan to arrange capital sources for the project according to the project implementation schedule.
 - Not being an investor of another project which is delayed or implemented 12 months behind the schedule indicated in its investment certificate, except projects allowed for suspension or extension for the project implementation prescribed in the Law on Investment (now the Law No. 61/2020/QH14 dated 17 June 2020 on Investment) ("Vietnamese Investment Law").
- (c) After being selected to be the developer of hydropower project, the investor must obtain the key licences and approvals for construction and operation of such project. An investor of a hydropower project may be subject to administrative fines and other remedial measures if it fails to comply with the statutory obligations set out by the law.

(ii) Decision No. 13/2020/QĐ-TTg dated 6 April 2020 on mechanisms to promote development of solar power in Vietnam ("Vietnamese Decision 13")

Vietnamese Decision 13 generally does not set out any specific requirements or conditions for developing and operating a solar power project in Vietnam. Instead, Vietnamese Decision 13 merely provides a legal framework for the sale and purchase of electricity between EVN and the developers of solar power projects such as power purchase prices, template power purchase and sale contract, etc.

(iii) Circular No. 21/2020/TT-BTC dated 9 September 2020 providing procedures for issuance of power operation licence ("Vietnamese Circular 21")

Vietnamese Circular 21 governs the cases whereby a power operation licence shall be required, the principles, application dossier, procedures and timeline for issuing the power operation licence.

Accordingly, a power operation licence shall not be required in the following cases:

- (a) Generation of electricity for one's own use and not for sale to other organisations and individuals;
- (b) Generation of electricity with an installation output of up to 1MW for sale to other organisations and individuals (e.g., rooftop solar power projects);
- (c) Electricity trading in rural areas, mountainous areas and on islands that purchase electricity with an output of under 50 kVA from electricity distribution grids for sale directly to electricity consumers in such areas and islands; and
- (d) Regulation of the national power system and administration of transactions of the electricity market.

Therefore, a project which does not fall within the aforementioned cases shall be required to obtain the following key licences and approvals before applying for a power operation licence:

- (a) Enterprise registration certificate or establishment decision or establishment certificate of the company which will develop and operate the power project;
- (b) Decision of the competent agency approving the policy on investment in the power plant or approving the investment project;
- (c) Decision of the competent agency approving the environmental impact assessment report or certification of the environmental protection plan of the power plant investment project in accordance with the law on environmental protection; and
- (d) Decision of a competent agency approving the reservoir operation process (for hydropower plants).

Failure to comply with the power operation licence requirement exposes the investor to a fine ranging from VND320 million (equivalent to approximately RM60,800)⁽¹⁾ to VND400 million (equivalent to approximately RM76,000)⁽¹⁾ and to other remedial measures such as returning the illegal benefits obtained from the violations as specified in Article 5.6(a) and 5.8 of Vietnamese Decree 134, as amended by Article 2.8 of Vietnamese Decree 17.

Note:

(1) Computed based on the exchange rate of VND100:RM0.0190 as extracted from BNM's website on 28 April 2023

(iv) Law on construction 50/2014/QH13 dated 18 June 2014 and its guidance ("Vietnamese Construction Laws")

Vietnamese Construction Laws provide for all principles, procedures and requirements for construction activities. Accordingly, subject to each specific power project, the following construction related licences and approvals shall be required:

- (a) Appraisal/approval of basic design and technical design; and
- (b) Construction permit or confirmation on exemption of construction permit and written acceptance of completion of project's construction.

In addition, the developer of a power project must comply with the reporting obligations pursuant to the Vietnamese Construction Laws during the process of construction of such project.

Failure to comply with the requirements set out under the Vietnamese Construction Laws shall exposes the investor to administrative fines and other remedial measures. For example, a fine up to VND140 million (equivalent to approximately RM26,600)⁽¹⁾ and other remedial measures such as demolition of the construction works which is in violation shall be applied for the failure to obtain construction permit in accordance with Article 16.7 of Decree No. 16/2022/ND-CP regulating penalties for administrative violations in construction.

Note:

(1) Computed based on the exchange rate of VND100:RM0.0190 as extracted from BNM's website on 28 April 2023.

(v) Law on Environmental Protection No. 72/2020/QH14 dated 17 November 2020 and its guidance ("Vietnamese Environmental Protection Laws")

Vietnamese Environmental Protection Laws generally provide for regulations on environmental protection activities; and the rights, obligations and responsibilities of organisations and individuals during environmental protection activities.

According to Vietnamese Environmental Protection Laws, the requirements for environmental protection shall be subject to many factors such as scale and capacity of a project, exploitation of natural resources, areas of land and water surface utilised and environmental sensitivities. Based on these factors, Vietnamese Environmental Protection Laws classify projects into the following four (4) groups:

- (a) Group I: High risk of adverse impact to the environment;
- (b) Group II: Risk of adverse impact to the environment;
- (c) Group III: Minor risk of adverse impact to the environment; and
- (d) Group IV: No risk of adverse impact to the environment and projects that are not classified under Group I, Group II and Group III.

Vietnamese Environmental Protection Laws mainly regulate the environmental protection activities of the projects classified into Groups I, II and III.

Subject to the classification Group of a project, the investor of a project shall generally be required to undertake one of the four (4) management tools on environmental protection as below:

| Environmental protection tools | Group I | Group II | Group III | Group IV |
|--|--|--|-----------|----------|
| Preliminary environmental impact assessment | All projects classified into Group I | - | - | - |
| Environmental impact assessment | All projects classified into Group I | Projects classified into Group II that are subject to review for environmental sensitivity factors or | - | - |
| Environmental protection tools | Group I | Group II | Group III | Group IV |
|--------------------------------|--|---|-----------|----------|
| | | engage in resettlement of residents affecting a "medium- scale" of residents. | | |
| Environmental licence | Projects classified into Group I, II and III that generate wastewater, dust and exhaust gas, hazardous waste which is required to be treated or managed before being discharged into the environment, save for projects which are classified into urgent public investment projects under the public investment regulations. | | | |
| Environmental registration | Projects which generate waste but are not subject to the environmental licence requirement, save for projects which (i) generate a small quantity of waste that is treated at the site or managed according to local authority policy, or (ii) are classified as projects relating to State secrets in the field of national defense and security. | | | |

Failure to comply with the provisions regarding the environmental protection tool requirements can result in penalties of up to VND2 billion (equivalent to approximately RM380,000)⁽¹⁾, and the additional penalties of suspending the construction activities or the environmental licence for up to 6 months and remedial measures such as the demolition of the works or equipment built in violation of the Vietnamese Environmental Protection Laws and the return of the illegal benefits obtained from the violations, specified in Articles 9, 10 and 11 of Decree 45/2022/ND-CP dated 7 July 2022 on providing penalties for administrative violations against regulations on environmental protection ("**Vietnamese Decree 45**").

In addition, the investor of a project must also fulfil several environmental protection obligations including, among others, the following:

- (a) To collect and treat wastewater in accordance with environmental protection requirements;
- (b) To collect, sort, store, reuse, recycle and treat waste in accordance with Vietnamese Environmental Protection Laws;
- (c) To mitigate, collect and treat dust, emissions, and unpleasant odour; to ensure no leaking or dispersal of toxic gases into the environment; to control noise, vibration, light and thermal radiation;
- (d) To ensure resources and equipment for prevention of and response to an environmental incident; and/or
- (e) To implement the monitoring of wastewater, dust and emissions in accordance with Vietnamese Environmental Protection Laws.

The aforementioned obligations of the investors are primarily in association with the handling of the waste materials of the project and the duties to protect the environment. Therefore, it depends on the investor's specific conducts to determine the applicable penalties and remedies (if any). Overall, failure to comply with the above obligations can result in administrative procedure (which could include the imposition of penalties of up to VND2 billion (equivalent to approximately RM380,000)⁽¹⁾ or remedial measures such as suspension of licences, suspension of operation, demolition of works and equipment built in violation of the Vietnamese Environmental Protection Laws, return of the illegal benefits obtained from the violations, mandatory relocation of the project/facilities, etc.) specified in Vietnamese Decree 45 and in criminal procedure for criminal charges punishable by additional fines of up to VND10 billion (equivalent to approximately RM1,900,000)⁽¹⁾, the suspension of operation for up to 3 years or permanent shut down as specified in Chapter XIX of the Criminal Code 2015.

Note:

(1) Computed based on the exchange rate of VND100:RM0.0190 as extracted from BNM's website on 28 April 2023.

(vi) Law on water resources No. 17/2012/QH13 dated 21 June 2012 and its guidance ("Vietnamese Water Resources Laws")

Vietnamese Water Resources Laws regulate the protection, exploitation and use of water resources in Vietnam. Accordingly, an investor of a power project which will exploit and use water resources must, subject to the scale and capacity of such project, comply with the following key obligations set out by the Vietnamese Water Resources Laws:

- (a) Collection of opinions of local community representatives and relevant entities when exploiting water resources. Accordingly, the following projects (except for projects which include State secrets) shall be subject to such obligation:
 - Lakes, dams having the capacity of 500 million m³ and above; works serving the exploitation of surface water with the flow rate of 10 m3/sec and above;
 - Works which are used for carrying water between sources;
 - Lakes and dams that interrupt the natural flow of rivers or streams for a part of 1km and above; and
 - Works which are used for exploiting underground water with the flow rate of 12,000 m3 per day and above.
- (b) Reforestation and funding for forest protection and development which shall be applied to the projects which operations will cause a certain area of forest to be destroyed.
- (c) Obtaining water permits which include permit for underground water exploration; permit for surface water exploitation; permit for underground water exploitation; permit for seawater exploitation. However, the water permits shall not be required in the following cases:
 - The underground water exploitation with the capacity of 10 m3/day and below which serves the manufacturing, goods sale, and/or service provision and do not fall within the case of underground water exploitation in areas where water level declined excessively;
 - The surface water exploitation with the capacity of 0.1 m3/sec and below which serves the agricultural production and aqua-cultural farming;

- The surface water exploitation with the capacity of 100 m3/day and below which serves non-agricultural manufacturing, goods sale, and/or service provision;
- The surface water exploitation serving power generation with the capacity of 50 kW and below; or
- The seawater exploitation with the capacity of 10,000 m3/day and below which serve the manufacturing, goods sale, and/or service provisions on land; the seawater exploitation which serves the activities on sea, islands.
- (d) Registration of underground water exploitation which shall be applied to the following projects:
 - The underground water exploitation with the capacity of 10 m3/day and below which serves the manufacturing, goods sale, and/or service provision and do not fall within the case of underground water exploitation in areas where water level declined excessively;
 - Exploiting and using water for daily-life activities of households or exploiting and using water on a small scale for production, business and service activities in one of the following areas:
 - Areas in which the groundwater level has continuously declined and is likely to excessively decline;
 - Areas facing the risk of land subsidence, salinisation or increasing pollution due to groundwater exploitation;
 - Areas in which groundwater sources have been polluted or show signs of pollution but there are no technological solutions to treat water up to quality standards; or
 - Urban centres, concentrated rural residential areas, industrial parks and complexes and craft villages which have had concentrated water supply systems and water supply services that meet quality and quantity requirements.

Failure to comply with point (a) above exposes the investor to a fine ranging from VND160 million (equivalent to approximately RM30,400)⁽¹⁾ to VND200 million (equivalent to approximately RM38,000)⁽¹⁾ specified in Article 29.6(b) of Vietnamese Decree 36.

Failure to comply with point (b) above exposes the investor to a fine of up to VND1 billion (equivalent to approximately RM190,000)⁽¹⁾ depending on the forest area specified in Article 15 of Decree 35/2019/ND-CP regulations on penalties for administrative violations against regulations on forestry.

Failure to comply with point (c) above exposes the investor to a fine ranging from VND20 million (equivalent to approximately RM3,800)⁽¹⁾ to VND500 million (equivalent to approximately RM95,000)⁽¹⁾ and other remedial measures such as: (a) return the illegal benefits obtained from the violations or; (b) adopt remedial measures against environmental pollution, degradation or depletion of water resources if any of the violation causing pollution and/or degradation of water quality and decrease in water quantity, which is specified in Articles 9.14 to 9.4 of Vietnamese Decree 36.

Failure to comply with point (d) above exposes the investor to a fine ranging from VND200,000 (equivalent to approximately RM38)⁽¹⁾ to VND1 million (equivalent to approximately RM190)⁽¹⁾ and other remedial measures such as: (a) return the illegal benefits obtained from the violations or; (b) adopt remedial measures against environmental pollution, degradation or depletion of water resources if any of the violation causing pollution and/or degradation of water quality and decrease in water quantity as applicable in Article 9.1 of Vietnamese Decree 36.

- Note:
 - (1) Computed based on the exchange rate of VND100:RM0.0190 as extracted from BNM's website on 28 April 2023.

7.26.6 Thailand

(i) Energy Industry Act B.E. 2550 (2007) ("Energy Industry Act of Thailand")

The Energy Industry Act of Thailand provides the licensing and regulatory framework for energy industry in Thailand including electric power industry. The Energy Regulatory Commission (the "**ERC**") is the main authority who ensures the enforceability of the Energy Industry Act of Thailand and is empowered to issue notifications on types of energy industry licences to regulate energy industry operation.

To operate electricity power business, the relevant electricity licence(s) will be required, according to section 47 of the Energy Industry Act of Thailand, unless an exemption applies.

(ii) Energy Development and Promotion Act B.E. 2535 (1992)

The Energy Promotion and Development Act provides the licensing and regulatory framework for regulated energy generation. Section 25 of the Energy Development and Promotion Act restricts persons from generating or expanding generation of regulated energy unless Regulated Energy License (License PorKor2) has been granted. Regulated energy refers to generation of electricity with total capacity of at least 200 kWp, according to the Royal Decree Determining Regulated Energy B.E. 2536 (1993) dated 9 December 1993.

The Energy Development and Promotion Act B.E. 2535 (1992) imposes an imprisonment penalty of not exceeding two years, or a fine of THB20,000 (equivalent to approximately RM2,615)⁽¹⁾, or both on those who generate regulated energy without Regulated Energy License.

(iii) The Factory Act B.E. 2535 (1992), as amended ("Factory Act")

The Factory Act provides the licensing and regulatory framework for those desiring to set up a factory. Electricity power plant is considered as a factory under the Factory Act which requires a factory licence; however, electricity generation from solar panels with a capacity of less than 1,000 kWp is exempted from obtaining a factory licence.

(iv) Foreign Business Act B.E. 2542 (1999) (the "FBA")

The FBA is under supervision of Bureau of Foreign Business Administration, the Department of Business Development, the Ministry of Commerce. The FBA restricts foreigners from operating the businesses prohibited under its List One and requires foreigners to obtain the Foreign Business License (the "**FBL**") or Foreign Business Certificate ("**FBC**") for the restricted businesses set out in List Two, or List Three.

According to section 4 of the FBA, amongst others, foreigners refer to:

- (a) an individual not holding Thai nationality;
- (b) a legal entity not established in Thailand;
- (c) a legal entity established in Thailand with 50% or more of its capital shares held by an individual under (a) above or by a legal entity under (b) above; or
- (d) a legal entity established in Thailand with 50% or more of its capital shares held by an individual under (a), a legal entity under (b) or a legal entity under (c) above.

LYSET is considered as a foreigner and is subject to the applicability of the FBA. LYSETobtained the investment promotion certificate from the Board of Investment of Thailand for the Electricity Power from Solar Rooftop activity and the FBC from the Department of Business Development on 6 September 2022.

(v) Corporate

In Thailand, a private limited company incorporated under the laws of Thailand is governed by the provisions in relation to a private limited company under section 1096 – section 1273/4 of the Civil and Commercial Code, as amended (the "**CCC**"). The provisions set out regulations and requirements on the incorporation of a company, a company's management, including the retention of the corporate records of a company and annual filing.

In respect of the retention of the corporate records of a private limited company, section 1139, section 1197, and section 1207 of the CCC requires all companies to have the following corporate documents retained:

- (a) the share register book of the company;
- (b) a copy of the financial statements consisting of the balance sheet, and the asset and debt statement;
- (c) record of the minutes and resolutions of every board of directors' meeting and shareholders' meeting; and
- (d) other documents required by laws applicable to the businesses of the company i.e., licences or approvals.

If violated, the company or directors of the company will be subject to the Determination of Offences Relating to the Registered Partnership, Limited Partnership, Limited Company, Association, and Foundation Act, B.E. 2499 (1956), as amended (the "Offences of Limited Company Act") summarised below.

| | There will be penalties imposed on | | |
|---|--|--|--|
| Violation of the retention of the following documents | The company | Directors | |
| Share register book | Fine of up to THB20,000 (equivalent to approximately RM2,615) ⁽¹⁾ (Section 11 of the Offences of | - | |
| A conv of the financial | Limited Company Act) | | |
| statements consisting of the balance sheet, and the asset and debt statement | (equivalent to approximately RM2,615) ⁽¹⁾ | - | |
| | (Section 18(2) of the Offences of Limited Company Act) | | |
| Record of the minutes and resolutions of every board of directors' meeting and shareholders' meeting | - | Fine of up to THB50,000 (equivalent to approximately RM6,537) ⁽¹⁾ | |
| | | (Section 28(3) of the Offences of Limited Company Act) | |

In respect of the annual filing of a private limited company, section 1139, section 1197, and section 1199 of the CCC, the company is required to have:

(a) the list of shareholders filed with the Department of Business Development within 14 days after the annual general meeting; and

(b) the audited financial statements approved at the annual general meeting of shareholders within four months as from the closing date of the company's fiscal period and later file the approved financial statements to the Department of Business Development within one month from the date of the convention of the annual general meeting.

Note:

(1) Computed based on the exchange rate of THB100:RM13.0748 as extracted from BNM's website on 28 April 2023.

(vi) EMPLOYMENT

In Thailand, employment in any businesses is primarily governed by the Labour Protection Act, B.E. 2541 (1998), as amended (the "**LPA**") which sets out minimum requirements on employment management, and the Labour Relation Act, B.E. 2518 (1975), as amended. In respect of the code of conduct, employees shall act in compliance with the work regulation declared by the employer, according to section 108 of the LPA.

According to section 108 of the LPA, the work regulation sets out work rules and regulations for maintaining healthy relationship between employees and the employers and keeping employment management by the employer in compliance with statutory requirements in relation to employment including but not limited to the following matters:

(a) normal working days, normal working period, and rest period set out for employees, in respect of code of conduct for employees, for normal work, each employee shall perform his/her duty in compliance with the below requirements.

| Normal working days | Up to six days per week; however, based on the day set out in the work regulation (Section 28 of the LPA) |
|--------------------------|--|
| Normal working period | Up to eight hours per day; yet, no more than 48 hours per work; however, based on the starting and ending working time set out in the work regulation (Section 23 of the LPA) |
| Rest period | one hour after working for five consecutive hours; however, based on the period set out in the work regulation (Section 27 of the LPA) |

- (b) employee discipline and disciplinary actions, employee discipline may vary based on the determination of the employer. In general, most employers in Thailand are likely to require each employee to maintain the following discipline:
 - not performing his/her duty dishonestly to the employer;
 - not intentionally committing a criminal offence against the employer;
 - not intentionally causing damage to the employer;
 - not causing serious damage to the employer as a result of negligence;
 - not violating lawful and just work rules or regulations or orders of the employer;
 - not neglecting his/her duty without justifiable reason for three consecutive working days; and
 - not being imprisoned by a final judgment of imprisonment.

(c) The duty of an employer to pay the severance pay as required under the LPA.

(vii) The Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992), as amended ("ECEQ")

The ECEQ is one of the most comprehensive environmental laws in Thailand. The ECEQ consists of seven main sections: national environment board, environmental fund, environmental protection, pollution control, support measures, civil liability and penalties.

According to Notification of Natural Resources and Environment Ministry Re: The regulation of types and specifications of projects or operations that may affect natural resources, quality of the environment, health, sanitation, quality of life of the people in the community which require an EIA including the principles, procedures, and conditions for preparing an EIA report issued pursuant to sections 48 and 51/2 under the ECEQ, the operators of the thermal power plants are subject to mandatory EIA requirement.

Nevertheless, the operators of solar power are not subject to mandatory EIA requirement and are not required to submit a report on the EIA to the National Environment Board.

7.26.7 Taiwan

(i) Electricity Business Act and Electricity Business Registration Regulations

In Taiwan, electricity business is a regulated business governed by the Electricity Business Act. The Ministry of Economic Affairs ("**MOEA**") and the Bureau of Energy are the authorities in charge of the electricity industry and the RE generation industry. The Electricity Business Act is the core piece of legislation regulating the electricity business in Taiwan, which was promulgated in 1947 and substantially last amended in May 2019. The Electricity Business Act, which governs the requisite permits of electricity business.

Before the Electricity Business Act was amended in 2017, each of the power companies engaged in electricity generation business had to enter into a PPA with Taipower, the state-owned power utility and grid operator in Taiwan, for wholesale of electricity to Taipower. After the Electricity Business Act was amended in 2017, renewable energy power generation companies are all free to enter into PPAs with private end-users (i.e., the corporate PPA model).

Failure to comply with the Electricity Business Act or the Electricity Business Registration Regulations can result in administrative fine, the amount of which varies depending on the types of non-compliance. Specifically, for electricity generation business, operation of a power plant without an electricity business licence would be subject to an administrative fine ranging from TWD2.5 million (equivalent to approximately RM362,250)⁽¹⁾ to TWD25 million (equivalent to approximately RM3,622,500)⁽¹⁾ and the competent authority may request the violator to improve within a designated period of time; the competent authority may also order the violator to cease operation if such a non-compliance is significant. Pursuant to the Taiwan Administrative Procedure Act, the competent authority may revoke the electricity business licence if the electricity generation business who holds the licence does not comply or fails to fulfil the conditions set forth in the licence.

Note:

(1) Computed based on the exchange rate of TWD100:14.4900 as extracted from BNM's website on 28 April 2023.

(ii) Renewable Energy Development Act and Regulations Governing the Installation of Renewable Energy Power Generation Equipment

As the government is promoting renewable energy projects to keep abreast of the global trends of curbing global warming and climate change, the Renewable Energy Development Act was enacted in 2009 and last amended on May 1, 2019. The Regulations Governing the Installation of Renewable Energy Power Generation Equipment were promulgated in 2010 to govern the requisite permits of installation of renewable energy generation facilities and was last amended on May 19, 2022. By and large, the RE business is subject to the Electricity Business Act, the Renewable Energy Development Act, the Electricity Business Registration Regulations and the Regulations Governing the Installation of Renewable Energy Power Generation Equipment.

Under the Renewable Energy Development Act and the Regulations Governing the Installation of Renewable Energy Power Generation Equipment, there are three types of energy facilities. Type One Facility refers to a non-self-use RE power generation equipment established in accordance with the Renewable Energy Development Act and the Electricity Business Act which requires an electricity business licence to operate; Type Two Facility refers to self-use RE equipment with a capacity of more than 2MW; and Type Three Facility refers to RE power generation equipment with a capacity of less than 2MW.

Under the Renewable Energy Development Act, the key regulations in relation to the development of solar projects include the following:

- (a) The target installed capacity in 2025 is 27,000MW, which is subject to a biannual evaluation by the government.
- (b) Taipower should provide the grid to renewable energy generation companies pursuant to Articles 8 and 18 of the Electricity Business Act and the cost for power grid enhancement (if required) will be shared by Taipower and the renewable energy generation companies concerned.
- (c) The feed-in tariff is determined by the review committee of the MOEA and announced by the MOEA annually, taking into account the relevant costs and other parameters.
- (d) The lease term of a piece of public land to be used for installation of renewable energy generation facilities or cables should not be shorter than the effective period of the electricity business licence associated with the relevant renewable energy generation facilities/cables, and is not subject to the lease term restriction under other laws and regulations governing the utilisation of public land.

Failure to sell electricity in accordance with the Renewable Energy Development Act can result in an administrative fine ranging from TWD300,000 (equivalent to approximately RM 43,470)⁽¹⁾ to TWD1,500,000 (equivalent to approximately RM217,350)⁽¹⁾ and the competent authority may request the violator to improve within a designated period of time. The competent authority may revoke the requisite permits issued under the Regulations Governing the Installation of Renewable Energy Power Generation Equipment if the application thereof or the operation of renewable energy generation facilities involves in any counterfeiting, misrepresentation or violation of law.

Note:

(1) Computed based on the exchange rate of TWD100:14.4900 as extracted from BNM's website on 28 April 2023.

(iii) Feed-in-Tariff

The government currently offers two kinds of incentives for renewable energy projects, namely, (i) for a project selling power to Taipower, a guarantee to purchase power for 20 years at the agreed feed-in tariff ("**FiT**") announced by the MOEA annually, and (ii) exemption from customs duty for imported power generating equipment.

Each year, the MOEA will conduct periodical review of the 20-year FiT schedule and announce the FiT applicable for the next year. Unless a project company would like to sell power to any private end-users under a corporate PPA arrangement, it should enter into a PPA with Taipower at the FiT announced by the MOEA annually. When determining the FiT, the MOEA will take several factors into account, such as the average installation cost, service life, O&M fees, annual electricity generation capacity, and the costs of maintenance and decommissioning.

(iv) Environmental Impact Assessment

According to the Environmental Impact Assessment Act and Article 29 of the Standards for Determining Specific Items and Scope of Environmental Impact Assessments for Development Activities, a solar project should conduct an environmental impact assessment in each of the following scenarios:

- (a) Project site: if located in an important wetland area.
- (b) Substation: The voltage exceeds 161kV or above (161kV exclusive).
- (c) Transmission lines: The voltage of the transmission system is 161kV or above; and any of the following conditions is met:
 - Overhead transmission lines pass through (i) the national park, (ii) the wild animal conservation zone or important habitat for wild animal, (iii) important national wetland, (iv) natural conservation zones as approved under the Protection Program for the Natural Environment in the Coastal Areas; or (v) the conservation areas for indigenous people;
 - Distance between the boundary of the projection of the overhead transmission lines or the tower thereof and the boundary of (a) an elementary or junior high school (including the site to be used for building such a school), or (b) a hospital is 50 meters or less; or
 - Overhead or underground transmission lines are 50 kilometres or above in length.

The competent authority overseeing environmental matters is the Environmental Protection Administration. There is also a local environmental protection bureau/department in the local government to administer local environmental affairs. According to Article 5 of Environmental Impact Assessment Act, if a development activity may have an adverse impact on the environment, an environmental impact assessment should be conducted.

According to Article 18 of Environmental Impact Assessment Act, commencing solar project development which is required to conduct the environmental impact assessment without obtaining the approval for environmental impact assessment can result in an administrative fine ranging from TWD300,000 (equivalent to approximately RM43,470)⁽¹⁾ to TWD1.5 million (equivalent to approximately RM217,350)⁽¹⁾, and the competent authority may order the violator to cease the development activities; if the violator fails to comply with such cease order, the responsible person thereof would be subject to the criminal liability of an imprisonment or criminal detention of not more than three years plus a criminal fine of not more than TWD300,000 (equivalent to approximately RM43,470)⁽¹⁾.

Note:

(1) Computed based on the exchange rate of TWD100:14.4900 as extracted from BNM's website on 28 April 2023.

(v) Regional Plan Act and Regulations Governing the Use of Non-urban Land

Under the Regional Plan Act, each piece of non-urban land bears its own zoning and category. The term zoning refers to the first-tier classification of a non-urban land based on its location and/or usage, and the term category refers to the second-tier classification of the non-urban land based on its permitted usage in detail.

Different land zonings and categories are subject to different usage restrictions. If certain conditions are met, a project company would be required to apply for conversion of the land categories and/or zoning. Under the Regulations Governing the Use of Nonurban Land, the procedures required for land conversion vary depending on the type and the total area of the land to be used for the project concerned.

For using a total area of land below two hectares, depending on the type of land category and respective area usage threshold, a project company should apply with the local government for (i) the direct use of the land concerned, or (ii) the change of category of land concerned. For using an area of the land of two hectares or above, a project company should apply with (i) the local government (if the total area to be used is under 30 hectares), or (ii) the central government (if the total area to be used is 30 hectares or above) for the change of zoning and category of the land concerned.

Failure to comply with the zoning and land use requirements under the Regional Plan Act and Regulations Governing the Use of Non-urban Land can result in an administrative fine ranging from TWD60,000 (equivalent to approximately RM8,694)⁽¹⁾ to TWD300,000 (equivalent to approximately RM43,470)⁽¹⁾, and the competent authority may order the violator to improve or remove or demolish the non-compliant facilities with a designated period time.

Note:

(1) Computed based on the exchange rate of TWD100:14.4900 as extracted from BNM's website on 28 April 2023.

(vi) Standards for the exemption of the miscellaneous license for the Construction of Renewable Energy Facilities

Article 28 of the Building Act provides that a proprietor or owner should apply for the Miscellaneous License for the construction of miscellaneous work. However, under Article 17 of the Renewable Energy Development Act and the Standards for the Exemption of the Miscellaneous License for the Construction of Renewable Energy Facilities, a solar energy system with the height under 4.5 meters (including the stand and cover of the power facilities (if any)) may apply with the local government for an exemption letter to be exempted from obtaining the aforesaid miscellaneous licence.

The exemption letter is one of the requisite documents for the application of the facility registration of renewable energy generation facilities under the Regulations Governing the Installation of Renewable Energy Power Generation Equipment. There is no penalty for failure to obtain an exemption letter.

7.27 EXCHANGE CONTROL

Save as disclosed below, there are no other governmental law, decree, regulation or other requirement which may:

- (i) affect the repatriation of capital and the remittance of profit by or to us; or
- (ii) have an impact on the availability of cash and cash equivalents for use by us and the remittance of dividends, interest or other payments to our shareholders.

7.27.1 Malaysia

The Financial Services Act 2013 is the principal legislation governing the exchange control in Malaysia and BNM is the governing authority for foreign exchange administration in Malaysia. BNM in exercising its power to safeguard the balance of payments position and the value of the currency of Malaysia under Financial Services Act 2013, has on 1 June 2022 issued the Foreign Exchange Notices (superseded the Foreign Exchange Notices issued by BNM on 15 April 2021) ("FEP Notice").

As a result of our planned use of proceeds described in Section 4.6 of this Prospectus, we are subject to the Notice 2 (Borrowing, Lending and Guarantee), Notice 3 (Investment in Foreign Currency Asset) and/or Notice 4 (Payment and Receipt) of the FEP Notice and prior approval of BNM is required for our remittance and use of proceeds in the intended manner, as directed by BNM from time to time. We have submitted our application to BNM on 9 March 2023 and BNM had on 22 May 2023 granted its conditional approvals to us. Please refer to Section 2.1.3 of this Prospectus for further information on the conditional approvals of BNM.

Failure to comply with the requirements, restrictions or conditions imposed FEP Notice and to obtain BNM's prior approval will render us the imprisonment for a term not exceeding 10 years or to a fine not exceeding RM50 million or to both.

In relation to the dividend paid or payable by our foreign subsidiaries and jointly controlled entities to us, the Government of Malaysia has through Finance Act 2021, implemented the measure to impose tax on the income of residents derived from sources outside Malaysia and received in Malaysia by any person who is a resident (including individual with foreign sourced partnership income) in Malaysia, which came into operation from 1 January 2022. As a transition measure, such foreign source income received in Malaysia is subject to tax at a concessionary tax rate of 3% on a gross basis for the period from 1 January 2022 to 30 June 2022. Foreign source income received in Malaysia from 1 July 2022 will be subjected to tax based on the prevailing income tax rate.

Notwithstanding the above, Income Tax (Exemption) (No. 5) Order 2022 and the Income Tax (Exemption) (No. 6) Order 2022 (collectively referred to as "**Exemption Orders**") (both gazetted on 19 July 2022) provides for exemption on foreign sourced dividend income received in Malaysia by among others, a resident company incorporated under the Act for the period from 1 January 2022 to 31 December 2026. The exemption is given subject to the following conditions:

- (i) The dividend income received has been subjected to tax of similar character to income tax under the law of the territory which the income arises; and
- (ii) The highest rate of tax of a similar character to income tax charged under the law of the territory which the dividend income arise at that time, is not less than 15%.

Following the issuance of the Technical Guidelines by the Inland Revenue Board of Malaysia ("**IRBM**") (latest revision made on 29 December 2022), the person receiving the foreign source dividend income in Malaysia is also required to meet or comply with the economic substances requirement⁽¹⁾ in addition to the two conditions under the Exemption Orders above mentioned before the exemption can be applied.

As the dividend income arises from our investment in foreign subsidiaries and jointly controlled entities, such income will be treated as foreign sourced income of Leader Energy. The dividend income will be subjected to tax in Malaysia if it is received in Malaysia and will be exempted if the conditions for the exemption are met.

In relation to the dividends received and/or receivable by our shareholders from Leader Energy, a corporation in Malaysia, such dividend received/receivable are exempted from tax in Malaysia under the single-tier taxation system in Malaysia. Further, dividends paid by us are not subject to withholding tax in Malaysia whether the payment is made to residents or non-residents. Gains arising from the disposal of listed shares are also not subject to tax in Malaysia, to the extent that the gains are capital in nature.

Note:

(1) The economic substance requirements are met if the person receiving the foreign source dividend income in Malaysia: (i) has employed adequate number of employees with necessary qualifications to carry out the specified economic activities in Malaysia; and (ii) has incurred adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia.

7.27.2 Cambodia

There are no foreign exchange control restrictions imposed under Cambodian laws and regulations that would restrict or prohibit the repatriation of capital or remittance of profit by a Cambodian company out of the Cambodia provided that such transfer shall be made solely through authorised intermediaries and further complies with the relevant taxation laws and regulations.

Pursuant to Article 5(2) of the Law on Foreign Exchange 1997 (the "**Cambodian LFE**"), only banks permanently established in the Cambodia shall be considered as authorised intermediaries. To legally operate in the Cambodia, the banking institution must hold a banking licence issued by the National Bank of Cambodia ("**Cambodian NBC**") (Article 14, Law on Banking and Financial Institution 1999). Accordingly, natural and legal persons in the Cambodia have the right to freely remit, and repatriate capital and profits abroad provided they carry out such transfers through banks that are permanently established in Cambodia and duly licensed by the Cambodian NBC.

In addition to the above, pursuant to Article 13 of the Cambodian LFE, any individual who transports into or out of the Cambodia means of payment equal to or exceeding USD10,000 (equivalent to approximately RM445,850)⁽¹⁾ in foreign currencies or the equivalent amount in domestic currency shall declare such transfer to the customs officer at border crossings upon arrival in or departure from the Cambodia. A copy of such declaration is thereafter reported to the Cambodian NBC each month.

While there are no legal requirements for investors or companies sending or receiving the funds to formally report on the transaction, authorised intermediaries are required to regularly provide the Cambodian NBC with periodic statements on the outflows and inflows of capital occurring between the Cambodia and the rest of the world (Article 5(3), Cambodian LFE). In particular, where a transfer relating to investment or liquidation of investment is equal to or exceeds USD100,000 (equivalent to approximately RM445,850)⁽¹⁾, such transfer shall be reported by the authorised intermediaries to the Cambodian NBC (Article 17, Cambodian LFE). Such transfers are also subject to anti-money laundering laws.

Nonetheless, the Cambodian LFE does reserve the right for the Cambodian NBC to issue regulations that would temporarily restrict authorised intermediaries from engaging in such transfers in the event of a foreign exchange crisis for a maximum period of three months (Article 6, Cambodian LFE). During such time as such regulations are in place, any repatriation of capital and profits out of Cambodia may be temporarily halted. There is no elaboration or clarification on what would constitute "foreign exchange crisis" in any of the Cambodian laws and regulations.

Pursuant to Article 13 of Cambodian LFE, any person who transport cash in excess of the limit set by the Cambodian NBC shall be liable for a fine ranging from KHR1 million (equivalent to approximately RM1,080)⁽²⁾ to KHR10 million (equivalent to approximately RM10,800)⁽²⁾ and the material involved shall be confiscated and retained as state property.

(i) Capital Maintenance Rules

Cambodian laws and regulations generally guarantee the right for foreign investors to freely repatriate funds or income received through payment of dividends, capital gains, sale of shares, or upon dissolution, provided that such repatriation is conducted through authorised intermediaries (Article 19, Law on Investment 2021). Yet, any repatriation of capital or profit overseas should take into consideration the capital maintenance rules and policies as provided under the Law on Commercial Enterprise 2005 (the "**Cambodian LCE**").

(a) Share buyback

Subject to provisions of the company's Memorandum and Articles of Association, a company may purchase or redeem shares issued by it, but the company shall always maintain at least one class of shares with full voting powers which are not subject to any mandatory redemption or repurchase (Article 155, Cambodian LCE). A company is not permitted to purchase or redeem shares issued by it if there are reasonable grounds for believing that:

- the company is, or after the purchase would be, unable to pay its liabilities as they become due; or
- the realisable value of the company's assets after purchasing would be less than the aggregate of its liabilities.
- (b) Capital reduction

A private limited company may reduce its capital account for any purpose by special resolution (Article 150, Cambodian LCE) by filing an amendment of its Memorandum and Articles of Association with the Ministry of Commerce (Article 238, Cambodian LCE). The capital may not be reduced to less than half of the company's capital as provided for in the Memorandum and Articles of Association and the actual reduction cannot occur until 90 days after the amendment has been filed with the Ministry of Commerce (Article 238, Cambodian LCE).

Further, a company is prohibited from reducing its capital account if there are reasonable grounds for believing that:

- the company is, or after the payment would be, unable to pay its liabilities as they become due; or
- the realisable value of the company's assets after purchasing would be less than the aggregate of its liabilities,

unless a company is reducing its capital account by an amount that is not represented by realizable assets (Article 150, Cambodian LCE).

(c) Dividend distribution

One of the most common ways to repatriate the profit is to declare dividends to the company's foreign shareholders. Pursuant to the Cambodian LCE, subject to any restrictions contained in a company's Memorandum and Articles of Association, directors may declare dividends out of the company's surplus or out of its net profits (Article 157, Cambodian LCE). Under Article 158 of the Cambodian LCE, a company shall not declare or pay dividends if there are reasonable grounds for believing that:

- the company is, or after the payment of dividends would be, unable to pay its liabilities as they become due; or
- the realisable value of the company's assets would be less than the aggregate of its liabilities and stated capital of all classes.

Directors who consented to a resolution authorizing the distribution of dividends contrary to Article 158 of Cambodian LCE are jointly and severally liable to restore to the company any amount so distributed or paid (Article 141, Cambodian LCE).

(ii) Applicable tax

Under Article 26 of the Law on Taxation 1997 (the "**Cambodian Taxation Law**"), payments made by resident taxpayers to non-resident taxpayers for the following are subject to 14% withholding tax:

- interest;
- royalties, rent, and other income connected with the use of property;
- compensation for management or technical services (determined by regulations of the Ministry of Economy and Finance); and
- dividends.

Further, the repatriation of income by a Cambodian subsidiary to its overseas principal is considered as income carried out by a non-resident through a permanent establishment, which shall also be subject to 14% withholding tax (Article 33(10), Cambodian Taxation Law; Article 22, Law on Financial Management).

It may also be important to note that the Cambodia and Singapore and Malaysia currently have in effect an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (DTA agreement). The DTA agreement with Singapore was signed in 2016 and went into effect on 1 January 2018; whereas for Malaysia, the DTA agreement was signed in 2019 and went into effect on 1 January 2021. With the DTA agreement in placed with both countries as mentioned, the withholding tax rate on the interest, management fee and dividend will be reduced to 10% instead of 14%.

Note:

- (1) Computed based on the exchange rate of USD1.00:RM4.4585 as extracted from BNM's website on 28 April 2023.
- (2) Computed based on the exchange rate of KHR100:RM0.1080 as extracted from BNM's website on 28 April 2023.

7.27.3 Vietnam

A foreign investor is entitled to remit its lawful profits and capital related to direct investment activities in Vietnam to its offshore account, provided that the investor's financial obligations to the Vietnamese State and the conditions set forth by the regulations on foreign exchange management are fulfilled before such remittance.

Conditions and procedures for offshore remittance of capital and profits by a foreign investor

(a) General conditions

Pursuant to the general principle under the Vietnamese Investment Law, foreign investors must fulfil financial obligations to the Vietnamese State before conducting offshore remittance of profits and capital (a "**Vietnamese Remittance Sum**").

The Vietnamese Investment Law and its guiding regulations are silent on a complete list of financial obligations that a foreign investor must fulfil before making the offshore remittance of a Vietnamese Remittance Sum. We envisage that the financial obligations thereunder will include all applicable taxes imposed on the Vietnamese Remittance Sum and other statutory amounts payable to the Vietnamese State as assessed by the relevant tax authorities with respect to such Vietnamese Remittance Sum.

The remittance of a Vietnamese Remittance Sum must be done via a direct investment capital account. In the case that the Vietnamese Remittance Sum is in VND, the VND can be used to buy foreign currency at an authorised credit institution and the abroad remittance must be done within 30 days from the conversion.

(b) Specific conditions and procedures for remitting the Vietnamese Remittance Sum under foreign exchange management regulations

Regarding remittance of investment capital, save for the obligations from the general conditions described above, there is no specific additional obligations for the remittance of capital abroad.

On the other hand, the offshore remittance of profits earned by foreign organisations from their direct investment activities in Vietnam (the "**Vietnamese Remittance Profit**") shall be governed by Vietnamese Circular 186 and accordingly subject to the conditions thereunder:

(1) Profit remitted abroad on an annual basis

In this case, the profits to be remitted abroad are limited to (i) profits foreign investors earn in a financial year, from their direct investment activities, based on audited financial statement and corporate income tax balance sheet, and (ii) any other profits, including profits that have not been remitted from previous years, minus (i) profits that are committed to reinvestment in Vietnam, and (ii) profits used to cover for expenditures of the foreign investor.

The Vietnamese laws provide that a foreign investor is permitted to annually repatriate profit distributed or received from direct investment activities in Vietnam back overseas upon the end of the fiscal year after the enterprises in which they make their investment have (i) fully discharged its financial obligations to the State of Vietnam in accordance with the law; (ii) lodged its audited financial statements and the corporate income tax finalisation declaration for the fiscal year to the tax authorities; and (iii) upon obtaining appropriate corporate approval on distribution of the profits respectively.

(2) Profit remitted abroad upon termination of the direct investment activities in Vietnam

In this case, the profits to be remitted abroad are limited to (i) profits foreign investors earn from their direct investment activities, based on audited financial statement and corporate income tax balance sheet, minus (i) profits that are committed to reinvestment in Vietnam, (ii) the profits already remitted abroad as per Section (I) above during the direct investment activities, and (iii) profits used to cover for expenditures of the foreign investor.

According to the Vietnamese laws, a foreign investor is permitted to repatriate profit back overseas on termination of its direct investment activity in Vietnam after the enterprises in which they make their investment have (i) fully discharged its financial obligations to the State of Vietnam in accordance with the law; (ii) lodged its audited financial statements and the corporate income tax finalisation declaration for the fiscal year to the tax office authorities; and (iii) fully discharged its obligations in accordance with the law on tax management.

As such, prior to the remittance of the Vietnamese Remittance Profits, the foreign investor must ensure that:

- the company has fulfilled its financial obligations to the Vietnamese State; and
- the company has submitted audited financial statements and corporate income tax finalisation declaration to the relevant tax administration authority and simultaneously has fulfilled its tax obligations.

Further, following highlights are to be noted in both (a) abnd (b) cases above, the foreign investor is not allowed to remit abroad profits when the financial statements still contain accumulated losses after such losses have been carried forward. The maximum Vietnamese Remittance Profit is the remaining profit, after balancing the carried-forward losses from the previous years.

Upon fulfilment of the above conditions, the foreign investor shall send a written notice to the relevant tax administration authority to notify the foreign investor's intention to repatriate the Vietnamese Remittance Profits. That notice shall be submitted to the tax authority at least seven working days before the foreign investor's contemplated remittance.

Under Vietnameses tax law, there is no withholding tax imposed on profit remitted in the form of dividends to foreign holding company.

7.27.4 Singapore

There are no exchange control prohibitions in Singapore that apply to the transfer of money (whether in the form of capital, profit or otherwise) by or to our Group into Singapore or by or to our Group out of Singapore.

Under the Companies Act 1967 of Singapore ("Sg Companies Act"):

• a company incorporated in Singapore can only pay dividends out of its profits⁽¹⁾. This general rule would apply to the payment of dividends by a Singapore incorporated subsidiary to its shareholders including a foreign shareholder such as our Group.

- a company incorporated in Singapore shall not return capital to its shareholders unless a capital reduction or share buyback is carried out in accordance with the provisions of the Sg Companies Act and the constitution of the company. This general rule would apply to the return of capital by a Singapore incorporated subsidiary to its shareholders including a foreign shareholder such as our Group.
- a company incorporated in Singapore may repurchase or acquire its own shares from its shareholders and pay the purchase price for such acquisition to its shareholders, subject to the limits and requirements in its constitution and the Sg Companies Act. This general rule would apply to payment of the purchase price arising from such repurchase or acquisition by a Singapore incorporated subsidiary to its shareholders including a foreign shareholder such as our Group.

Note:

(1) This excludes profits of the company applied towards the purchase or acquisition of its own shares and gains derived by the company from the sale or disposal of treasury shares.

7.28 ADDITIONAL DISCLOSURE

As at the LPD, a number of subsidiaries of our Group are currently under tax audit by the respective tax authorities under their own jurisdictions, i.e., Malaysia, Cambodia and Thailand. The details are as follows:

(a) Tax audit by the Inland Revenue Board of Malaysia ("IRB")

LSE

LSE received a letter dated 20 April 2021 from the IRB (Desk Audit Division of IRB Pulau Pinang) for the commencement of tax audit on its tax submissions for the years of assessment 2017 to 2019.

LSE has submitted all relevant accounting records and supporting documents as requested by the IRB ("**IRB Documents Submission**"). Further to the IRB Documents Submission and as at the LPD, LSE has not received any further queries from the IRB.

As at the year of assessment 2021, LSE has a cumulative unabsorbed capital allowances and unabsorbed investment tax allowances ("**ITA**") of RM62.4 million and RM135.1 million respectively. Accordingly, LSE is not expected to have any further income tax exposure. LSE was also granted with an ITA incentive by the Malaysian Investment Development Authority ("**MIDA**") via its approval letter dated 29 September 2017. The ITA allowed LSE to claim 100% on the qualifying capital expenditure incurred on its green technology project with effect from 8 August 2017 until 31 December 2020 for the purposes of solar energy generation. The allowance can be used to set off against 70% of the statutory business income for a year of assessment.

(b) Tax audit by the General Department of Taxation of Cambodia ("GDT Cambodia")

<u>CEL</u>

CEL received letters dated 13 April 2020, 9 June 2020, 10 July 2020 and 12 May 2022 from the GDT Cambodia to conduct tax audit on its tax submissions for the years of assessment 2015 to 2021. CEL has submitted all relevant accounting records and supporting documents to the GDT Cambodia.

As at the LPD, the tax audit review by the GDT Cambodia for the years of assessment 2015 to 2021 is still ongoing. However, CEL is not expected to have any further income tax exposure as CEL is enjoying 9 years of tax holidays (income tax exemption) from 2 December 2013 to 1 December 2022, which was awarded by the Ministry of Economy and Finance. Notwithstanding the ongoing tax audit review, GDT Cambodia has awarded CEL with the Gold Tax Compliance Certificate via its letter dated 12 May 2022 which signified the recognition of tax compliance status of the companies thus far.

Separately, CEL received notice of tax reassessment dated 9 October 2019 from GDT Cambodia on withholding tax of approximately KHR9.1 billion (RM9.8 million) for the reassessment years 2016 to 2017. The high withholding tax amount was due to GDT Cambodia erroneously imposed withholding tax which was subsequently revised via notice of tax reassessment to CEL dated 10 July 2020, to KHR389.2 million (RM0.4 million) after CEL's appeal letter dated 20 November 2019. The remaining withholding tax imposed by GDT Cambodia was still under appeal as stated in the subsequent paragraphs.

On 4 August 2020, 13 October 2020, 23 December 2020 and, 6 August 2021 and 2 December 2021, CEL filed appeals to the GDT Cambodia on the withholding tax reassessment that the new amendment of Cambodian Tax Law to include the insurance as part of "Technical and Management Services" for withholding tax purposes was only announced in year 2017, to which GDT Cambodia had issued notices of tax reassessment dated 28 September 2020, 4 December 2020, 22 July 2021 and 10 November 2021, respectively in response to CEL's appeals.

Following the latest notice of reassessment dated 16 September 2022 from the GDT Cambodia with reassessment amount of KHR389.0 million (RM0.4 million), CEL submitted another appeal letter on 6 October 2022. Subsequent to the appeal, CEL received on 24 March 2023 another notice of reassessment dated 20 March 2023 from the GDT Cambodia with the same reassessment amount of KHR389.0 million (RM0.4 million) for year of assessment 2016 and 2017. CEL submitted another appeal to the GDT Cambodia on 19 April 2023.

<u>CEL II</u>

CEL II received letters dated 12 August 2020, 31 March 2021 and 26 April 2022 from the GDT Cambodia to conduct tax audit on its tax submissions for the years of assessment 2017 to 2021. CEL II has submitted all relevant accounting records and supporting documents to the GDT Cambodia.

As at the LPD, the tax audit review by the GDT Cambodia for the aforesaid years of assessment 2017 to 2021 is still ongoing. On 12 April 2023, CEL II received a notice of reassessment dated 6 April 2023 from the GDT Cambodia for the years of assessment 2017 to 2019 in relation to the fringe benefit tax on housing allowance received by the expatriate employees.

According to the notice of reassessment dated 6 April 2023 above, CEL II has been charged with a tax reassessment amount of KHR120.7 million (RM0.1 million) for the years of assessment 2017, 2018 and 2019. CEL II settled the full amount of KHR120.7 million (RM0.1 million) with GDT Cambodia on 24 April 2023. As at the LPD, the tax audit review by the GDT Cambodia for the years of assessment 2020 to 2021 is still ongoing.

Save for the above, CEL II is not expected to have any further income tax exposure as CEL II had suffered losses from expenses incurred during the construction phase of coal fire power plant for years of assessment 2017 to 2019 and it is enjoying 9 years of tax holidays (income tax exemption) from 15 April 2020 to 14 April 2029 awarded by the Ministry of Economy and Finance of Cambodia. Notwithstanding the ongoing tax audit review, for information, GDT Cambodia has awarded CEL II with the Gold Tax Compliance Certificate via its letter dated 21 April 2022 which signified the recognition of tax compliance status of the companies thus far.

<u>CTL</u>

CTL received letters dated 6 April 2020 and 26 April 2022 from the GDT Cambodia to conduct tax audit on its tax submissions for the years of assessment 2017 to 2021. CTL has submitted all relevant accounting records and supporting documents to the GDT Cambodia.

On 24 April 2023, CTL received a Notice of Reassessment dated 6 April 2023 from GDT Cambodia for the years of assessment 2017 to 2019. The total tax exposure including penalties and interests for the years of assessment 2017 to 2019 is KHR598.5 million (RM0.6 million), consisting of the following:

- Value added tax together with penalty and interest charged for the year of assessment 2017 of KHR257.5 million (RM0.3 million);
- (ii) Withholding tax together with penalty and interest charged for the years of assessment 2017, 2018 and 2019 of KHR325.5 million (RM0.4 million); and
- (iii) Fringe benefit tax with penalty and interest charged for the year of assessment 2017 of KHR15.6 million (RM16.8 thousand),

CTL has accepted the outcome of the audit and had on 17 May 2023 settled the full amount of KHR598.5 million (RM0.6 million) to GDT Cambodia. As at the LPD, the tax audit review by the GDT Cambodia for the years of assessment 2020 to 2021 is still ongoing.

Save for the above, CTL is not expected to have any further income tax exposure as CTL is enjoying 9 years of tax holidays (income tax exemption) awarded by the Ministry of Economy and Finance from the COD i.e. 1 August 2013 to 31 July 2022. Notwithstanding the ongoing tax audit review, GDT Cambodia has awarded CTL with the Gold Tax Compliance Certificate via its letter dated 7 March 2022 which signified the recognition of tax compliance status of the companies thus far.

For this Part (b) of this Section 7.28, RM numbers were converted from KHR numbers using the exchange rate of KHR100 = RM0.1080, being the middle rate prevailing as at 17:00 on 28 April 2023, the closest available date to the LPD, as published by BNM.

(c) Tax inspection by the Revenue Department of Thailand ("TRD")

LYSET

LYSET had received letters dated 3 February 2022 and 8 March 2022 from the TRD for the commencement of audit on the refund request by LYSET for value added tax ("**VAT**") for the period from October 2020 to December 2021. The VAT refundable is THB367,982 (RM48,113).

LYSET has submitted all relevant accounting records and supporting documents for the refund request to TRD. As at the LPD, LYSET has not received any further queries from the TRD. The audit is an ongoing tax inspection which is a standard audit procedure that the TRD will conduct on taxpayers who have submitted a tax refund request.

For this Part (c) of this Section 7.28, RM number was converted from THB numbers using the exchange rate of THB100 = RM13.0748, being the middle rate prevailing as at 17:00 on 28 April 2023, the closest available date to the LPD, as published by BNM.

As at the LPD, the tax audits and tax inspection by relevant authorities for items (a) to (c) above are still ongoing and the issues and the potential additional tax liabilities have not been identified.

Our Board do not foresee any material adverse impact to our Group, based on the following:

- (i) LSE is not expected to have any further income tax exposure;
- (ii) CEL, CEL II and CTL are not expected to have any further income tax exposure as they are enjoying nine years of tax holidays; and
- (iii) for LYSET, 2021, the VAT refundable that is subject to ongoing tax inspection is not material to our Group. The audit is an ongoing tax inspection which is a standard audit procedure that the TRD will conduct on taxpayers who have submitted a tax refund request.

Save as disclosed above, our Group is not subject to any other audit, inspection, investigation or disciplinary proceeding by regulatory authority, securities or derivatives exchange, professional body or government agency as at the LPD.

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