



## BINASAT COMMUNICATIONS BERHAD

[Registration No: 201701008491 (1222656-D)]

(Incorporated in Malaysia under the Companies Act 2016)

# 2021

Annual Report

BINASAT COMMUNICATIONS BERHAD [Registration No: 201701008491 (1222656-D)]

ANNUAL REPORT 2021

[www.binacom.com.my](http://www.binacom.com.my)

### BINASAT COMMUNICATIONS BERHAD

[Registration No: 201701008491 (1222656-D)]

(Incorporated in Malaysia under the Companies Act 2016)

Menara Binasat, Lot PT 13824,  
Jalan Teknologi 4, Technology Park Malaysia,  
Bukit Jalil, 57000 Kuala Lumpur.

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS



**Tan Sri Datuk Cham Hak Lim**  
*Independent Non-Executive  
Chairman*

**Na Boon Aik**  
*Managing Director*

**Zulamran bin Hamat**  
*Executive Director cum  
Chief Executive Officer*

**Dato' Seow Thiam Fatt**  
*Senior Independent  
Non-Executive Director*

**Dato' Tan Yee Boon**  
*Independent Non-Executive Director*

### AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Seow Thiam Fatt  
*Chairman*

Tan Sri Datuk Cham Hak Lim  
*Member*

Dato' Tan Yee Boon  
*Member*

### REMUNERATION COMMITTEE

Dato' Tan Yee Boon  
*Chairman*

Tan Sri Datuk Cham Hak Lim  
*Member*

Dato' Seow Thiam Fatt  
*Member*

### NOMINATION COMMITTEE

Dato' Tan Yee Boon  
*Chairman*

Tan Sri Datuk Cham Hak Lim  
*Member*

Dato' Seow Thiam Fatt  
*Member*

### COMPANY SECRETARIES

Ms Tai Yit Chan  
(SSM PC No. 202008001023)  
(MAICSA 7009143)  
Ms Tan Ai Ning  
(SSM PC No. 202008000067)  
(MAICSA 7015852)

### REGISTERED OFFICE

12th Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7890 4800  
Fax : (03) 7890 4650

### HEAD OFFICE

Menara Binasat, Lot PT 13824,  
Jalan Teknologi 4,  
Technology Park Malaysia,  
Bukit Jalil, 57000 Kuala Lumpur.  
Tel : (03) 9546 1881  
Fax : (03) 9546 1850  
E-mail : contact@binagroup.com.my  
Website : www.binacom.com.my

### SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7890 4700  
Fax : (03) 7890 4670

### AUDITORS

Crowe Malaysia PLT  
201906000005 (LLP0018817-LCA  
& AF1018)  
52 Jalan Kota Laksamana 2/15  
Taman Kota Laksamana  
Seksyen 2  
75200 Melaka  
Tel : (06) 282 5995  
Fax : (06) 283 6449

### PRINCIPAL BANKER

Public Bank Berhad  
Menara Public Bank  
146 Jalan Ampang  
50450 Kuala Lumpur  
Tel : (03) 2176 6000  
Fax : (03) 2163 9917

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Sector : Telecommunications  
& Media  
Stock Name : BINACOM  
Stock Code : 0195

#### Note:

Mr. Na Bon Tiam who was appointed to the Board on 6 June 2017 resigned as Executive Director of the Company with effect from 1 October 2021.

## CORPORATE STRUCTURE


**BINASAT  
COMMUNICATIONS BERHAD**

201701008491 (1222656-D)  
(Incorporated in Malaysia under the Companies Act 2016)

**INVESTMENT  
HOLDING**
**100%**
**Binasat Sdn Bhd**

200001013483 (516089-U)

Provision of support services for satellite,  
mobile and fibre optic telecommunications  
networks.


**100%**
**Binasat (Sabah) Sdn Bhd**

201401013082 (1089166-U)

Dormant.


**70%**
**Satellite NOC Sdn Bhd**

201201041062 (1025540-P)

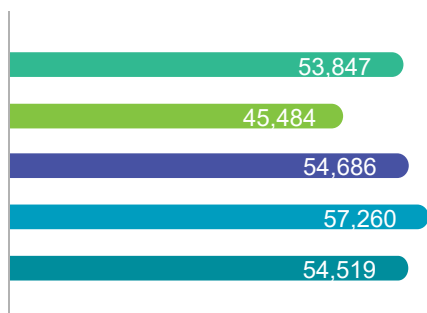
Provision of support services for satellite  
telecommunications network.



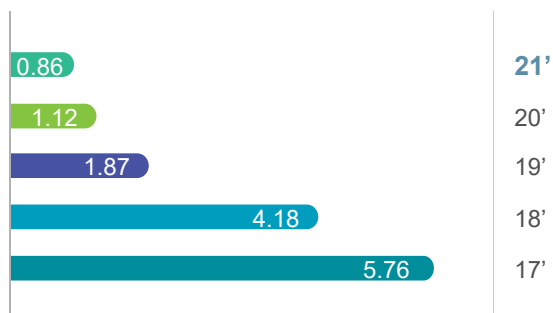
## 5 YEARS FINANCIAL HIGHLIGHTS

	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021
<b>PROFITABILITY</b>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	54,519	57,260	54,686	45,484	53,847
Profit Before Taxation ("PBT")	13,665	12,123	7,192	4,183	4,036
Profit After Taxation ("PAT")	10,023	9,105	4,599	3,211	2,427
Net Profit Attributable to Owners of the Company	10,027	9,071	4,874	2,926	2,378
<b>FINANCIAL POSITION</b>					
Total Assets	43,793	89,107	94,394	107,266	117,146
Equity Attributable to Owners of the Company	25,405	70,994	74,567	78,862	88,041
Total Borrowings	8,650	8,708	8,229	20,562	20,055
Number of Ordinary Shares ('000)	174,021	260,000	260,000	264,368	286,437
Weighted Average Number of Ordinary Shares in Issue ('000)	174,021	217,050	260,000	262,315	275,651
<b>SHARE INFORMATION</b>					
Earnings Per Share (Sen) ("EPS")	5.76	4.18	1.87	1.12	0.86
Net Assets Per Share Attributable to Owners of the Company (Sen)	14.60	27.31	28.68	29.83	30.74
Gearing Ratio (Times)	0.34	0.12	0.11	0.26	0.23
Return on equity (%)	39	13	6	4	3

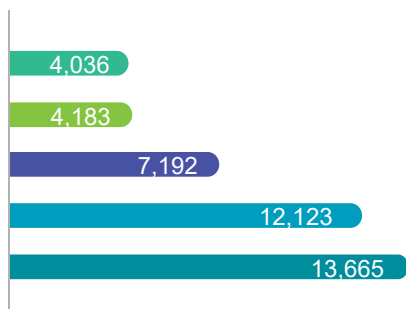
### REVENUE (RM'000)



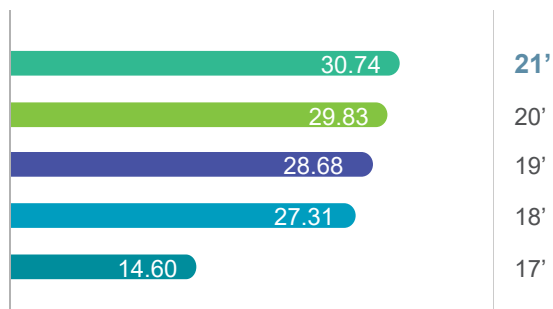
### EPS (Sen)



### PBT (RM'000)



### NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Sen)





# MANAGEMENT DISCUSSION AND ANALYSIS

## *Dear Valued Shareholders,*

On behalf of the Board of Directors (the “Board”), we are pleased to present the Annual Report and Audited Financial Statements of Binasat Communications Berhad (“Binacom” or the “Company”) and its subsidiaries (collectively the “Group”) for the financial year ended 30 June 2021 (“FYE2021”).

## 1. OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES

### 1.1 Overview of the Group's business

The Group had its beginning in 2000 and currently is in the provision of supporting services for the three (3) major telecommunications network mediums in Malaysia, namely satellite, mobile and fiber optic telecommunications networks. The Group provides these services to major telecommunication companies in Malaysia, either directly or indirectly through equipment suppliers.

The Group provides services such as Very Small Aperture Terminal (“VSAT”) Network Engineering Services, Mobile Network Engineering Services, Fiber Network Engineering Services, Satellite Hub / Teleport & Digital Satellite News Gathering (“DSNG”) Services.



With the completion of satellite teleport C-band and Ka-band gateway during the financial year, the Group successfully secured the new contract by offering new services such as uplink services including antenna and data centre colo-cation, this contributed 1.88% on total revenue in FYE2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



## 1. OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES (cont'd)

### 1.2 Corporate Developments

As at 30 June 2021, RM37.33 million of the gross proceeds from Public Issue of RM39.55 million has been utilised, out of which RM0.23 million was utilised in the current Financial Year on mainly the following:

- Utilised RM0.06 million in purchase of 1 unit of second hand rear wheel drive vehicle to improve our ability to deploy technicians to customers' sites and purchase of tools and equipment to support the site requirement.
- Utilised RM0.17 million in purchase of 1 unit of second hand horizontal directional drilling machine for our in-house team to carry out civil works for underground installation and fiber optic cabling splicing.

The Company had on 18 November 2020 issued the first tranche of 12,000,000 Placement Shares with the issue price of RM0.287 per Placement Share. The Private Placement was completed following the issuance of the second tranche of 10,069,200 Placement Share at an issue price of RM 0.3334 per Placement Share on 2 December 2020.

The gross proceeds of RM6.80 million from the Company's Private Placement will be utilised for capital expenditure, working capital and private placement expenses. As at 30 June 2021, RM5.94 million has been utilised, the details as stated below:

- Utilised a RM3.14 million in infrastructure and other ancillary expenses on installation of new data centre at the Group's satellite teleport.

- Utilised RM2.70 million for working capital comprising RM 0.81 million for appointing sub-contractors, RM1.89 million for staff salaries and operational expenses.
- Utilised RM0.10 million for private placement expenses.

On 23 June 2021, the Company had announced entered into a conditional share sale agreement for the proposed acquisition of 51% equity interest in Borderless Connection Sdn. Bhd. ("BCSB") for a purchase consideration of RM18,360,000 to be satisfied via a combination of RM5,360,000 in cash and RM13,000,000 via the issuance of 37,142,856 new ordinary shares in Binacom at an issue price of RM0.35 each.

In conjunction with the Proposed Acquisition, the Company proposes to undertake a proposed diversification of the principal activities of the Group to include provision of utilities infrastructure services including transmission and distribution network utility services as well as engineering, procurement, construction and commissioning of solar photovoltaic facilities.

## 2. FINANCIAL REVIEW

The outbreak of COVID-19 pandemic has continued affected the Group business due to imposition of the Movement Control Order ("MCO") by the Malaysian Government periodically throughout the FYE2021. The Group broadcasting services was interrupted due to being classified under not critical industry during the MCOs, where notwithstanding challenging economic conditions, the Group has continued to deliver commendable results in other segments.

The Group's revenue increased by RM8.37 million (or 18.39%) from RM45.48 million for the financial year ended 30 June 2020 ("FYE2020") to RM53.85 million for the FYE2021 mainly attributable to the higher revenue arising from:

- progressive milestone achieved and more jobs secured for network installation and commissioning works (civil infrastructure) in relation to installation of fiber optic cabling; and
- performed a new project of VSAT maintenance services.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## 2. FINANCIAL REVIEW (cont'd)

Despite increased in revenue of RM8.37 million (or 18.39%), the Group's gross profit only increased by RM0.31 million (or 2.67%) from RM11.78 million for the FYE2020 to RM12.09 million for the FYE2021 mainly due to:

- lower margin generated from installation of fiber optic cabling works (FYE2021: 10%; FYE2020: 19%); and
- revision to the terms of engagement with a customer in December 2020 which reduced the number of mobile network maintenance service sites. Subsequent to the revision of the terms of engagement, the Group continued to incur fixed cost (such as staff cost) while attempting to secure new mobile network maintenance services jobs.

Despite higher revenue, the Group's PAT attributable to the owners of the Company declined by RM0.55 million (or 18.73%) from RM2.93 million in FYE2020 to RM2.38 million in FYE2021 mainly due to lower other income of RM0.80 million (FYE2020: RM1.20 million) and higher provision of tax expense of RM1.61 million (FYE2020: RM0.97 million).

Total assets have increased by RM9.9 million mainly attributable to the net increase in contract costs, trade receivables and contract assets amounting to RM6.6 million which is in line increase in sales. RM3.3 million mainly contributed by further progress in setting up the Group's teleport facility in Technology Park Malaysia, Bukit Jalil, Kuala Lumpur and 1 newly built tower at Alor Gajah.

As at 30 June 2021, the Group's gearing ratio stood at 0.23 (FYE2020: 0.26). The combination of the Group's low gearing position and its strong cash balance not only indicates that the Group is in a strong and healthy financial position but also displays the Group's abundant capacity to access more funding through debt should the need arise.



## 3. OPERATIONS REVIEW AND PROSPECTS

Despite the current challenging business operating environment which affected by COVID-19 and various MCOs, the Group managed to:

- complete one satellite teleport C-band gateway in the first half of 2020 and commenced operations in July 2020; and
- complete one satellite teleport Ka-band gateway and commenced operations in June 2021.

The Group is also in the midst of installing one satellite teleport C-band gateway and expects the installation to be completed by the end of 2021 and commence operation by early 2022.

All these 3 satellite teleports are expected to contribute positively to the Group's earnings with the implementation of VSAT broadband projects by Malaysian Communications and Multimedia Commission ("MCMC") by end of this year. With the readiness of 3 satellite teleports, the Group is expecting to expand satellite segment into enterprise business for VSAT broadband services.

The Group has also secured 2 new contracts in the year for the satellite teleport services such as uplink services and data centre colo-cation.

The Group has also secured a new fiber optic engineering contract during the year. This involved fiber optic installation and commissioning work in relation to telecommunication customers' sites fiberisation projects which under the National Digital Network ("JENDELA") project to strengthen existing connectivity announced by Malaysian Government in year 2021.

The Group becomes one of Ericsson's Approved Supplier & Partner ("ASP") and expects to benefit from this project after the Digital Nasional Berhad ("DNB") has announced its partnership with Ericsson (Malaysia) Sdn Bhd ("Ericsson") to accelerate the deployment of Malaysia's nationwide 5G network and ecosystem. DNB has adopted an approach where the Design and Build of the National 5G Network will be undertaken by Ericsson at a total cost of RM11 billion.

The Group was awarded by Dewan Bandaraya Kuala Lumpur ("DBKL") as one of the Network Facility Provider ("NFP") panel to build the 5G Tower over the 5 years and this expects to generate a new revenue stream which in line with the implementation of 5G.

Premised on the above, the Board will remain cautiously optimistic and take a prudent approach in managing the operations of the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### 4. RISK

#### Impacts of COVID-19 pandemic

COVID-19 pandemic may have a far-reaching adverse impact on our employees, operations, suppliers and customers. Disruption to our ability to deliver product/ services due to MCO, supply shortages and/or key employees loss could have adverse impact on customer delivery and quality.

The Board is aware of the challenges faced by the Group and has implemented and will continue to implement various measures/strategies to minimise the impact of COVID-19 Pandemic and MCOs on the Group.

#### Business risk

The Group is subject to risks inherent in the telecommunication industry which may include but not limited to changes in general economic conditions, government regulations, adverse changes in sale prices, rapid changes in technology, competition from other operators in the telecommunication network supporting services segment, risk of default in payment by its customers as well as the risk of non-renewal of our major licenses and permits.

The Group continues to mitigate these risks through the implementation of prudent business strategies, continuous review of operation and marketing strategies, improving on costs of operations and close monitoring of projects undertaken.

#### Execution of projects:

Timely completion of projects is dependent on many external factors including obtaining the necessary approvals from relevant authorities, securing equipment and materials in adequate amounts and the satisfactory performance by appointed sub-contractors.

The Group will closely monitor the performance and work-in-progress of its sub-contractors in order to mitigate the risk of delayed project completion and delivery.

### 5. DIVIDENDS

There is no dividend declared and/or paid for the FYE2021.

### 6. APPRECIATION

On behalf of the Board and management, I would like to express my utmost gratitude to our valued shareholders, customers, business associates, bankers, government authorities, consultants as well as our employees for their continued trust and unwavering support in the Group.

We will continue to explore new business opportunities and implement prudent business strategies and will proceed cautiously to enhance our existing businesses to deliver stakeholders' value in the years ahead.

Thank you.

**Na Boon Aik**  
Group Managing Director



## CORPORATE SUSTAINABILITY STATEMENT

The Board recognises the importance of continuously developing and improving the business operations of the Group in a sustainable and responsible manner. The Board believes that placing sustainability as the core of its business operations will drive the long-term business growth of the Group as well as establishing mutually favourable relationships with our stakeholders.

The Board is committed to continuously enhance, review, update and adopt sustainable best practices throughout the Group's value chain. The Group believes that economic, environmental and social responsibility ("EES") and corporate governance are at the core of a sustainable business, and has always been mindful of the way while ensuring the sustainability and operational success of the Group.

The Board is pleased to present this Sustainability Statement for the FYE2021 prepared pursuant to paragraph 30 of Appendix 9C of ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which is supplemented by Guidance Note 11 of the AMLR.

### 1.0 ECONOMIC

The Group is committed to ensure that the interests of all its important authority organisations, analysts, bankers, customers, suppliers, stakeholders, shareholders and public are well being taken care of. The Group emphasises practices in good corporate governance, accountability and transparency to achieve shareholders' confidence.

#### 1.1 Quality Assurance

As part of our continuous efforts to achieve customer satisfaction, we place strong focus on quality assurance throughout the entire process of our project lifecycle. Our quality assurance department is responsible for the design of our quality management system, aside from being assigned to ensure that all quality objectives are met with strict adherence to the standards prescribed under our quality management system.

In line with this, two of our subsidiaries, Binasat Sdn Bhd and Satellite Noc Sdn Bhd, are ISO 9001:2015 (the international standard that specifies requirements for a quality management system) accredited companies. Our quality management systems and specific quality control plans are structured to meet the ISO standards.

#### 1.2 Supply Chain Management

The Group seeks to ensure that sustainable Supply Chain Management is practiced and embedded into the Group's culture. Based on the past record, the Group has established a large pool of committed suppliers and sub-contractors in the market with many successful co-operation experience. The Board believes that the practice of supporting local suppliers could create a co-prosperity community as well as sustaining growth in the local economy.

#### 1.3 Government and Regulators

Each employee of the Group is required to comply with local laws and regulations and maintain a high standard of personal conduct while dealing with various stakeholders. Non-compliance may lead to impaired reputation and unnecessary penalties imposed. We have established a proper channel for communication to all employees as well as stakeholders through the Group's whistle blowing policy.

# CORPORATE SUSTAINABILITY STATEMENT

cont'd

## 2.0 ENVIRONMENTAL

### 2.1 Energy Conservation Initiatives

The Group has moved into our new purpose built office building located in Technology Park Malaysia whereby it was designed with sustainability in mind. The office building is brightly lit with natural sunlight streaming through while high efficiency electrical, plumbing, HVAC and other systems were built into the entire building to achieve environmental sustainability.

Some of our energy conservation initiatives include the following:

- Light sensors are installed in common areas e.g. reception, corridors and toilets where necessary
- Usage of energy saving bulbs to minimise electricity consumption
- Turn off the lights and air conditioning system during lunch time (1.00pm to 2.00 pm)
- Turn off lights when daylight is sufficient in the office
- Ensure that doors and windows are kept closed at all times when air conditioning system is in use.

We also retain rainwater to be used on watering the ample greeneries planted inside our office compound.

### 2.2 Reduce, Reuse, Recycle ("3R")

We are committed to minimise the impact of human footprint on the environment and ensure our business is operating in an environmentally responsible manner. Therefore, we are practicing the 3R principles in our daily operations such as minimising wastages through controlling our purchasing and channelling waste cables and other materials from its project sites for recycling.

We also encourage our stakeholders to go paperless whenever possible. Waste papers and envelopes are segregated for re-use purpose.

### 2.3 Digital environment

As part of our efforts to mitigate the environmental impact of our operations, we have moved towards a digital environment by establishing a centralised file server for more efficient information sharing and document filing system.

## 3.0 WORKPLACE

### 3.1 Healthy and safe working environment

The Group continuously strives to provide a healthy and safe working environment for our employees. As COVID-19 has affected all areas of business throughout the world since 2020, it has become a social responsibility for us to act accordingly. The Management has immediately responded by practicing social distancing and daily sanitising of workplace to avoid creating new workplace COVID-19 cluster. We also ensure all staffs are mask on whenever in the office and body temperatures checked before entering into business premises. The Group also enforces the importance of avoiding crowded as per guidance from Ministry of Health of Malaysia.

Fire and safety drills, as well as risk awareness briefing and workplace safety awareness campaign are held to increase employees' awareness and knowledge of the safety issues and to respond in the event of an emergency.

### 3.2 Training

The Group consistently keeps our technical personnel trained and updated on the techniques and technologies that can help them to perform their duties effectively. This will improve their performance and productivity while at the same time, increase their value and future marketability. The Group is committed to staff development by providing on-the-job training and external training programs for all levels of staff in order to develop their skills and knowledge for their career development.



# CORPORATE SUSTAINABILITY STATEMENT

cont'd

## 3.0 WORKPLACE (cont'd)

### 3.3 Employee

The Group distributed food to our employees during Hari Raya festival by drive-through to comply the social distancing requirement during the Covid-19 pandemic.



## 4.0 COMMUNITY

4.1 The Group provided internship programs to the local university students.

4.2 We are committed to giving back to the communities through financial contribution and sponsorship. In January 2021, we have made donation of 400 packs of 5kg rice to the needy whoever affected due to flooding in Pahang.



This statement was approved by the Board on 20 October 2021.

## PROFILE OF DIRECTORS



### **TAN SRI DATUK CHAM HAK LIM**

Independent Non-Executive Chairman  
Malaysian, Male, aged 80

Tan Sri Datuk Cham Hak Lim ("Tan Sri") was appointed as the Independent Non-Executive Chairman of the Company on 13 September 2018. He is also a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Tan Sri was elected as a Committee Member of Selangor Turf Club in 1996 and he was appointed as the Deputy Chairman of Selangor Turf Club in 1998. He was also a Committee Member of Malayan Racing Association. In 2004, he was elected as the Chairman of the Lembaga Totalisator Malaysia Technical Committee of the Equine Industry Development Project. He was also appointed as Joint Chairman by the State Government of Terengganu for the National Horse Show for Kuala Terengganu in 2008.

In 2009, Tan Sri was elected as the Chairman of the Selangor Turf Club and he assumes the position of Chairman till to date. In 2011, Tan Sri was awarded the BrandLaureate Most Eminent Brand ICON Leadership Awards by Asia Pacific Brands Association. In 2012, Tan Sri was appointed as the Chairman of Lembaga Totalisator Malaysia by the Minister of Finance, for a duration of two years and went on to serve as Chairman another two years till July 2016. In August 2019, Tan Sri has again been appointed by the Minister of Finance as the Chairman of Lembaga Totalisator Malaysia for another three years till 2022. Tan Sri is also actively involved in the motor vehicle industry and served as the Chairman for several companies including Atiara Otomobil Pte Ltd, Advant Speed Motors Sdn Bhd, Atika Enterprise Pte Ltd and Affluent Centre Pte Ltd. Uni-Asia Insurance Berhad presented Tan Sri with the Award of Million-Dollar Producer in Motor Insurance in 2005.

A man with big heart, Tan Sri has made generous contributions to many charitable causes over the years, be they local or international. In appreciation of Tan Sri's contribution, he was honoured with the Paul Harris Fellow Award by the Rotary Club Foundation.

Tan Sri does not hold any directorship in other public companies and listed issuers in Malaysia.

Tan Sri does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

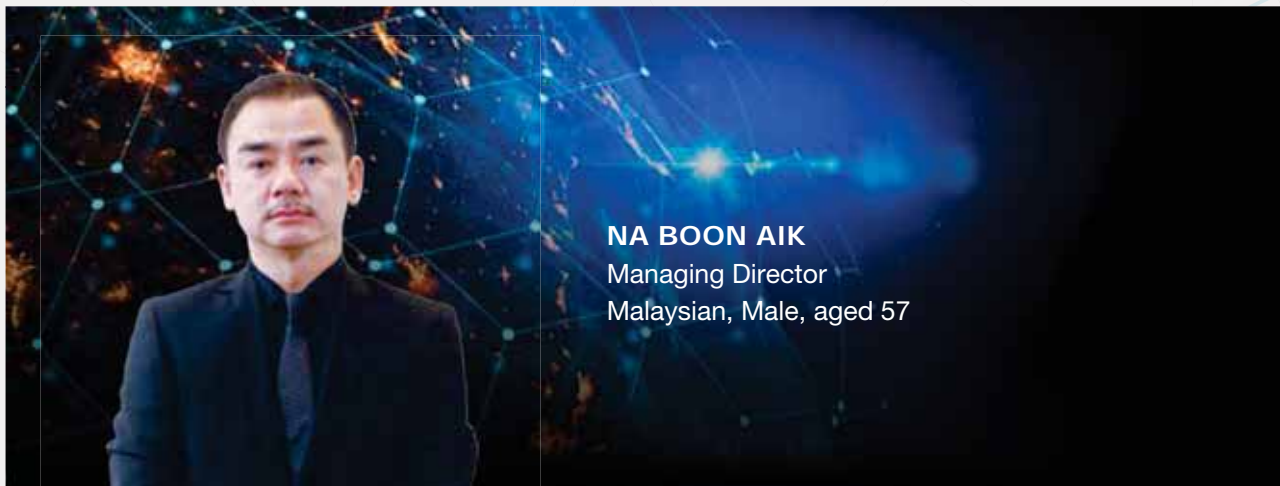
Tan Sri has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Tan Sri Datuk Cham Hak Lim attended four (4) out of five (5) Board of Directors' Meetings held during the FYE2021.



## PROFILE OF DIRECTORS

cont'd



**NA BOON AIK**  
Managing Director  
Malaysian, Male, aged 57

Mr. Na Boon Aik was appointed as the Managing Director of the Company on 6 June 2017.

He started his career as a Mechanical and Electrical Trainee at Pan Asia Air-Cond & Electrical Engineering in 1978 and further built on his mechanical and electrical work experience when he was employed in Foo Electrical Works (Perkhidmatan Letrik Foo) from 1978 to 1980, Advance Electrical Service in Singapore from 1980 to 1982, and Kejuruteraan Letrik Song from 1982 to 1987.

In 1987, he started Lam Electrical Work, a mechanical and electrical engineering sole proprietorship. Lam Electrical Work was terminated in 2005. To cater to the growth of his mechanical and electrical works business, he subsequently established Binalite Electrical in 1997. From 1999, he also played an active role in providing management support to the business of Binacom Telesystem, a sole proprietorship established by his sibling Na Bon Tiam to carry out supporting services for satellite networks. These supporting services included VSAT installation, commissioning and related services as well as installation and maintenance of satellite television. He ventured into the telecommunications industry in 2004 through Binaset Sdn Bhd together with his sibling, Na Bon Tiam to cater to the demand for telecommunications network support services in Malaysia.

As our Group's Managing Director, he is principally responsible for providing the strategic direction of our Group. He also plays a key role in the planning and development of our business strategies. Under his leadership and guidance, our Group has grown to establish itself as a provider of supporting services across three major telecommunications network mediums in Malaysia, namely satellite, mobile and fibre optic.

He does not hold any directorship in other public companies and listed issuers in Malaysia.

He is a major shareholder of the Company and his brother i.e. Mr Na Bon Tiam, is a major shareholder of the Company. Save as disclosed herein, he does not have any other family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr. Na Boon Aik attended all the five (5) Board of Directors' Meetings held during the FYE2021.



## PROFILE OF DIRECTORS

cont'd



### **ZULAMRAN BIN HAMAT**

Executive Director cum Chief Executive Officer  
Malaysian, Male, aged 50

Encik Zulamran bin Hamat was first appointed to the Board as an Executive Director cum Chief Operating Officer of the Company on 6 February 2018. Subsequently, he was re-designated as Executive Director cum Chief Executive Officer of the Company on 21 September 2018.

He began his career with Southern Wire Industries (Malaysia) Sdn Bhd in 1994 as an Electrical Engineer where he was involved in managing the electrical division and supporting the operations and maintenance of the company's electrical equipment and system. He left the company in 1998 to join Communications & Satellite Services Sdn Bhd ("CSS") as a Technical Engineer and was promoted in 2006 as the head of the Operations and Engineering Department where he was responsible for managing the company's day-to-day operations. He gained vast experience in satellite operations during his tenure with CSS as he was involved in the setting up of a system for the provision of satellite broadcasting services. He left CSS in 2013.

He has been with our Group since 2013. He was also previously involved in the business of engineering works from 2014 till May 2017 as a director and shareholder of Binalite Electrical. He has more than 20 years of experience in the satellite and telecommunications industry.

In his current role as Executive Director cum Chief Executive Officer of the Company, he manages our Group's day-to-day business operations and is primarily responsible for project management as well as business expansion. He directly holds 30% equity interest in Satellite Noc Sdn Bhd, a 70% owned subsidiary of the Company.

He was responsible and in charge of the design and procurement of Teleport Facility in Technology Park Malaysia, Bukit Jalil.

He studied in University Technology Of Malaysia majoring in telecommunications in 1993.

He does not hold any directorship in other public companies and listed issuers in Malaysia.

He does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Encik Zulamran bin Hamat attended all the five (5) Board of Directors' Meetings held during the FYE2021.

## PROFILE OF DIRECTORS

cont'd



### DATO' SEOW THIAM FATT

Senior Independent Non-Executive Director  
Malaysian, Male, aged 80

Dato' Seow Thiam Fatt was appointed as the Senior Independent Non-Executive Director of the Company on 6 June 2017. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee.

He obtained his Diploma in Accountancy from Perth Technical College of Western Australia. He is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and past Fellow of the Institute of Chartered Accountants in Australia. He is also a Member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA"). He is a past President of MICPA and also served four years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange ("KLCE"). He is a past Council Member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is currently the Chairman of its Audit Committee.

He has more than 20 years' professional experience as a former Partner in the accounting firms of Messrs Larry Seow & Co, Moores Rowland and Arthur Young. He diverted from professional practice in 1994 and thereafter held various senior positions in the private and public sectors, including being the Finance Director of AC Nielsen (Malaysia) Sendirian Berhad and General Manager of the Financial Reporting Surveillance and Compliance Department of the Securities Commission of Malaysia.

He was an Independent Non-Executive Director of Tan Chong Motor Holdings Bhd, Warisan TC Holdings Bhd, Affin Investment Bank Bhd, ING Insurance Bhd, ING Funds Berhad, Sersol Berhad and AmMetLife Insurance Berhad. He was the Chairman of the Audit Committees of those companies.

He does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Dato' Seow Thiam Fatt attended all the five (5) Board of Directors' Meetings held during the FYE2021.

## PROFILE OF DIRECTORS

cont'd



### **DATO' TAN YEE BOON**

Independent Non-Executive Director  
Malaysian, Male, aged 46

Dato' Tan Yee Boon was appointed as an Independent Non-Executive Director of the Company on 6 June 2017. He is the Chairman of the Nomination Committee, Remuneration Committee and a member of the Audit and Risk Management Committee.

He obtained a Bachelor of Laws from the University of South Wales in the United Kingdom in 1997 and admitted as an advocate and solicitor of the High Court of Malaya in 1999 and has more than 19 years of experience as an advocate and solicitor in Malaysia. In 2013, he started his own practice and was one of the founding partner of Messrs' David Lai & Tan, a legal firm in Kuala Lumpur.

Dato' Tan Yee Boon currently sits as an Independent Non-Executive Director of Protasco Berhad and Daya Materials Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Independent Non-Executive Chairman of Ecoscience International Berhad.

He also appointed as Independent Non-Executive Director of EV Dynamic (Holdings) Limited and TIL Enviro Limited, both listed on the Main Board of the Stock Exchange of Hong Kong.

He does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Dato' Tan Yee Boon attended all the five (5) Board of Directors' Meetings held during the FYE2021.



## KEY SENIOR MANAGEMENT PROFILE

Profiles of the Managing Director and Executive Director cum Chief Executive Officer are listed on pages 13 and 14.



**CHAN CHOUNG ON**

Chan Choung On, aged 56 is our General Manager. He obtained his Bachelor of Science Degree in Computer Science and Mathematics from Campbell University North Carolina USA in 1988. He started as an Account Executive with Innovest Systems & Services and involved in sales and marketing of data communication products and solutions to major financial institutions, manufacturing and stockbroking companies including KLSE. In 1994 he was appointed as the Country Manager for FDS Networks and focused on building a large distribution network of channel partners to promote LAN/WAN and ICT connectivity solutions.

He then moved by to Tellabs as Head of Incumbent Carrier in 2000 as their pioneer employee in Malaysia and build a whole new team and subsequently in 2002 secured a major contract with Telekom Malaysia for the supply of SDH transport and access network for TM DDN service. Thereafter, he took on a SEA Regional Sales role for Hitron Technologies Taiwan promoting Digital Loop Carrier solutions to regional carriers such as VNPT, Viettel, PT Telkom & TOT among others. In 2009, he joined Ultra AEP Networks as Regional Director focusing on AEP trusted security solutions such as Secure Communications, Cybersecurity, SSL/VPN & FIPS 140-2 Level 4 HSM and targeting Enterprise, Government, Defence, Domain Administrators and Internet Service Providers.

He continued with local telecommunication company N-Wave Technologies in 2017 as an Operations Director responsible for RF, IBC, TI and Unified Communications operations and project delivery, including P&L and back office functions. He was also the primary interface to Huawei and manages a sizeable local and foreign project team resources comprising PM, Technical Lead, Drive Test Engineers, Drive Test Analyst, OSS/RNO and documentation teams for Celcom, Maxis, U Mobile and TM Webe mobile rollout/upgrade RF projects. He also led the effort for N-Wave to be ISO 9001 and ISO 45001 certified. In 2020, he has joined Binasat as the General Manager and tasked to further refine the operations and align the business focus in tandem with market transition particularly to 5G rollout.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the FYE2021.

## KEY SENIOR MANAGEMENT PROFILE

cont'd



**NOR AZIMUDDIN BIN ARIFIN**

Nor Azimuddin bin Arifin, aged 39, is our Head of Satellite Department. He obtained his Bachelor of Engineering (Honours) Degree in Telecommunications from University of Malaya in 2007 and a Master of Science in Telecommunication and Information Engineering from Universiti Teknologi MARA in 2020.

He started his career in 2007 as a Customer Relationship Management Executive at MRCB Technologies Sdn Bhd, a company involved in the provision of information technology and telecommunications services. Subsequently in 2008, he was appointed as a Telecommunications Engineer in the same company where he was involved in fibre infrastructure and copper cabling. In 2009, he joined Sistem Komunikasi Gelombang Sdn Bhd, a VSAT services provider as a Customer Support Engineer where he was involved in VSAT and Satellite communication system. He left in 2012 and joined Binasat as a VSAT Hub Engineer where he managed our Telco customer's VSAT telecommunications hub and the hub support team and overall VSAT technical support within our Group.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the FYE2021.



**LEE CHIEW MENG**

Lee Chiew Meng, aged 43 is our Head of Mobile Department he obtained his Bachelor of Civil Engineering from University of Royal Melbourne Institute of Technology ("RMIT") in 2003. His career started as Telecommunication Civil Mechanical Electrical ("CME") Field Engineer began in 2004 with Maxis Broadband Sdn Bhd. During his 5 years stay, he was responsible for coordination, supervision, quality standard and acceptance test during implementation of Maxis rollout, upgrade and special projects.

With new gained of experiences, he progressed in 2008 with Alcatel-Lucent Malaysia Sdn Bhd as CME Acceptance Engineer. He spend 1.5 years where involved in building of telecommunication infrastructure facilities and telecommunication installation ("TI") for Green Packet Malaysia known as P1.

He continued with local telecommunication company R&A Telecommunication Sdn Bhd as a Project Manager under Maxis rollout project design and construction of base transceiver stations, installation, commissioning of antenna & feeder system and provision of services for another 6 years before joining Binasat Sdn Bhd in 2015 as CME Project Manager, managing telecommunications customers whilst also responsible for managing technical support team within our group.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the FYE2021.

## KEY SENIOR MANAGEMENT PROFILE

cont'd



**MOHAMMAD FAIZAL BIN SALLEH**

Mohammad Faizal Bin Salleh, aged 44 is our Head of Fiber Department. He obtained his Bachelor Degree in Telecommunication and also Executive Master's in Business & Administration ("EMBA") from Universiti Teknologi Mara ("UiTM") in 2001 and 2005 respectively.

He began his early career in 2001 working with Western Digital (M) Sdn Bhd as a Debug Technician in hard drive industry, and later on shifted his career into the telecommunication industry working with Electrocon Sdn Bhd. While working in this company he has acquired an extensive experience involving both the fiber optic and copper network infrastructure. He continued to work for this company for more than 15 years before decided to join Binasat Sdn Bhd in Oct 2020 which he has brought all the technical knowledge and experience together with him into the Binasat Sdn Bhd.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the FYE2021.



**CHEE BOON SHYAN**

Chee Boon Shyan, aged 48, as our present Technical Operation Manager for Very Small Aperture Terminal ("VSAT"), he is responsible for managing the Group's Teleport Facilities and Network Operations Center including technical support.

He obtained his Bachelor of Degree in Telecommunication from Universiti Teknologi Malaysia and began his career in 1997 with Maxis group of companies as Fixed Network Operation Engineer before moving on to Alcatel Networks Malaysia ("Alcatel"). He spent a total of 5 years in Alcatel as Regional Level 1 and Level 2 Network Support Engineer who was responsible for telecommunication network comprises intermediate link between core network, known as backbone network and subnetwork including core switches.

He continued for another 15 years in a new company, Wavestream Malaysia, and was a Technical Support Manager where he assumed the role in satellite based telecommunications and networking solutions or VSAT, before joining Binasat in 2018.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the FYE2021.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of BINACOM recognises the importance of maintaining good corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

The Corporate Governance Overview Statement (“CGOS”) has been prepared in accordance with Rule 15.25 of the AMLR of Bursa Securities and it provides an insight on how the Company has applied the three (3) principles prescribed in Malaysian Code on Corporate Governance (“MCCG”) during the FYE2021.

Details application for each practice of the MCCG during the FYE2021 is disclosed in the Corporate Governance Report (“CGR”) which is available on the Company’s website at [www.binacom.com.my](http://www.binacom.com.my) as well as via an announcement on the website of Bursa Securities.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I : BOARD RESPONSIBILITIES

#### 1. BOARD’S LEADERSHIP ON OBJECTIVE AND GOALS

##### 1.1 Roles and responsibilities of the Board

The Board is responsible for the overall governance of the Group by providing strategic guidance, effective monitoring and management goals, accountability to the Group and shareholders as well as ensuring the Group’s internal controls, risk management and reporting procedures are in place. The Board plays an important role in determining the long-term and strategic direction of the Group for the purpose of enhancing shareholders’ value and ensuring long-term sustainability of the Group.

In order to discharge its stewardship role effectively, the Board delegates certain functions to the Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. Each of the Board Committees operates within its respective Terms of Reference approved by the Board. The respective Board Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for decision making, however, lies with the Board.

The Board discharges its responsibilities in the best interest of the Group and assumes the following key responsibilities in discharging its fiduciary duties:

- (i) reviews and adopts strategic plans as well as monitoring the implementation of the strategic plan by the Management;
- (ii) overseeing and evaluating the conduct and sustainability of the Group;
- (iii) ensures implementation of appropriate internal controls and mitigating measures to address the risks identified;
- (iv) carrying out periodic review of the Group’s financial performance and operating results and major capital commitments; and
- (v) reviews the adequacy and integrity of management information and internal control system.

##### 1.2 The Chairman of the Board

The Board is chaired by an Independent Non-Executive Director. The Chairman is responsible for the leadership, integrity, and effectiveness of governance of the Board. The responsibilities of the Chairman are set out in the Board Charter.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### PART I : BOARD RESPONSIBILITIES *(cont'd)*

#### 1. BOARD'S LEADERSHIP ON OBJECTIVE AND GOALS *(cont'd)*

##### 1.3 Separation of positions of the Chairman and Managing Director

The positions of the Chairman of the Board and the Managing Director are held by different persons.

There is a clear division of roles and responsibilities between the Chairman and Managing Director to ensure a balance of power and authority so that no one individual has unfettered powers of decision making. The Chairman is responsible for the leadership of the Board in ensuring the effectiveness of all aspects of its role, whilst the Managing Director is responsible for the day-to-day operations of the Group, making strategic business decisions and implementation of the policies approved by the Board.

The clear division of role between the Chairman and Managing Director are set out in the Board Charter.

##### 1.4 Company Secretaries

In furtherance of their duties, the Board is supported by two (2) suitably qualified and competent Company Secretaries under Section 235 of the Companies Act 2016. The Board has access to the advice and services of the Company Secretaries who ensure effective functioning of the Board and compliance with applicable rules and regulations. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and is advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

##### 1.5 Access to Information and Advice

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors and External Auditors and may seek advice from the management on issues under their respective purview. The Board members have full and timely access to all information within the Group and the Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.

The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestions and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

#### 2. DEMARCATION OF RESPONSIBILITIES

##### 2.1 Board Charter

The Board Charter adopted by the Board serves as a source of reference and primary guide to the Board as it sets out the role, functions, composition, operation and processes of the Board. There is a schedule of matters specifically reserved for the Board's decision set out in the Board Charter.

The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remains consistent with the policies and procedures of the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### PART I : BOARD RESPONSIBILITIES (cont'd)

#### 3. GOOD BUSINESS CONDUCT AND CORPORATE CULTURE

##### 3.1 Code of Ethics and Conduct

The Company has set out a Code of Conduct and Code of Ethics ("the Codes") for its Directors, management and employees. The Codes are established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The Codes shall be reviewed as and when required, summary of which is available on the corporate website at [www.binacom.com.my](http://www.binacom.com.my).

##### 3.2 Whistleblowing Policy

The Board had formalised a whistleblowing policy as the Board is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. The whistleblowing policy provides an avenue for all Directors and employees of the Group to disclose any improper conduct and to provide protection for them who report such allegations.

The whistleblowing policy shall be reviewed as and when required, summary of which is available on the corporate website at [www.binacom.com.my](http://www.binacom.com.my).

### PART II : BOARD COMPOSITION

#### 4. BOARD'S OBJECTIVES

##### 4.1 Composition of the Board

The composition of the Board throughout the FYE2021 and up to 20 October 2021 is as follows:-

Name	Designation and Directorate
Tan Sri Datuk Cham Hak Lim	Independent Non-Executive Chairman
Mr. Na Boon Aik	Managing Director
Encik Zulamran bin Hamat	Executive Director cum Chief Executive Officer
Dato' Seow Thiam Fatt	Senior Independent Non-Executive Director
Dato' Tan Yee Boon	Independent Non-Executive Director
Mr. Na Bon Tiam	Executive Director
<i>(Resigned on 1 October 2021)</i>	

The current Board consists of five (5) members comprising an Independent Non-Executive Chairman, one (1) Managing Director, one (1) Executive Director and two (2) Independent Non-Executive Directors. The composition of the Board complies with Rule 15.02(1) of the AMLR of Bursa Securities and the recommended Practice 5.2 of MCGG.

The Board members are from different backgrounds with diverse perspectives. Such make-up is fundamental to the strategic success of the Group, as each Director has in-depth knowledge and experience in a variety of areas providing valuable direction to the Group. With more than half of the Board composed of Independent Directors, the Company is able to facilitate greater checks and balances during boardroom deliberations and decision making. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations or the ability to provide independent judgement in the best interest of the Company.

A brief profile of each Director is presented in the Profile of Directors section of the Annual Report.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### PART II : BOARD COMPOSITION (cont'd)

#### 4. BOARD'S OBJECTIVES (cont'd)

##### 4.2 Re-election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. All Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. Constitution provides at least one-third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting ("AGM") and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board, the Directors who are standing for re-election at the forthcoming AGM of the Company to be held in year 2021 are as stated in the Notice of AGM.

##### 4.3 Tenure of Independent Directors

The Board recognises that independence and objective judgement are crucial and imperative in the decision-making process. The Independent Non-Executive Directors play a significant role in providing unbiased and independent views, advice and judgement taking into account the interest of relevant stakeholders including minority shareholders of the Group.

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years as stated in the MCGG. Currently, none of the Independent Directors of the Company has served more than 9 years in the Board. The Company does not have a policy which limits the tenure of its Independent Directors to a cumulative term of nine (9) years. The Company has however, set out in its Board Charter that upon completion of the nine (9) years period, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

The Board may, in exceptional circumstances and subject to the assessment of the Nomination Committee on an annual basis recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director subject to valid justification and annual shareholders' approval through a two-tier voting process in line with MCGG.

It is also set out in the Board Charter that if the tenure of an Independent Director exceeds a cumulative term of twelve (12) years, the retention of such Independent Director shall be subject to the annual shareholders' approval through a two-tier voting process.

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

The Board acknowledged the importance of boardroom diversity and recognises the importance of providing fair and equal opportunities and fostering diversity within the Group. The Company endeavours to have a balanced representation in terms of mixture of skills, knowledge and experience, background, expertise, age, gender and ethnicity. The Board acknowledged that boardroom diversity is as an essential element in maintaining competitive advantage in leveraging different perspective to various issues raised and quality decision making, which in return contribute to the development and sustainability of the Company.

##### 4.5 Gender Diversity

The Board does not adopt a formalised Gender Diversity Policy, but the Board is supportive of gender diversity within the Group.

Currently, there is no female representative on Board. The Board has been taking steps to seek out female candidates based on meritocracy with the optimum mix of skills, knowledge and experience to fill board positions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### PART II : BOARD COMPOSITION (cont'd)

#### 4. BOARD'S OBJECTIVES (cont'd)

##### 4.6 New Candidates for Board Appointment

The Nomination Committee is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the Nomination Committee in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee. All nominees and candidates to the Board are first considered by the Nomination Committee taking into consideration, inter-alia, the competency, knowledge, expertise and experience, professionalism, integrity, time commitment of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

The Board Charter empowers the Board to utilise independent sources to identify suitable qualified candidates as and when necessary for the appointment of Directors.

The Nomination Committee may receive recommendation from existing Board Members, Management and Major Shareholders in identifying candidates for appointment of Director. The Nomination Committee is also open to referrals from external sources, such as industry and professional associations, as well as independent search firms.

##### 4.7 Nomination Committee

The Nomination Committee was established by the Board and consists of the following Independent Non-Executive Directors throughout the FYE2021:

Name	Designation	Directorate
Dato' Tan Yee Boon	Chairman	Independent Non-Executive Director
Tan Sri Datuk Cham Hak Lim	Member	Independent Non-Executive Chairman
Dato' Seow Thiam Fatt	Member	Senior Independent Non-Executive Director

The Chairman of Nomination Committee is an Independent Non-Executive Director.

The Terms of Reference of the Nomination Committee is available at the Company's website at [www.binacom.com.my](http://www.binacom.com.my).

The Nomination Committee had undertaken the following activities during the FYE2021:

- (i) Reviewed and assessed the effectiveness of the Board as a whole, Board Committees and the performance of each Director.
- (ii) Reviewed the terms of office and performance of the Audit and Risk Management Committee ("ARMC") and each of its members to determine such ARMC and members have carried out their duties in accordance with their terms of reference.
- (iii) Reviewed the level of independence of the Independent Non-Executive Directors.
- (iv) Reviewed and recommended to the Board directors who are retiring by rotation to be put forward for re-election.
- (v) Assisted the Board in assessing the training needs of the Directors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### PART II : BOARD COMPOSITION *(cont'd)*

#### 5. OVERALL BOARD EFFECTIVENESS

##### 5.1 Annual Evaluation

The Nomination Committee undertakes an annual evaluation to review the performance of each individual Director and the effectiveness of the Board and the Board Committees.

The evaluation involves individual Directors and Committee members completing Board Evaluation Forms, Board Committee Evaluation Forms and Board Skills Matrix Form. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter.

The Nomination Committee reviews the effectiveness of the Board by taking into account the composition of the Board, time commitment, boardroom activities and the overall performance of the Board.

Pursuant to Rule 15.20 of the AMLR of Bursa Securities, the Nomination Committee of a listed issuer must review the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and Members have carried out their duties in accordance with their terms of reference. The Nomination Committee had reviewed and assessed the performance of each of the members of the Audit Committee and was satisfied with the performance and effectiveness of the Audit Committee and each of its members.

The Nomination Committee had upon its annual assessment conducted in August 2021, concluded that the Directors have discharged their duties satisfactory. The Nomination Committee was also satisfied with the performance of the Board and Board Committee.

##### 5.2 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision-making process. The Board through the Nomination Committee has assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the AMLR of Bursa Securities.

The current Independent Directors of the Company have fulfilled the criteria for "independence" as prescribed under Rule 1.01 and Guidance Note 9 of the AMLR of Bursa Securities. The Company has also fulfilled the requirement of at least one-third of its Board members being Independent Non-Executive Directors.

##### 5.3 Board Commitment

###### (a) Meeting Attendance of the Board

The Board meets at least quarterly basis with additional meetings convened where necessary to deal with urgent and important matters that required attention of the Board. All pertinent issues discussed at the Board meetings in arriving the decision and conclusions are properly recorded by the Company Secretaries.

The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities as most of the Directors had attended all the Board Meetings of the Company under the financial year under review.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### PART II : BOARD COMPOSITION (cont'd)

#### 5. OVERALL BOARD EFFECTIVENESS (cont'd)

##### 5.3 Board Commitment (cont'd)

###### (a) Meeting Attendance of the Board (cont'd)

During the FYE2021, a total of five (5) Board meetings were held.

The attendance of the Board Meetings held during the FYE2021 is as follows:

Directors	No. of Meeting Attended
Tan Sri Datuk Cham Hak Lim	4/5
Mr. Na Boon Aik	5/5
Encik Zulamran bin Hamat	5/5
Dato' Seow Thiam Fatt	5/5
Dato' Tan Yee Boon	5/5
Mr. Na Bon Tiam	5/5
*(Resigned on 1 October 2021)	

###### (b) Directors' Training

The Board acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment as well as changes to statutory requirement and regulatory guidelines.

All Directors of the Company have attended the Mandatory Accreditation Programme as prescribed in the Listing Requirements. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis.

During the year under review, the training programmes and seminars attended by the Directors are as follows:-

Name of Directors	Date	Training Programmes
Tan Sri Datuk Cham Hak Lim	28 May 2021	Enterprise Risk Management
Mr. Na Boon Aik	28 May 2021	Enterprise Risk Management
Encik Zulamran bin Hamat	28 May 2021	Enterprise Risk Management
Dato' Seow Thiam Fatt	14 August 2020	Transfer Pricing aspects of Inter-Group Services
	10 September 2020	Personal Finance and Investing - How to better manage in times of uncertainty
	19 January 2021	AmFocus 2021 Market Outlook
	4 February 2021	Battling Corruption and Patronage
	25 March 2021	Accelerated Digital Transformation of Legacy Companies
	26 March 2021	A Boardroom Simulation Live - Corporate Strategy beyond the Crisis
	30 March 2021	Personal Tax - Filing with ease
	7 April 2021	Launch of the Malaysia Board Diversity Study & Index
	28 May 2021	Enterprise Risk Management
	30 September 2020	Demystifying the Future of Work
Dato' Tan Yee Boon	28 May 2021	Enterprise Risk Management
	28 May 2021	Enterprise Risk Management
Mr. Na Bon Tiam	28 May 2021	Enterprise Risk Management
*(Resigned on 1 October 2021)		

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### PART III : REMUNERATION

#### 6. LEVEL AND COMPOSITION OF REMUNERATION

##### 6.1 Remuneration Policies and Procedures

The Board has adopted a Remuneration Policy for Directors and Senior Management which contains the guiding principles for determining the remuneration for Senior Management and Directors, including Executive and Non-Executive Directors. The primary objective of the Remuneration Policy is to attract, retain and motivate individuals of the necessary calibre and quality that is required to run the Company successfully.

The Remuneration Committee is responsible for recommending to the Board for approval the remuneration packages of the Executive Directors, Chief Executive and Senior Management, taking into consideration individual performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and market conditions.

The Non-Executive Directors' remuneration comprises fees and meeting allowances that are linked to their expected roles and level of responsibilities. The Directors' annual fees, which are determined by the Board as a whole, are approved by shareholders of the Company at each AGM. The meeting allowances of the Non-Executive Directors are also approved by the shareholders of the Company at the relevant AGM. All individual Directors shall abstain from making decisions in respect of his own remuneration.

##### 6.2 Remuneration Committee

The Remuneration Committee of the Company comprises three (3) Non-Executive Directors and the composition of the Remuneration Committee throughout the FYE 2021 is as follows:

Name	Designation	Directorate
Dato' Tan Yee Boon	Chairman	Independent Non-Executive Director
Tan Sri Datuk Cham Hak Lim	Member	Independent Non-Executive Chairman
Dato' Seow Thiam Fatt	Member	Senior Independent Non-Executive Director

The primary function of the Remuneration Committee is to review and recommend to the Board on remuneration packages of all the Directors according to the skills, level of responsibilities, experience and performance of the Directors. The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors and thereafter recommend to the Board for their consideration.

The Remuneration Committee is governed by the Terms of References of Remuneration Committee which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the Remuneration Committee as defined in the Terms of Reference of Remuneration Committee, including but not limited to the following:-

- (i) To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals;
- (ii) To recommend to the Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and Key Senior Management;
- (iii) To review the performance of the Executive Directors and the Managing Director/Chief Executive Officer and recommend to the Board specific adjustments in remuneration and/or rewards payments if any reflecting their contribution for the year;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### PART III : REMUNERATION (cont'd)

#### 6. LEVEL AND COMPOSITION OF REMUNERATION (cont'd)

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

- (iv) To ensure that the level of remuneration be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities and reflects the experience and level of responsibilities undertaken by the Directors and key senior management; and
- (v) To review the fees of the Directors and benefits payable to Directors and recommend to the Board and thereafter to be approved at a general meeting of the Company.

The Terms of Reference of Remuneration Committee, which is published and available for viewing at the Company's website at [www.binacom.com.my](http://www.binacom.com.my).

##### Summary of Works

Below is the summary of key activities undertaken by the Remuneration Committee:

- i) Reviewed the directors' fee and benefit payable for the FYE2021 and recommend the same to the Board for approval; and
- ii) Reviewed the remuneration package of the Executive Directors and Senior Management of the Company and recommended the same to the Board for approval.

#### 7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

##### 7.1 Remuneration of Directors

The details of the Directors' remuneration of the Group and the Company on the named basis for the FYE 2021 are tabulated as follows:

##### THE GROUP

Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits in kind (RM)	Other emoluments (RM)	Total (RM)
<b>Executive Directors</b>						
Mr. Na Boon Aik	-	900,000	-	-	108,923	1,008,923
Encik Zulamran bin Hamat	-	420,000	10,000	-	51,323	481,323
Mr. Na Bon Tiam (Resigned on 1 October 2021)	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
Tan Sri Datuk Cham Hak Lim	84,000	-	-	-	-	84,000
Dato' Seow Thiam Fatt	60,000	-	-	-	-	60,000
Dato' Tan Yee Boon	30,000	-	-	-	-	30,000
<b>TOTAL</b>	<b>174,000</b>	<b>1,320,000</b>	<b>10,000</b>	<b>-</b>	<b>160,246</b>	<b>1,664,426</b>



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (cont'd)

#### 7.1 Remuneration of Directors (cont'd)

##### THE COMPANY

Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits in kind (RM)	Other emoluments (RM)	Total (RM)
<b>Executive Directors</b>						
Mr. Na Boon Aik	-	-	-	-	-	-
Encik Zulamran bin Hamat	-	-	-	-	-	-
Mr. Na Bon Tiam (Resigned on 1 October 2021)	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
Tan Sri Datuk Cham Hak Lim	84,000	-	-	-	-	84,000
Dato' Seow Thiam Fatt	60,000	-	-	-	-	60,000
Dato' Tan Yee Boon	30,000	-	-	-	-	30,000
<b>TOTAL</b>	<b>174,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,000</b>

#### 7.2 Remuneration of Key Senior Management

In determining the remuneration packages of the Group's Key Senior Management, factors that were taken into consideration included the Senior Management's responsibilities, skills, expertise and contribution to the Group's performance.

On the disclosure of the remuneration of the Group's Key Senior Management, the Company is of the view that it would not be in its best interest to make such disclosure on named basis in view of the competitive nature of human resource market and the Company should maintain confidentiality on employees' remuneration packages.

The remuneration of the top five (5) Key Senior Management for the FYE2021 are as follows:-

Range of Remuneration*	No. of Key Senior Management
RM150,001 – RM200,000	3
RM450,001 – RM500,000	1
RM1,000,001 – RM1,050,000	1

Note:

\* The remuneration including salary and other emoluments, bonus, contribution to the defined contribution plan and social security contributions, successive bands of RM50,000/- are not shown entirely as these are not represented.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### PART I : AUDIT COMMITTEE

#### 8. AUDIT AND RISK MANAGEMENT COMMITTEE

##### 8.1 Chairman of Audit and Risk Management Committee

The ARMC is chaired by a Senior Independent Non-Executive Director who is distinct from the Chairman of the Board. The Chairman of the ARMC is a member of MIA.

##### 8.2 Financial Reporting

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

The ARMC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards and AMLR of Bursa Securities. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Company's financial position and prospects. The ARMC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy adequacy and completeness prior to presentation to the Board for its approval.

##### 8.3 Cooling-Off Period for Former Key Audit Partner

The Terms of Reference of the ARMC stated that no former key audit partner shall be appointed as a member of the ARMC before observing a cooling-off period of at least three (3) years in line with the practice of 9.2 of MCGG.

##### 8.4 Assessment of Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the external and internal auditors through the ARMC in discussing with them their audit plans, audit findings and financial statements. The ARMC invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the ARMC also met with the external auditors during the FYE2021 without the presence of the Executive Directors, Chief Executive and Senior Management of the Company.

The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company's external auditors and the audit fees. The ARMC carried out an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, communication and interaction and independence and objectivity.

Messrs Crowe Malaysia PLT, the External Auditors of the Company have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the MIA.

The ARMC is satisfied with the suitability and independence of Messrs Crowe Malaysia PLT based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the FYE2021 and has recommended their re-appointment for the financial year ending 30 June 2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### PART I : AUDIT COMMITTEE (cont'd)

#### 8. AUDIT AND RISK MANAGEMENT COMMITTEE (cont'd)

##### 8.5 Composition of the Audit and Risk Management Committee

The ARMC comprises three (3) Non-Executive Directors and all the ARMC members are Independent Directors. The present members of the ARMC are:-

Designation	Name	Directorship
Chairman	Dato' Seow Thiam Fatt	Senior Independent Non-Executive Director
Member	Tan Sri Datuk Cham Hak Lim	Independent Non-Executive Chairman
Member	Dato' Tan Yee Boon	Independent Non-Executive Director

All members of the ARMC are financially literate, competent and able to understand matters under the purview of the ARMC including the financial reporting process. The summary of activities of ARMC are set out in the ARMC Report.

### PART II : RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### 9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that is not limited to financial aspects of the business but also operational and regulatory compliance. The ARMC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Company and risk management system is to provide reasonable assurance against material misstatements or loss.

The Statement on Risk Management and Internal Control as set out in this Annual Reports provides an overview of the state of risk management and internal controls within the Group.

#### 10. INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to ensure the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

The Company has engaged an independent professional service provider to assume the internal audit function of the Group. The Internal Auditors conduct regular audit reviews and assess the effectiveness and adequacy of the governance, risk management and internal controls of the Group. These reviews are reported to ARMC directly by the Internal Auditors.

The further details of Internal Audit Function are set out in the ARMC Report of this Annual Report.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### 11. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of effective, transparent, regular and timely communication with shareholders and other stakeholders to keep them informed on the Group's latest financial performance, business and corporate developments.

Shareholders and stakeholders can access the Company's website at [www.binacom.com.my](http://www.binacom.com.my) for latest information on the operations, financial and market information of the Company.

The Board has established the Corporate Disclosure Policy for the purpose of reinforcing the Company's commitment on the continuous disclosure obligations with an aim of ensuring that all communications to the stakeholders about the business and affairs of the Company are informative, timely, factual, accurate, consistent and broadly disseminated in accordance with all applicable legal and regulatory requirements.

### 12. CONDUCT OF GENERAL MEETINGS

The principal forum for dialogue and interaction with shareholders is the Company's AGM and extraordinary general meeting. The Board encourages and welcomes participation from shareholders to ask questions regarding the resolutions being proposed at the meeting and also other matters pertaining to the business activities of the Group. The Directors, Senior Management personnel, the external auditors and advisers are present during these meetings to respond to questions raised by shareholders.

In line with Practice 13.1 of MCCG, the notice convening the Fourth AGM held on 27 November 2020 was given to the shareholders at least twenty-eight (28) days before AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxy to attend and vote on their behalf. Each item of special business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

This Statement is made in accordance with a resolution of the Board dated 20 October 2021.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the AMLR of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards approved by the Malaysian Accounting Standards Board in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2021 and of the results and cash flows of the Group and the Company for the financial year then ended.

During the preparation of the financial statements for the FYE2021, the Directors have:

- (i) applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) applied the going concern basis for the preparation of the financial statements.

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Rule 15.26(b) and Guidance Note 11 of the AMLR of Bursa Securities in relation to the requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“SORMIC Guidelines”) and the MCCG, the Board is pleased to present the statement on the state of internal controls of the Group for the financial year ended 30 June 2021 and up to the date of approval of this statement. The scope of this statement includes the company and all operating subsidiaries.

## BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the establishment as well as oversight of Group’s risk management framework and internal control systems. The risk management framework and internal control systems are designed to identify, assess and manage risks that may impede the achievement of business objectives and strategies. The Board also acknowledges that the internal control systems are designed to manage and minimise, rather than eliminate, occurrences of material misstatement, financial losses or fraud. The Board, through the ARMC reviews the effectiveness and adequacy of the risk management framework and internal controls by identifying, assessing, monitoring and reporting key business risks with the objective to safeguard shareholders’ investments and protecting Group’s assets.

## RISK MANAGEMENT FRAMEWORK

The Board recognises risk management as an integral part of the system of internal control and good management practice in pursuit of its strategic objectives. The Board also acknowledges that all areas of the Group’s activities do involve some degree of risk and is committed ensuring that the Group has an effective risk management framework which allows the Group to identify, evaluate, manage and monitor risks within defined risk parameters that affect the achievement of the Group’s business objectives.

The Group has implemented an Enterprise Risk Management (“ERM”) framework involves systematically identifying, analysing, measuring, responding, monitoring and reporting on risks that may affect the achievement of its business objectives. In addition, close monitoring and control processes, including the use of appropriate key risk and key performance indicators, are implemented to ensure the risk levels are managed within policy limits. This framework helps the Group respond adequately to uncertainties surrounding the Group’s internal and external environment, allowing the Group to maximise opportunities and minimise adverse impact that may arise.

Risks are identified based on risk assessments performed relative to the organisation’s ambition and objectives from our strategic planning process. The identified risks are assessed and deliberated by Management and mitigated through strategies which are monitored for progress to maintain the risk exposure within the acceptable level. As part of risk governance, Management reported to the Board annually, via the ARMC, to ensure the Board is updated on significant risks and progress of mitigation actions. There were 12 key risks identified and discussed with ARMC during the financial year and it was noted that the respective risk had performed an assessment of the key risks and its mitigation plans. To strengthen our risk management framework, we have continuously improved to enhance our risk management practices and increase the scope across the Group. As these risks are still relevant, mitigation responses are in place and continuously monitored to mitigate risk exposures.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## INTERNAL AUDIT FUNCTION

The Internal Audit function is established to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes implemented by Management. The Group has outsourced its internal audit function to an independent professional service provider.

To maintain its impartiality, proficiency and due professional care, the Internal Audit reports functionally report independently and directly to the ARMC. The annual audit plan, established using a risk-based approach, is reviewed and approved by the Board before the commencement of work.

In addition, the Internal Auditors carry out periodic reviews to ascertain the effectiveness of internal controls in the selected key processes of the Group. All reports and findings arising from internal audit reviews are discussed with the respective process custodians before being presented to the ARMC in quarterly basis.

The Internal Auditors also provide improvement recommendations for the consideration of Management and the Board as part of the continuous development of a more efficient and comprehensive internal control environment.

## Other Internal Control Processes

Apart from risk management and internal audit, the Group's system of internal controls also comprises the following key elements:

- Group Organisation Structure, Accountability and Authorisation Procedures

The Group maintains well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organisation structure. Limits of authorities are imposed for revenue and capital expenditure for all operating units to keep potential exposure under control. Major investments, acquisitions and disposals are appraised prior to approval by the Board.

- Board of Directors / Board Committees

The role, functions, composition, operation and processes of the Board are guided by formal Board Charter.

Board Committees, namely ARMC, Nomination Committee and Remuneration Committee are established with formal terms of reference clearly outlining their functions and duties delegated by the Board. ARMC assists the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope of work.

Meetings of the Board and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective.

- Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include manuals and handbooks which are updated, reviewed and revised periodically to meet changing business and operational requirements, and statutory reporting needs. The Group has also documented policies and procedures to regulate relevant key processes in compliance with its International Organisation for Standardisation ("ISO") 9001:2015.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## INTERNAL AUDIT FUNCTION *(cont'd)*

### Other Internal Control Processes *(cont'd)*

- Code of Conduct and Whistle Blowing Channel

A Code of Conduct is established for all directors and employees of the Group, which outlines the acceptable business behaviour and conduct and to provide guidance on how the directors and employees should behave to demonstrate a culture of excellence while performing their duties. It also set out the standards of good and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices.

The Group has also put in place whistle blowing channels, providing an avenue for employees and external parties to report actual or suspected malpractice, misconduct or violations of the Group's policies and regulations in a safe and confidential manner. The policies and procedures on whistle blowing are incorporated under Part D of the Group's Code of Conduct which is published in the website of the Company.

- Human Resource Policy

Guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent development.

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programs and workshops to enhance their knowledge and expand the employees' competency level in executing daily jobs. Relevant trainings and courses are provided to personnel across all functions to maintain a high level of competency and capability.

- Information and Communication

The Group has put in place effective and efficient information and communication infrastructures and channels, i.e. computerized systems, secured intranet and electronic mail system, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

- Monitoring and Review

Internal audits are carried out by the internal audit functions (which reports directly to the ARMC) on key risk areas identified based on the internal audits carried out. The internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlight potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimize the risks. The results of the internal audits carried out are reported to the ARMC.

In addition to the internal audits, significant control issues highlighted by the external auditors as part of their statutory audits responsibility and the monitoring of compliance with ISO certification carried out by internal ISO auditors serve as the next line of defense.

Apart from the above, the quarterly financial performance review contained key financial results and comparison against previous corresponding financial results are presented to the Board for their review.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## THE BOARD'S COMMITMENT

The Board has received assurance from the Managing Director and Chief Executive Officer that the Group's risk management and internal controls are operating adequately and effectively, in all material aspects, based on the risk management framework and internal control system of the Group.

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is ongoing. The Board is of the view that the Group's risk management and internal control systems are satisfactory and has no significant internal control failures nor have any of the reported weaknesses that has resulted in material losses or contingencies during the financial year under review. The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives.

However, the Board wishes to point out that risk management system and system of internal controls could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control in the Group provide only reasonable but not absolute assurance against material misstatements, frauds and losses. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Annual Report of the Group for the financial year ended 30 June 2021.

The external auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SORMIC Guidelines, nor was it factually inaccurate.

This statement was approved by the Board on 20 October 2021.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC was established on 14 June 2017 with the primary objective of assisting the Board in fulfilling its fiduciary responsibilities relating to financial reporting, system of internal controls and financial management of the Group.

In performing their duties and discharging their responsibilities, the ARMC is guided by its Terms of Reference. The ARMC's Terms of Reference is available at the Company's website at [www.binacom.com.my](http://www.binacom.com.my).

## COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors which satisfy the requirements of Rule 15.09(1)(a) and (b) of the AMLR of Bursa Securities and Practice 9.4 under Principle B of the MCCG. The current composition of ARMC is as follows:

## Chairman

Dato' Seow Thiam Fatt                      Senior Independent Non-Executive Director

## Members

Tan Sri Datuk Cham Hak Lim Independent Non-Executive Chairman

Dato' Tan Yee Boon  
Independent Non-Executive Director

The Audit Committee also meets the AMLR which requires at least one member of the Audit Committee must fulfill the financial expertise requisite of Rule 15.09(c) of the AMLR of Bursa Securities.

The Chairman of the ARMC, Dato' Seow Thiam Fatt, is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators, member of the MIA and the MICPA.

## ATTENDANCE OF MEETINGS

Five (5) ARMC meetings were held during the FYE2021. The details of attendance of each member at the ARMC meetings held during the tenure of office of the members are as follows:

Name	No. of ARMC Meetings attended
Dato' Seow Thiam Fatt (Chairman, Senior Independent Non-Executive Director)	5/5
Tan Sri Datuk Cham Hak Lim (Member, Independent Non-Executive Chairman)	4/5
Dato' Tan Yee Boon (Member, Independent Non-Executive Director)	5/5

The Company's internal and external auditors, Executive Directors and Senior Management are generally invited to attend the ARMC meetings.

The Chairperson of the ARMC will report formally to the Board on its proceedings after each meeting.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

For the FYE2021, the main activities undertaken by the ARMC were as follows:

### 1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial results of the Company and the Group prior to the recommendation to the Board and release the same to Bursa Securities.
- (b) Reviewed the draft audited financial statements of the Company and the Group for the FYE2021 prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia.

### 2. External Audit

- (a) Reviewed the Group's Audit Planning Memorandum for the FYE2021, entailing mainly the overview of audit approach and areas of audit emphasis of the Group.
- (b) Reviewed the Audit Review Memorandum for the FYE2021 presented by the External Auditors on 30 August 2021, entailing the significant audit findings, deficiencies in internal control and recommendation, status of audit, compliance with the ethical requirements of independence, communication with the ARMC and summary of audit adjustments.
- (c) Reviewed the independence, suitability, objectivity and effectiveness of the External Auditors before recommending their re-appointment and remuneration to the Board.
- (d) Reviewed the annual audited financial statements of the Group and the Company prior to submission to the Board for approval and release the same to Bursa Securities.
- (e) Had private sessions with the External Auditors during the financial year without the presence of the Executive Directors and Management to discuss further with them any issues of concern, if any, arising from the audit.

### 3. Internal Audit

- (a) Reviewed the Internal Audit Plan presented by the Internal Auditors.
- (b) Reviewed the reports from the Internal Auditors and assessed the Internal Auditors' findings and the Management's responses and the necessary recommendations.
- (c) Reviewed and discussed the Risk Management Reports which identified high and key risks as well as new and emerging risks and control mechanism.
- (d) Reviewed and discussed the effective implementation of the action plans taken by Management in response to audit findings and weaknesses identified during the audit review.
- (e) Monitored the follow-up Audit Report on the internal audit finding(s) and the implementation status based on the Internal Auditors' recommendations.
- (f) Reviewed and assessed the competency of the internal audit function.
- (g) Met with internal auditors in private sessions without the presence of the Executive Directors and Management for discussion on internal audit related matters.
- (h) Proposed appointment of Sterling Business Alignment Consulting Sdn Bhd as the new Internal Auditors of the Group in place of Cheng & Co Global Advisory Sdn Bhd and recommending the same to the Board approval.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 *(cont'd)*

### 4. Others

- (a) Reviewed the Statement on Risk Management and Internal Control, ARMC Report and CGOS prior to recommending the same to the Board for approval and inclusion in the Annual Report.
- (b) Reviewed the draft Circular to Shareholders in respect of Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to submitting the same to the Board for consideration and approval.

## INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The internal audit function of the Group was carried out by Sterling Business Alignment Consulting Sdn Bhd, an independent professional internal audit services provider.

The Internal Auditors conduct independent, regular and systematic review of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Auditors report directly to the ARMC and assist the Board in monitoring the internal controls and mitigate the risk of the Group.

### (1) Summary of Works

The summary of works that were carried out by the internal audit function during the FYE2021 encompassed the following:

- a. Assessed the adequacy and effectiveness of the Group's system of internal control and recommend appropriate actions to be taken where necessary.
- b. Ensured that those weaknesses were appropriately addressed and that recommendations from the internal auditors and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.
- c. Formulated annual audit plan that focuses on controls, managing the principal risks of the Group. Audits are prioritised according to an assessment of the potential risk exposures.
- d. Presentation of audit findings and corrective actions to be taken by the Management in the quarterly ARMC meetings.

### (2) Total costs incurred for financial year ended 30 June 2021

The total costs incurred for the outsourcing of the internal audit function of the Group during the FYE2021 amounted to RM45,000.

### (3) Review of Internal Audit Function

The ARMC and the Board were satisfied with the performance of the Internal Auditors for the FYE2021.

The Committee is pleased to disclose that there were no significant weaknesses identified that would have resulted in any material losses, contingencies or uncertainties to the Group which would require a separate disclosure in the financial statement.

This Report is made in accordance with the resolution of the Board dated 20 October 2021.

## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS

#### (1) INITIAL PUBLIC OFFERING (“IPO”)

The entire enlarged issued share capital of the Company comprising 260,000,000 ordinary shares was listed on the ACE Market of Bursa Securities on 8 January 2018. Pursuant to the said listing, the Company had successfully raised gross proceeds of RM39.55 million from the issuance of 85,979,000 new ordinary shares in the Company at an issue price of RM0.46 per share. The gross proceeds of RM39.55 million raised from the IPO have been utilised in the following manner as at 30 June 2021:-

No.	Purpose of utilisation	Estimated Timeframe for Utilisation <sup>(1)</sup>	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Percentage Utilised %
1.	Setting up a teleport	Within 24 months	14,360	14,360	-	100.00%
2.	Enhancing operations and maintenance services capability	Within 36 months	4,900	2,680	2,220	54.69%
3.	Enhancing fiber optic network installation and commissioning services capability	Within 36 months	4,800	4,800	-	100.00%
4.	Regional business expansion in ASEAN countries	Within 36 months	1,500	1,500	-	100.00%
5.	Working capital	Within 30 months	10,790	10,790	-	100.00%
6.	Estimated listing expenses	Within 3 months	3,200	3,200	-	100.00%
<b>TOTAL</b>			<b>39,550</b>	<b>37,330</b>	<b>2,220</b>	<b>94.39%</b>

Notes:

<sup>(1)</sup> From the date of listing of the Company on the ACE market of Bursa Securities on 8 January 2018. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company date 13 December 2017 and the company's announcement dated on 28 February 2020.

As announced on 15 June 2020, items 2, 3 and 4 of the above utilisation of proceeds will be varied. Post variation, the status of utilisation as at 30 June 2021 is as follows:

Details of use of proceeds	Estimated Timeframe for Utilisation <sup>(1)</sup>	Initial Utilisation RM'000	Actual Utilisation as at 18 May 2020 RM'000	Balance unutilised as at 18 May 2020 RM'000	Varied Amount RM'000	Total amount after Variation RM'000	Actual utilisation of varied amount RM'000	Balance unutilised as at 30 June 2021 RM'000
1. Enhancing operations and maintenance services capability	Within 18 months <sup>(1)</sup>	4,900	1,505	3,395	-	3,395	1,175	2,220
2. Enhancing fiber optic network installation and commissioning services capability	Within 18 months <sup>(1)</sup>	4,800	58	4,742	1,492	6,234	6,234	-
3. Regional business expansion in ASEAN countries	Within 18 months <sup>(1)</sup>	1,500	8	1,492	(1,492)	-	-	-
		<b>11,200</b>	<b>1,571</b>	<b>9,629</b>	<b>-</b>	<b>9,629</b>	<b>7,409</b>	<b>2,220</b>

Notes:

<sup>(1)</sup> From the date of listing of the announcement of variation as at 15 June 2020.

## ADDITIONAL COMPLIANCE INFORMATION

cont'd

### (2) PRIVATE PLACEMENT

The Company increased its issued and paid-up share capital from RM56.6 million to RM63.4 million via the issuance of 12,000,000 new ordinary shares of RM0.2870 each and 10,069,200 new ordinary shares of RM0.3334 pursuant to the private placement, representing approximately 7.70% of the enlarged issued share capital, comprising 286,436,750 ordinary shares.

As at 30 September 2021, the gross proceeds from the Private Placement amounting to RM6.80 million has been utilised, as follows:

Details of use of proceeds		Estimated Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilised as 30 September 2021 RM'000	Percentage Utilised %
1	Installation of new data centre at the Group's satellite teleport facility	Within 12 months	4,000	3,645	355	91.13%
2	Working capital	Within 12 months	2,704	2,704	-	100.00%
3	Expenses for the Proposed Private Placement	Immediate	97	97	-	100.00%
			6,801	6,446	355	94.78%

### AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors by the Group and the Company for the financial year ended 30 June 2021 are as follows:-

	Company (RM'000)	Group (RM'000)
Audit Fees	30	88
Non-audit fees*	19	23
Total	49	111

- The non-audit fees include, amongst others, review of return of net revenue for designated services.

### MATERIAL CONTRACTS INVOLVING DIRECTORS AND SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group involving the interest of the Directors' and/or major shareholders either subsisting as at 30 June 2021 or entered into since the end of the previous financial year.

### EMPLOYEE SHARE OPTIONS SCHEME

The Group did not offer any share scheme for employees during the financial year under review.

### RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details for the Recurrent Related Party Transactions of a Revenue or Trading Nature transacted pursuant to the Shareholders' Mandate during the financial year ended 30 June 2021 are stated in Section 2.4 of the Circular to Shareholders dated 29 October 2021.



## DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

### RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	2,426,902	255,469
Attributable to:-		
Owners of the Company	2,377,963	255,469
Non-controlling interests	48,939	-
	2,426,902	255,469

### DIVIDENDS

No dividend was recommended by the directors for the financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM56,588,477 to RM63,389,549 by issuance of 22,069,200 new ordinary shares for a total cash consideration of RM6,801,072 as disclosed in Note 15 to the financial statements.

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

- (b) there were no issues of debentures by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## DIRECTORS' REPORT

cont'd

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

# DIRECTORS' REPORT

cont'd

## DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Cham Hak Lim  
 Dato' Seow Thiam Fatt  
 Dato' Tan Yee Boon  
 Na Boon Aik  
 Zulamran bin Hamat  
 Na Bon Tiam (Resigned on 1.10.2021)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Limus bin Ibal

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares			
	At 1.7.2020	Bought	Sold	At 30.6.2021
<b>The Company</b>				
<i>Direct Interests</i>				
Tan Sri Datuk Cham Hak Lim	500,000	-	(300,000)	200,000
Dato' Seow Thiam Fatt	300,000	-	-	300,000
Na Boon Aik	73,436,751	-	-	73,436,751
Zulamran bin Hamat	2,500,000	-	-	2,500,000
Na Bon Tiam (Resigned on 1 October 2021)	57,464,751	-	(6,642,300)	50,822,451

By virtue of their shareholdings in the Company, Na Boon Aik and Na Bon Tiam are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REPORT

cont'd

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 28(a) to the financial statements.

### INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 34 to the financial statements.

### SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 35 to the financial statements.

### AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

### SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 OCTOBER 2021

Na Boon Aik

Zulamran bin Hamat



## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Na Boon Aik and Zulamran bin Hamat, being two of the directors of Binasat Communications Berhad, state that, in the opinion of the directors, the financial statements set out on pages 51 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2021 and of their financial performance and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 OCTOBER 2021**

**Na Boon Aik**

**Zulamran bin Hamat**

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Na Boon Aik, being the director primarily responsible for the financial management of Binasat Communications Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Na Boon Aik, NRIC Number: 640523-01-5945  
at Kuala Lumpur  
in the Federal Territory  
on this 20 October 2021

Before me

**Na Boon Aik**

**Kapt (B) Jasni Bin Yusoff (W 465)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BINASAT COMMUNICATION BERHAD

(Incorporated in Malaysia) Registration No : 201701008491 (1222656-D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Binasat Communications Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

<b>Revenue Recognition</b> Refer to Note 4.21 and Note 22 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
Consolidated revenue recorded by the Group during the financial year amounted to approximately RM53.847 million. In view of the Group's large volume of transactions, we considered revenue recognition for the work performed to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regarded revenue recognition to be a key audit matter.	<p>To address this risk, our audit procedures involved the following by:-</p> <ul style="list-style-type: none"> <li>• testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements;</li> <li>• reviewing the terms of contracts with customers to determine the point of transfer of risk and rewards on a sample basis;</li> <li>• testing the recording of sales transactions, revenue cut-off and review of credit notes after the reporting period; and</li> <li>• obtaining confirmations and reviewing collections relating to material trade receivables at the end of the reporting period.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BINASAT COMMUNICATION BERHAD  
(Incorporated in Malaysia) Registration No : 201701008491 (1222656-D)  
cont'd

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

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BINASAT COMMUNICATION BERHAD

(Incorporated in Malaysia) Registration No : 201701008491 (1222656-D)

cont'd

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### OTHER MATTERS

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Melaka

20 October 2021

**Tan Lin Chun**  
02839/10/2023 J  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	47,577,100	17,402,100
Property, plant and equipment	6	25,659,539	22,280,995	126,507	10,043,321
Investment properties	7	9,640,994	4,247,452	-	-
Right-of-use assets	8	13,740,549	14,645,331	-	12,937,627
Amount owing by a subsidiary	9	-	-	4,901,644	4,798,708
		49,041,082	41,173,778	52,605,251	45,181,756
CURRENT ASSETS					
Contract costs	10	379,280	2,792,465	-	-
Trade receivables and contract assets	11	27,265,668	18,277,621	-	-
Other receivables, deposits and prepayments	13	750,401	632,023	28,500	80,260
Amount owing by a subsidiary	9	-	-	1,100,000	550,000
Current tax assets		5,293,279	3,836,144	-	-
Short-term investments	14	7,787,560	27,867,400	5,383,016	23,531,914
Cash and bank balances		26,628,508	12,686,843	5,667,536	1,756,733
		68,104,696	66,092,496	12,179,052	25,918,907
TOTAL ASSETS		117,145,778	107,266,274	64,784,303	71,100,663

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

cont'd

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	63,389,549	56,588,477	63,389,549	56,588,477
Merger deficit	16	(16,052,000)	(16,052,000)	-	-
Retained profits		40,703,689	38,325,726	568,941	313,472
Equity attributable to owners of the Company		88,041,238	78,862,203	63,958,490	56,901,949
Non-controlling interests	5	307,534	183,595	-	-
TOTAL EQUITY		88,348,772	79,045,798	63,958,490	56,901,949
NON-CURRENT LIABILITIES					
Lease liabilities	17	13,251,345	13,473,735	-	12,183,808
Term loans	18	5,587,260	5,981,308	-	-
Deferred tax liabilities	19	287,100	173,200	-	-
		19,125,705	19,628,243	-	12,183,808
CURRENT LIABILITIES					
Trade payables	20	5,318,814	3,516,200	-	-
Other payables and accruals	21	3,136,385	3,969,515	825,813	1,876,814
Lease liabilities	17	746,022	636,438	-	138,092
Term loans	18	470,080	470,080	-	-
		9,671,301	8,592,233	825,813	2,014,906
TOTAL LIABILITIES		28,797,006	28,220,476	825,813	14,198,714
TOTAL EQUITY AND LIABILITIES		117,145,778	107,266,274	64,784,303	71,100,663

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	22	53,846,684	45,483,612	1,100,000	550,000
COST OF SERVICES RENDERED AND CONTRACT EXPENDITURE		(41,757,369)	(33,707,759)	-	-
GROSS PROFIT		12,089,315	11,775,853	1,100,000	550,000
OTHER INCOME		801,605	1,204,987	574,136	870,384
		12,890,920	12,980,840	1,674,136	1,420,384
ADMINISTRATIVE EXPENSES		(5,939,465)	(5,814,224)	(876,017)	(671,598)
OTHER OPERATING EXPENSES		(2,104,047)	(1,609,832)	(203,315)	(215,656)
FINANCE COSTS		(641,622)	(646,452)	(339,335)	(400,968)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	23	(169,862)	(727,489)	-	-
PROFIT BEFORE TAXATION	24	4,035,924	4,182,843	255,469	132,162
INCOME TAX EXPENSE	25	(1,609,022)	(971,498)	-	-
PROFIT AFTER TAXATION		2,426,902	3,211,345	255,469	132,162
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,426,902	3,211,345	255,469	132,162
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		2,377,963	2,925,653	255,469	132,162
Non-controlling interests		48,939	285,692	-	-
		2,426,902	3,211,345	255,469	132,162
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		2,377,963	2,925,653	255,469	132,162
Non-controlling interests		48,939	285,692	-	-
		2,426,902	3,211,345	255,469	132,162
EARNINGS PER SHARE (SEN)					
Basic	26	0.86	1.12		
Diluted	26	0.86	1.12		

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The Group	NOTE	<Non-Distributable>		<Distributable>		Non-controlling Interests	Total Equity
		Share Capital	Merger Deficit	Retained Profits	Attributable To Owners Of The Company		
		RM	RM	RM	RM	RM	RM
Balance at 1.7.2019		55,219,251	(16,052,000)	35,400,073	74,567,324	(102,097)	74,465,227
Profit after taxation/Total comprehensive income for the financial year		-	-	2,925,653	2,925,653	285,692	3,211,345
Contributions by owners of the Company:							
- Issuance of shares	15	1,369,226	-	-	1,369,226	-	1,369,226
Total transactions with owners		1,369,226	-	-	1,369,226	-	1,369,226
Balance at 30.6.2020/1.7.2020		56,588,477	(16,052,000)	38,325,726	78,862,203	183,595	79,045,798
Profit after taxation/Total comprehensive income for the financial year		-	-	2,377,963	2,377,963	48,939	2,426,902
Contributions by owners of the Company:							
- Issuance of shares	15	6,801,072	-	-	6,801,072	-	6,801,072
- Issuance of shares by a subsidiary to non-controlling interests		-	-	-	-	75,000	75,000
Total transactions with owners		6,801,072	-	-	6,801,072	75,000	6,876,072
Balance at 30.6.2021		63,389,549	(16,052,000)	40,703,689	88,041,238	307,534	88,348,772

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

The Company	Note	<Non-Distributable> Share Capital RM	<Distributable> Retained Profits RM	Total Equity RM
Balance at 1.7.2019		55,219,251	181,310	55,400,561
Profit after taxation/Total comprehensive income for the financial year		-	132,162	132,162
Contributions by owners of the Company:				
- Issuance of shares	15	1,369,226	-	1,369,226
Total transactions with owners		1,369,226	-	1,369,226
Balance at 30.6.2020/1.7.2020		56,588,477	313,472	56,901,949
Profit after taxation/Total comprehensive income for the financial year		-	255,469	255,469
Contributions by owners of the Company:				
- Issuance of shares	15	6,801,072	-	6,801,072
Total transactions with owners		6,801,072	-	6,801,072
Balance at 30.6.2021		63,389,549	568,941	63,958,490

The annexed notes form an integral part of these financial statements.



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>				
Profit before taxation	4,035,924	4,182,843	255,469	132,162
Adjustments for:-				
Bad debts written off	-	25,173	-	-
Depreciation of property, plant and equipment	884,295	692,112	36,018	12,347
Depreciation of right-of-use assets	874,782	796,615	167,297	203,309
Depreciation of investment properties	223,933	95,932	-	-
Gain on disposal of property, plant and equipment	(9,890)	(22,575)	-	-
Gain on disposal of right-of-use assets	(189,254)	-	-	-
Gain on foreign exchange – unrealised	(1,084)	(57,838)	-	-
Net impairment losses on trade receivables and contract assets	169,862	727,489	-	-
Interest expense on lease liabilities	521,056	486,008	339,335	400,968
Other interest expenses	120,566	160,444	-	-
Interest income	(454,493)	(997,839)	(549,292)	(870,384)
Operating profit/(loss) before working capital changes	6,175,697	6,088,364	248,827	(121,598)
Decrease/(Increase) in contract costs	2,413,185	(174,452)	-	-
(Increase)/Decrease in trade and other receivables	(9,259,480)	8,723,691	(498,240)	(625,760)
Increase/(Decrease) in trade and other payables	953,761	(4,214,296)	(1,051,001)	629,898
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>283,163</b>	<b>10,423,307</b>	<b>(1,300,414)</b>	<b>(117,460)</b>
Interest paid	(189,141)	(245,484)	-	-
Interest received	454,493	997,839	384,909	870,384
Income tax paid	(2,962,494)	(3,096,026)	-	-
Income tax refunded	10,237	270,583	-	-
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(2,403,742)</b>	<b>8,350,219</b>	<b>(915,505)</b>	<b>752,924</b>

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Additional investments in an existing subsidiary		-	-	(14,807,542)	-
Additions to right-of-use assets	27(a)	-	(68,475)	-	-
Net (advances to)/ repayment from a subsidiary		-	-	(1,584,930)	484,974
Purchase of property, plant and equipment	27(a)	(9,880,314)	(12,053,468)	(3,731,190)	(8,525,141)
Proceeds from disposal of property, plant and equipment		9,890	22,800	-	-
Proceeds from disposal of right-of-use assets		219,254	-	-	-
NET CASH FOR INVESTING ACTIVITIES		(9,651,170)	(12,099,143)	(20,123,662)	(8,040,167)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Repayment to a subsidiary		-	-	-	(1,007,487)
Proceeds from issuance of shares	15	6,801,072	1,369,226	6,801,072	1,369,226
Proceeds from issuance of shares by a subsidiary to non-controlling shareholders		75,000	-	-	-
Repayment of lease liabilities	27(b)	(565,287)	(1,130,300)	-	(697,284)
Repayment of term loans	27(b)	(394,048)	(354,121)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		5,916,737	(115,195)	6,801,072	(335,545)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,138,175)	(3,864,119)	(14,238,095)	(7,622,788)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		40,554,243	44,418,362	25,288,647	32,911,435
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(d)	34,416,068	40,554,243	11,050,552	25,288,647

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The Company is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office	:	12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan
Principal place of business	:	Lot PT 13824, Jalan Teknologi 4 Technology Park Malaysia Bukit Jalil, 57000 Kuala Lumpur

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 October 2021.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

### 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)  
 Amendments to MFRS 3: Definition of a Business  
 Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9  
 Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform  
 Amendments to MFRS 101 and MFRS 108: Definition of Material  
 Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 3. BASIS OF PREPARATION (cont'd)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

#### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### *Key Sources of Estimation Uncertainty (cont'd)*

#### **(b) Impairment of Investment Properties**

The Group determines whether an item of its investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of investment properties as at the reporting date is disclosed in Note 7 to the financial statements.

#### **(c) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales including changes in the customer payment profile in response to the COVID-19 pandemic and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 11 and 12 to the financial statements respectively.

#### **(d) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables and amount owing by subsidiary as at the reporting date are disclosed in Notes 9 & 13 to the financial statements respectively.

#### **(e) Revenue Recognition for Construction Contracts**

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets as at the reporting date is disclosed in Note 12 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### *Key Sources of Estimation Uncertainty (cont'd)*

#### **(f) Income Taxes**

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

#### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

#### **(a) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases, the Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.2 BASIS OF CONSOLIDATION (cont'd)

#### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

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

#### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

#### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

### 4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.4 FINANCIAL INSTRUMENTS (cont'd)

#### (a) Financial Assets (cont'd)

##### *Debt Instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.4 FINANCIAL INSTRUMENTS (cont'd)

#### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

#### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### *Ordinary shares*

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	60 years
Telecommunication equipment	5 to 15 years
Computers	20%
Furniture, fittings and equipment	20%
Motor vehicles	20%
Renovation	20%
Signboard	20%
Tools and equipment	20%

Construction work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 50 years to 54 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

### 4.8 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has elected not to separate non-lease components from lease components. Instead, the Group has accounted for the lease component and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets that do not meet the definition of investment property and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.8 LEASES (cont'd)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined as follows:-

Leasehold land	Over the lease term of 60 years
Warehouses	Over the lease term of 2 years
Hostel	Over the lease term of 2 years
Motor vehicles	20%

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

### 4.9 CONTRACT COSTS

#### Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recoverable.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

### 4.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 – Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.12 IMPAIRMENT

#### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using the judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking estimates at the end of each reporting period.

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

### 4.13 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

### 4.14 INCOME TAXES

#### (a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

### 4.15 CONTINGENT ASSETS

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to financial statements when an inflow of economic benefits is probable. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statement of financial position.

### 4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

### 4.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

### 4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

#### (a) Rendering of Services

Revenue from providing services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

#### (b) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

### 4.22 OTHER OPERATING INCOME

#### (a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

#### (b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

#### (c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Unquoted shares, at cost	47,577,100	17,402,100

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021	2020	
		%	%	
Subsidiaries of the Company				
Binasat Sdn. Bhd.	Malaysia	100	100	Provision of support services for satellite, mobile and fibre optic telecommunications networks.
Binasat (Sabah) Sdn. Bhd.	Malaysia	100	100	Dormant.
Satellite NOC Sdn. Bhd.	Malaysia	70	70	Provision of support services for satellite telecommunications network.

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2021 %	2020 %	2021 RM	2020 RM
Satellite NOC Sdn. Bhd.	30	30	307,534	183,595

(b) During the financial year, the Company subscribed 30,000,000 new ordinary shares in Binasat Sdn. Bhd. for a total consideration of RM30,000,000 by way of:-

- (i) subscription of 14,632,542 new ordinary shares for cash consideration of RM14,632,542; and
- (ii) subscription of 15,367,458 new ordinary shares by capitalising the amount owing by Binasat Sdn. Bhd.

(c) The Company subscribed 175,000 new ordinary shares in Satellite NOC Sdn. Bhd. for a total cash consideration of RM175,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 5. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (d) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Satellite NOC Sdn. Bhd.	
	2021	2020
	RM	RM
<u>At 30 June</u>		
Non-current assets	5,536,388	1,962,970
Current assets	4,948,551	4,015,330
Non-current liabilities	(8,039,079)	(4,835,708)
Current liabilities	(1,420,746)	(530,608)
Net assets	1,025,114	611,984
<u>Financial Year Ended 30 June</u>		
Revenue	3,941,033	4,320,360
Profit after taxation	163,130	952,307
Total comprehensive income	163,130	952,307
Total comprehensive income attributable to non-controlling interests	48,939	285,692
Net cash flows from operating activities	731,433	1,114,751
Net cash flows (for)/from investing activities	(211,665)	1,198,552
Net cash flows for financing activities	(377,877)	(3,083,252)

## 6. PROPERTY, PLANT AND EQUIPMENT

	At 1.7.2020	Additions (Note 27(a))	Reclassification	Transfer To Investment Properties (Note 7)	Depreciation Charges (Note 24)	At 30.6.2021
The Group	RM	RM	RM	RM	RM	RM
<b>2021</b>						
Carrying Amount						
Building	5,617,475	-	13,611,986	(5,617,475)	-	13,611,986
Computers	89,955	67,356	-	-	(34,505)	122,806
Furniture, fittings and equipment	419,214	433,789	-	-	(187,752)	665,251
Motor vehicles	18,951	14,500	-	-	(11,092)	22,359
Telecommunication equipment	3,256,629	101,380	4,712,257	-	(239,930)	7,830,336
Renovation	66,582	-	-	-	(46,196)	20,386
Signboard	4,060	99,065	-	-	(22,133)	80,992
Tools and equipment	1,015,741	448,744	-	-	(342,687)	1,121,798
Construction work- in-progress	11,792,388	8,715,480	(18,324,243)	-	-	2,183,625
	22,280,995	9,880,314	-	(5,617,475)	(884,295)	25,659,539

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	At 1.7.2019 RM	Additions (Note 27(a)) RM	Disposal RM	Reclassification RM	Depreciation Charges (Note 24) RM	At 30.6.2020 RM
<b>2020</b>						
Carrying Amount						
Buildings	5,745,475	-	-	-	(128,000)	5,617,475
Computers	52,899	62,864	(225)	-	(25,583)	89,955
Furniture, fittings and equipment	120,512	365,133	-	-	(66,431)	419,214
Motor vehicles	32,107	-	-	-	(13,156)	18,951
Telecommunication equipment	378,943	45,000	-	2,955,397	(122,711)	3,256,629
Renovation	109,754	10,450	-	-	(53,622)	66,582
Signboard	6,380	-	-	-	(2,320)	4,060
Tools and equipment	991,830	304,200	-	-	(280,289)	1,015,741
Construction work- in-progress	3,481,964	11,265,821	-	(2,955,397)	-	11,792,388
	10,919,864	12,053,468	(225)	-	(692,112)	22,280,995

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2021</b>			
Building	13,611,986	-	13,611,986
Computers	225,412	(102,606)	122,806
Furniture, fittings and equipment	1,388,416	(723,165)	665,251
Motor vehicles	890,042	(867,683)	22,359
Telecommunication equipment	8,206,784	(376,448)	7,830,336
Renovation	1,047,861	(1,027,475)	20,386
Signboard	122,115	(41,123)	80,992
Tools and equipment	3,069,987	(1,948,189)	1,121,798
Construction work-in-progress	2,183,625	-	2,183,625
	30,746,228	(5,086,689)	25,659,539

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2020</b>			
Buildings	6,612,733	(995,258)	5,617,475
Computers	158,056	(68,101)	89,955
Furniture, fittings and equipment	954,627	(535,413)	419,214
Motor vehicles	904,142	(885,191)	18,951
Telecommunication equipment	3,393,147	(136,518)	3,256,629
Renovation	1,047,861	(981,279)	66,582
Signboard	23,050	(18,990)	4,060
Tools and equipment	2,621,243	(1,605,502)	1,015,741
Construction work-in-progress	11,792,388	-	11,792,388
	27,507,247	(5,226,252)	22,280,995

The Company	At 1.7.2020 RM	Additions (Note 27(a)) RM	Disposal RM	Depreciation Charges (Note 24) RM	At 30.6.2021 RM
<b>2021</b>					
Carrying Amount					
Computers	212	-	-	(50)	162
Furniture, fittings and equipment	4,294	8,227	-	(2,635)	9,886
Signboard	4,060	99,065	-	(22,133)	80,992
Tools and equipment	46,667	-	-	(11,200)	35,467
Construction work-in-progress	9,988,088	3,623,898	(13,611,986)	-	-
	10,043,321	3,731,190	(13,611,986)	(36,018)	126,507

The Company	At 1.7.2019 RM	Additions (Note 27(a)) RM	Depreciation Charges (Note 24) RM	At 30.6.2020 RM
<b>2020</b>				
Carrying Amount				
Computers	-	250	(38)	212
Furniture, fittings and equipment	-	4,950	(656)	4,294
Signboard	6,380	-	(2,320)	4,060
Tools and equipment	-	56,000	(9,333)	46,667
Construction work-in-progress	1,524,147	8,463,941	-	9,988,088
	1,530,527	8,525,141	(12,347)	10,043,321



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At Cost	Accumulated Depreciation	Carrying Amount
The Company	RM	RM	RM
<b>2021</b>			
Computers	250	(88)	162
Furniture, fittings and equipment	13,177	(3,291)	9,886
Signboard	110,665	(29,673)	80,992
Tools and equipment	56,000	(20,533)	35,467
	180,092	(53,585)	126,507

	At Cost	Accumulated Depreciation	Carrying Amount
The Company	RM	RM	RM
<b>2020</b>			
Computers	250	(38)	212
Furniture, fittings and equipment	4,950	(656)	4,294
Signboard	11,600	(7,540)	4,060
Tools and equipment	56,000	(9,333)	46,667
Construction work-in-progress	9,988,088	-	9,988,088
	10,060,888	(17,567)	10,043,321

The buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

## 7. INVESTMENT PROPERTIES

	At 1.7.2020	Transfer From Property, Plant and Equipment (Note 6)	Depreciation Charges (Note 24)	At 30.6.2021
The Group	RM	RM	RM	RM
<b>2021</b>				
Carrying Amount				
Freehold land and buildings	4,247,452	-	(95,933)	4,151,519
Buildings	-	5,617,475	(128,000)	5,489,475
	4,247,452	5,617,475	(223,933)	9,640,994

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 7. INVESTMENT PROPERTIES (cont'd)

The Group	At 1.7.2019 RM	Depreciation Charges (Note 24) RM	At 30.6.2020 RM
<b>2020</b>			
Carrying Amount			
Freehold land and buildings	4,343,384	(95,932)	4,247,452
	<b>At Cost RM</b>	<b>Accumulated Depreciation RM</b>	<b>Carrying Amount RM</b>
<b>2021</b>			
Freehold land and buildings	4,796,643	(645,124)	4,151,519
Buildings	6,612,733	(1,123,258)	5,489,475
	11,409,376	(1,768,382)	9,640,994
<b>2020</b>			
Freehold land and buildings	4,796,643	(549,191)	4,247,452

- (a) Investment properties of the Group comprise factories, shop office and terrace house.
- (b) The investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.
- (c) As at the date of this report, the fair values of the investment properties are RM11,617,000 (2020 – RM5,422,000). These fair values fall within level 3 of the fair value hierarchy and are determined based on information available through internet search and directors' best estimate or valuations performed by independent professional valuers.
- (d) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain an option that is exercisable by the customers to extend their leases for 1 year.

The Group requires 2 (2020 – 3) months of security deposits from the customers. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 8. RIGHT-OF-USE ASSETS

The Group	At 1.7.2020 RM	Disposal RM	Depreciation Charges (Note 24) RM	At 30.6.2021 RM
<b>2021</b>				
Carrying Amount				
Leasehold land	12,937,627	-	(223,062)	12,714,565
Warehouses	92,888	-	(83,226)	9,662
Hostel	20,053	-	(10,463)	9,590
Motor vehicles	1,594,763	(30,000)	(558,031)	1,006,732
	14,645,331	(30,000)	(874,782)	13,740,549

The Group	At 1.7.2019 RM	Additions (Note 27(a)) RM	Depreciation Charges (Note 24) RM	At 30.6.2020 RM
<b>2020</b>				
Carrying Amount				
Leasehold land	6,168,096	6,972,840	(203,309)	12,937,627
Warehouses	181,164	-	(88,276)	92,888
Hostel	-	20,925	(872)	20,053
Motor vehicles	1,434,446	664,475	(504,158)	1,594,763
	7,783,706	7,658,240	(796,615)	14,645,331

	2021 RM	2020 RM
Analysed by:-		
Cost	16,125,686	16,575,686
Accumulated depreciation	(2,385,137)	(1,930,355)
	13,740,549	14,645,331

The Company	At 1.7.2020 RM	Disposal RM	Depreciation Charges (Note 24) RM	At 30.6.2021 RM
<b>2021</b>				
Carrying Amount				
Leasehold land	12,937,627	(12,770,330)	(167,297)	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 8. RIGHT-OF-USE ASSETS (cont'd)

The Company	At 1.7.2019 RM	Additions (Note 27(a)) RM	Depreciation Charges (Note 24) RM	At 30.6.2020 RM
<b>2020</b>				
Carrying Amount				
Leasehold land	6,168,096	6,972,840	(203,309)	12,937,627
				<b>2020 RM</b>
Analysed by:-				
Cost				13,140,936
Accumulated depreciation				(203,309)
				12,937,627

The leasing activities of the Group and of the Company are summarised below:-

- |                    |  |
|--------------------|--|
| (a) Leasehold Land | The Group and the Company have entered into 2 non-cancellable operating lease agreements for the use of lands. The leases are for a period of 60 years with no renewal or purchase option included in the agreements. The leases do not allow the Group and the Company to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the lands. A tenancy is, however, allowed with the consent of the lessor. |
| (b) Warehouses     | The Group has leased one (2020 – two) warehouses that run 2 years with an option to renew the lease after that date.   |
| (c) Hostel         | The Group has leased a hostel that run 2 years with an option to renew the lease after that date.  |
| (d) Motor Vehicles | The Group has leased motor vehicles under finance lease arrangements with lease terms ranges between 3 to 7 years (2020 – 3 to 8 years). The leases bear effective interest rates ranging from 4.41% to 9.84% (2020 – 4.41% to 9.84%) and are secured by the leased assets.  |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 9. AMOUNT OWING BY A SUBSIDIARY

	The Company	
	2021	2020
	RM	RM
<b>Amount owing by a subsidiary</b>		
<u>Non-current</u>		
Non-trade balances	4,901,644	4,798,708
<u>Current</u>		
Dividend receivable	1,100,000	550,000

The non-trade balances represent unsecured advances which bear an interest of 3.47% (2020 - Nil) per annum. The amount owing is repayable on demand.

## 10. CONTRACT COSTS

	The Group	
	2021	2020
	RM	RM
Costs to fulfil contracts	379,280	2,792,465

The costs to fulfil contracts represent costs incurred that are used to fulfil contracts in future. The costs are to be recognised in profit or loss in consistent with the pattern of recognition of the associated revenue.

## 11. TRADE RECEIVABLES AND CONTRACT ASSETS

	The Group	
	2021	2020
	RM	RM
Trade receivables	19,437,431	19,111,087
Allowance for impairment losses	(2,687,822)	(2,857,812)
	16,749,609	16,253,275
Contract assets (Note 12)	10,516,059	2,024,346
	27,265,668	18,277,621
Allowance for impairment losses:-		
At 1 July	2,857,812	2,140,857
Addition during the financial year (Note 23)	124,072	743,740
Reversal during the financial year (Note 23)	(86,672)	(26,785)
Written off during the financial year	(207,390)	-
At 30 June	2,687,822	2,857,812

The Group's normal trade credit terms range from 30 to 90 (2020 - 30 to 90) days from customers' acceptance of sales invoices.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 12. CONTRACT ASSETS

	The Group	
	2021	2020
	RM	RM
Contract assets	10,663,133	2,038,958
Allowance for impairment losses	(147,074)	(14,612)
	10,516,059	2,024,346
Allowance for impairment losses:-		
At 1 July	14,612	4,078
Addition during the financial year (Note 23)	132,462	12,808
Reversal during the financial year (Note 23)	-	(2,274)
At 30 June	147,074	14,612

(a) The contract assets primarily relate to the Group's right to consideration for work completed on contracts but not yet billed as at the reporting date.

(b) The changes to contract asset balances during the financial year are summarised below:-

	The Group	
	2021	2020
	RM	RM
At 1 July	2,024,346	6,545,602
Revenue recognised in profit or loss during the financial year	10,663,133	1,975,013
Billings to customers during the financial year	(2,038,958)	(6,485,735)
Impairment loss on contract assets	(132,462)	(12,808)
Reversal of impairment loss on contract assets	-	2,274
At 30 June	10,516,059	2,024,346

The Group applies the practical expedient in paragraph 121 of MFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other receivables	44,744	76,573	-	-
Allowance for impairment losses	-	(3,180)	-	-
	44,744	73,393	-	-
Prepayments	125,741	128,285	19,000	39,000
Deposits	578,576	358,770	9,500	41,260
Goods and services tax receivable	1,340	71,575	-	-
	750,401	632,023	28,500	80,260



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Allowance for impairment losses:-				
At 1 July	3,180	3,180	-	-
Written off during the financial year	(3,180)	-	-	-
At 30 June	-	3,180	-	-

## 14. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Money market funds, at fair value (Note 27(d))	7,787,560	27,867,400	5,383,016	23,531,914

Investment in money market funds are placed with asset management company in Malaysia which are highly liquid and readily convertible to cash.

The money market funds of the Group and of the Company are carried at fair value. The fair value hierarchy for money market funds are classified as Level 2.

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date were 3.65% (2020 – 3.44%) and 3.01% (2020 – 3.44%) per annum respectively.

There is no maturity period for money market funds as these money are callable on demand.

## 15. SHARE CAPITAL

	The Group/The Company			
	2021 Number Of Shares	2020 Number Of Shares	2021 RM	2020 RM
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 July	264,367,550	260,000,000	56,588,477	55,219,251
Issuance of shares	22,069,200	4,367,550	6,801,072	1,369,226
At 30 June	286,436,750	264,367,550	63,389,549	56,588,477

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 16. MERGER DEFICIT

The merger deficit represents the difference between the carrying value of the investments in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

## 17. LEASE LIABILITIES

	The Group	
	2021 RM	2020 RM
At 1 July	14,110,173	7,249,740
Additions of lease liabilities (Note 27(b))	-	7,589,765
Interest expense recognised in profit or loss (Note 24)	521,056	486,008
Repayment of principal	(565,287)	(1,130,300)
Repayment of interest	(68,575)	(85,040)
At 30 June	13,997,367	14,110,173
Analysed by:-		
Current liabilities	746,022	636,438
Non-current liabilities	13,251,345	13,473,735
	13,997,367	14,110,173

	The Company	
	2021 RM	2020 RM
At 1 July	12,321,900	5,645,376
Addition of lease liabilities (Note 27(b))	-	6,972,840
Interest expense recognised in profit or loss (Note 24)	339,335	400,968
Repayment of principal	-	(697,284)
Derecognised due to disposal of right-of-use assets	(12,661,235)	-
At 30 June	-	12,321,900
Analysed by:-		
Current liabilities	-	138,092
Non-current liabilities	-	12,183,808
	-	12,321,900

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 18. TERM LOANS (SECURED)

	The Group	
	2021	2020
	RM	RM
Current liabilities	470,080	470,080
Non-current liabilities	5,587,260	5,981,308
	6,057,340	6,451,388

The term loans are repayable over 240 to 300 (2020 – 240 to 300) monthly instalments from the date of drawdown for the Group.

The weighted average effective interest rates at the end of the financial year was 3.33% (2020 – 3.58%) per annum.

The term loans are secured by the following:-

- (a) Legal charges over the Group's freehold land and buildings; and
- (b) Jointly and severally guaranteed by certain directors of the Group.

## 19. DEFERRED TAX LIABILITIES

	At 1.7.2020	Recognised In Profit or Loss (Note 25)	At 30.6.2021
The Group	RM	RM	RM
<b>2021</b>			
<b><i>Deferred Tax Liabilities</i></b>			
Property, plant and equipment	280,200	228,800	509,000
Right-of-use assets	125,900	2,941,900	3,067,800
	406,100	3,170,700	3,576,800
<b><i>Deferred Tax Assets</i></b>			
Lease liabilities	(213,900)	(2,968,800)	(3,182,700)
Others	(19,000)	(88,000)	(107,000)
	(232,900)	(3,056,800)	(3,289,700)
	173,200	113,900	287,100

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 19. DEFERRED TAX LIABILITIES (cont'd)

The Group	At 1.7.2019 RM	Recognised In Profit or Loss (Note 25) RM	At 30.6.2020 RM
<b>2020</b>			
<b>Deferred Tax Liabilities</b>			
Property, plant and equipment	(51,302)	331,502	280,200
Right-of-use assets	159,002	(33,102)	125,900
	107,700	298,400	406,100
<b>Deferred Tax Assets</b>			
Provisions	(1,800)	1,800	-
Lease liabilities	-	(213,900)	(213,900)
Others	(234,000)	215,000	(19,000)
	(235,800)	2,900	(232,900)
	(128,100)	301,300	173,200

## 20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2020 – 30 to 90 days).

## 21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	1,351,955	2,195,879	745,813	1,801,164
Accruals	1,480,017	1,569,862	80,000	75,650
Deposits received	111,305	38,475	-	-
Services tax payable	193,108	165,299	-	-
	3,136,385	3,969,515	825,813	1,876,814

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 22. REVENUE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Revenue from Contracts with Customers</u>				
Construction contracts	-	87,636	-	-
Services rendered	53,846,684	45,395,976	-	-
	53,846,684	45,483,612	-	-
<u>Revenue from Other Sources</u>				
Dividend income	-	-	1,100,000	550,000

(a) The revenue from contracts with customers is recognised over time.

(b) Dividend income of the Company is recognised at a point in time.

## 23. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2021 RM	2020 RM
Impairment losses:		
- trade receivables (Note 11)	124,072	743,740
- contract assets (Note 12)	132,462	12,808
Reversal of impairment losses:		
- trade receivables (Note 11)	(86,672)	(26,785)
- contract assets (Note 12)	-	(2,274)
	169,862	727,489

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 24. PROFIT BEFORE TAXATION

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	88,000	88,000	30,000	30,000
- non-audit fees	23,000	7,000	19,000	5,000
Bad debts written off	-	25,173	-	-
Depreciation:				
- property, plant and equipment (Note 6)	884,295	692,112	36,018	12,347
- investment properties (Note 7)	223,933	95,932	-	-
- right-of-use assets (Note 8)	874,782	796,615	167,297	203,309
Direct operating expenses on investment properties:				
- non-rental generating properties	13,716	344	-	-
- rental generating properties	26,516	11,034	-	-
	40,232	11,378	-	-
Directors' remuneration (Note 28(a))	1,664,246	1,929,496	174,000	189,650
Interest expense on lease liabilities (Note 17)	521,056	486,008	339,335	400,968
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- term loans	120,566	160,444	-	-



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 24. PROFIT BEFORE TAXATION (cont'd)

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):- (cont'd)				
Lease expenses:				
- short-term leases	1,524,123	1,182,282	-	-
Loss on foreign exchange:				
- realised	121,037	-	-	-
Staff costs (including other key management personnel as disclosed in Note 28(b)):				
- short-term employee benefits	15,193,639	16,179,826	-	-
- defined contribution benefits	1,434,464	1,529,222	-	-
- others	192,286	441,901	-	-
	16,820,389	18,150,949	-	-
Gain on disposal of property, plant and equipment	(9,890)	(22,575)	-	-
Gain on disposal of right-of-use assets	(189,254)	-	-	-
Interest income on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	(452,701)	(993,559)	(383,644)	(870,384)
Interest income on financial assets measured at amortised cost:				
- inter-company interest income	-	-	(164,383)	-
- others	(1,792)	(4,280)	(1,265)	-
	(454,493)	(997,839)	(549,292)	(870,384)
Lease income:				
- rental income from investment properties	(35,000)	(81,000)	-	-
Gain on foreign exchange:				
- realised	-	(26,307)	-	-
- unrealised	(1,084)	(57,838)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 25. INCOME TAX EXPENSE

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current tax expense	1,297,000	627,000	-	-
Under provision in the previous financial year	198,122	43,198	-	-
	1,495,122	670,198	-	-
Deferred tax (Note 19):				
- origination and reversal of temporary differences	113,300	277,400	-	-
- under provision in the previous financial year	600	23,900	-	-
	113,900	301,300	-	-
Total income tax expense	1,609,022	971,498	-	-

A reconciliation of income tax expense applicable to profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before taxation	4,035,924	4,182,843	255,469	132,162
Tax at the statutory tax rate of 24% (2020 – 24%)	968,622	1,003,882	61,313	31,719
Tax effects of:-				
Non-deductible expenses	559,496	355,965	294,762	309,173
Non-taxable income	(117,818)	(247,092)	(356,075)	(340,892)
Utilisation of deferred tax assets not recognised in the previous financial year	-	(208,355)	-	-
Under provision of current tax expense in the previous financial year	198,122	43,198	-	-
Under provision of deferred tax expense in the previous financial year	600	23,900	-	-
	1,609,022	971,498	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 26. EARNINGS PER SHARE

	The Group	
	2021	2020
Profit attributable to owners of the Company (RM)	2,377,963	2,925,653
Weighted average number of ordinary shares in issue	275,650,802	262,315,040
Basic earnings per share (Sen)	0.86	1.12

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to basic earnings per share.

## 27. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the additions of right-of-use assets is as follows:-

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Property, plant and equipment</b>				
Cost of property, plant and equipment purchased (Note 6)	9,880,314	12,053,468	3,731,190	8,525,141
<b>Right-of-use assets</b>				
Cost of right-of-use assets acquired (Note 8)	-	7,658,240	-	6,972,840
Less: Addition of new lease liabilities (Note 27(b))	-	(7,589,765)	-	(6,972,840)
	-	68,475	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 27. CASH FLOW INFORMATION (cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Lease Liabilities RM	Total RM
<b>2021</b>			
At 1 July	6,451,388	14,110,173	20,561,561
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(394,048)	(565,287)	(959,335)
Repayment of interests	(120,566)	(68,575)	(189,141)
	(514,614)	(633,862)	(1,148,476)
<u>Non-cash Changes</u>			
Interest expense recognised in profit or loss (Note 24)	120,566	521,056	641,622
At 30 June	6,057,340	13,997,367	20,054,707
<b>2020</b>			
At 1 July	6,805,509	7,249,740	14,055,249
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(354,121)	(1,130,300)	(1,484,421)
Repayment of interests	(160,444)	(85,040)	(245,484)
	(514,565)	(1,215,340)	(1,729,905)
<u>Non-cash Changes</u>			
Acquisition of new leases (Notes 17 and 27(a))	-	7,589,765	7,589,765
Interest expense recognised in profit or loss (Note 24)	160,444	486,008	646,452
	160,444	8,075,773	8,236,217
At 30 June	6,451,388	14,110,173	20,561,561

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 27. CASH FLOW INFORMATION (cont'd)

- (b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

The Company	Lease Liabilities RM
<b>2021</b>	
At 1 July	12,321,900
<u>Non-cash Changes</u>	
Derecognised due to disposal of right-of-use assets	(12,661,235)
Interest expense recognised in profit or loss (Note 24)	339,335
	(12,321,900)
At 30 June	-
<b>2020</b>	
At 1 July	5,645,376
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(697,284)
<u>Non-cash Changes</u>	
Acquisition of new leases (Notes 17 and 27(a))	6,972,840
Interest expense recognised in profit or loss (Note 24)	400,968
	7,373,808
At 30 June	12,321,900

- (c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Payment of short-term leases	1,524,123	1,182,282	-	-
Interest paid on lease liabilities	68,575	85,040	-	-
Payment of lease liabilities	565,287	1,130,300	-	697,284
	2,157,985	2,397,622	-	697,284

- (d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	26,628,508	12,686,843	5,667,536	1,756,733
Short-term investments (Note 14)	7,787,560	27,867,400	5,383,016	23,531,914
	34,416,068	40,554,243	11,050,552	25,288,647

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 28. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>(a) Directors</b>				
<b>Directors of the Company</b>				
<u>Executive directors</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,331,846	1,551,446	-	-
Defined contribution benefits	158,400	188,400	-	-
	1,490,246	1,739,846	-	-
<u>Non-executive directors</u>				
Short-term employee benefits:				
- fees	174,000	189,650	174,000	189,650
Total directors' remuneration (Note 24)	1,664,246	1,929,496	174,000	189,650
<b>(b) Other Key Management Personnel</b>				
Short-term employee benefits	680,464	385,833	-	-
Defined contribution benefits	75,592	44,461	-	-
Total compensation for other key management personnel (Note 24)	756,056	430,294	-	-

## 29. RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 29. RELATED PARTY DISCLOSURES (cont'd)

### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Company	
	2021 RM	2020 RM
<b>Subsidiary</b>		
Dividend received/receivable	(1,100,000)	(550,000)
Disposal of property, plant and equipment	(13,611,986)	-
Disposal of right-of-use assets	(12,770,330)	-
Interest received/receivable	(164,383)	-
Derecognised of leases	12,661,235	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

## 30. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment predominantly operates in Malaysia, namely in the provision of support services for satellite, mobile and fibre optic telecommunications networks.

### MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group	
	2021 RM	2020 RM
Customer A	17,119,112	15,874,518
Customer B	7,213,136	9,861,237
Customer C	7,178,180	2,744,493
Customer D	5,729,656	7,893,002

## 31. CAPITAL COMMITMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Construction of telecommunication tower	61,700	-	-	-
Construction of teleport	-	267,075	-	-
Construction of office building	1,917,214	4,313,015	-	4,313,015
Purchase of property, plant and equipment	1,926,976	1,648,559	-	-
	3,905,890	6,228,649	-	4,313,015

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk, equity price risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currency of entities within the Group. The currency giving rise to the risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

#### *Foreign Currency Exposure*

	The Group	
	2021	2020
	RM	RM
<u>USD</u>		
<b>Financial Assets</b>		
Trade receivables	885,580	539,327
Cash and bank balances	2,796,877	2,728,489
	3,682,457	3,267,816
<b>Financial Liabilities</b>		
Trade payables	(10,384)	-
Other payables	(429,483)	-
	(439,867)	-
Currency Exposure	3,242,590	3,267,816

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (a) Market Risk (cont'd)

##### (i) Foreign Currency Risk (cont'd)

##### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency at the end of the reporting period, with all other variables held constant:-

	The Group	
	2021 RM	2020 RM
<b>Effects on Profit After Taxation</b>		
USD/RM – strengthened by 3% (2020 – 4%)	+73,931	+99,342
– weakened by 3% (2020 – 4%)	-73,931	-99,342

##### (ii) Interest Rate Risk

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

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18 to the financial statements.

##### *Interest Rate Risk Sensitivity Analysis*

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

##### (iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

##### (iv) Price Risk

The Group's and the Company's principal exposure to price risk arises mainly from changes in money market funds.

##### *Price Risk Sensitivity Analysis*

Any reasonably possible change in the prices of money market funds at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (b) Credit Risk

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

##### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2020 – 3) customers which constituted approximately 58% (2020 – 61%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2021	2020
	RM	RM
Malaysia	15,309,294	13,915,785
Netherlands	524,643	-
Sri Lanka	557,378	1,806,472
Hong Kong	346,712	503,267
Others	11,582	27,751
	16,749,609	16,253,275

##### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (b) Credit Risk (cont'd)

##### (iii) Assessment of Impairment Losses (cont'd)

##### *Trade Receivables and Contract Assets*

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Also, the Group considers any receivables having financial difficulty or with significant balances outstanding for more than 1 year are deemed credit impaired.

During the current financial year, the Company has changed its risk management practices in response to the COVID-19 pandemic. The expected loss rates are based on the historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

	Gross Amount	Individual Impairment	Collective Impairment	Carrying Amount
The Group	RM	RM	RM	RM
<b>2021</b>				
Current (not past due)	12,915,564	-	(111,349)	12,804,215
1 to 30 days past due	980,477	-	(20,684)	959,793
31 to 60 days past due	369,002	-	(10,447)	358,555
61 to 90 days past due	1,216,009	-	(27,429)	1,188,580
More than 90 days past due	1,491,711	-	(53,245)	1,438,466
Credit impaired	2,464,668	(2,464,668)	-	-
Trade receivables	19,437,431	(2,464,668)	(223,154)	16,749,609
Contract assets	10,663,133	-	(147,074)	10,516,059
	30,100,564	(2,464,668)	(370,228)	27,265,668

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (b) Credit Risk (cont'd)

##### (iii) Assessment of Impairment Losses (cont'd)

##### Trade Receivables and Contract Assets (cont'd)

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2020</b>				
Current (not past due)	8,545,177	-	(50,535)	8,494,642
1 to 30 days past due	1,652,015	-	(7,249)	1,644,766
31 to 60 days past due	824,804	-	(11,724)	813,080
61 to 90 days past due	2,438,267	-	(19,125)	2,419,142
More than 90 days past due	3,039,865	-	(158,220)	2,881,645
Credit impaired	2,610,959	(2,610,959)	-	-
Trade receivables	19,111,087	(2,610,959)	(246,853)	16,253,275
Contract assets	2,038,958	-	(14,612)	2,024,346
	21,150,045	(2,610,959)	(261,465)	18,277,621

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 11 and 12 to the financial statements respectively.

##### Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The movement in loss allowances is disclosed in Note 13 to the financial statements.

##### Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### Amount Owing By Subsidiaries (Non-trade Balance)

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. As at the end of the reporting period, there was no indication that the amount owing by subsidiaries are not recoverable. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (c) Liquidity Risk

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

#### Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 – 5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
<b>The Group</b>						
<b>2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	3.05 - 9.84	13,997,367	21,008,623	1,228,595	3,719,566	16,060,462
Term loans	3.33	6,057,340	9,051,952	717,876	2,871,504	5,462,572
Trade payables	-	5,318,814	5,318,814	5,318,814	-	-
Other payables and accruals	-	2,831,972	2,831,972	2,831,972	-	-
		28,205,493	38,211,361	10,097,257	6,591,070	21,523,034
<b>2020</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	3.05 - 9.84	14,110,173	21,643,479	1,048,428	4,169,578	16,425,473
Term loans	3.58	6,451,388	9,590,359	717,876	2,871,504	6,000,979
Trade payables	-	3,516,200	3,516,200	3,516,200	-	-
Other payables and accruals	-	3,765,741	3,765,741	3,765,741	-	-
		27,843,502	38,515,779	9,048,245	7,041,082	22,426,452



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (c) Liquidity Risk (cont'd)

##### Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
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#### The Company

##### 2021

##### Non-derivative Financial Liabilities

Other payables and accruals	-	825,813	825,813	825,813
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	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
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#### The Company

##### 2020

##### Non-derivative

##### Financial Liabilities

Lease liabilities	3.61 – 3.66	12,321,900	19,710,567	365,010	2,920,084	16,425,473
Other payables and accruals	-	1,876,814	1,876,814	1,876,814	-	-
		14,198,714	21,587,381	2,241,824	2,920,084	16,425,473

### 32.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Financial Assets</b>				
<u>Mandatorily at Fair Value Through Profit or Loss</u>				
Short-term investments (Note 14)	7,787,560	27,867,400	5,383,016	23,531,914
<u>Amortised Cost</u>				
Trade receivables (Note 11)	16,749,609	16,253,275	-	-
Other receivables (Note 13)	44,744	73,393	-	-
Amount owing by a subsidiary (Note 9)	-	-	6,001,644	5,348,708
Cash and bank balances	26,628,508	12,686,843	5,667,536	1,756,733
	43,422,861	29,013,511	11,669,180	7,105,441
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Lease liabilities (Note 17)	13,997,367	14,110,173	-	12,321,900
Term loans (Note 18)	6,057,340	6,451,388	-	-
Trade payables (Note 20)	5,318,814	3,516,200	-	-
Other payables and accruals (Note 21)	2,831,972	3,765,741	825,813	1,876,814
	28,205,493	27,843,502	825,813	14,198,714

### 32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group	
	2021	2020
	RM	RM
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value through Profit or Loss</u>		
Net gains recognised in profit or loss	452,701	993,559
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(139,838)	(653,703)
<b>Financial Liabilities</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(657,345)	(646,452)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	The Company	
	2021	2020
	RM	RM
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value through Profit or Loss</u>		
Net gains recognised in profit or loss	383,644	870,384
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	165,648	-
<b>Financial Liabilities</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(339,335)	(400,968)

### 32.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>The Group</b>								
<b>2021</b>								
<u>Financial Asset</u>								
Short-term investments	-	7,787,560	-	-	-	-	7,787,560	7,787,560
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	6,057,340	-	6,057,340	6,057,340
<b>2020</b>								
<u>Financial Asset</u>								
Short-term investments	-	27,867,400	-	-	-	-	27,867,400	27,867,400
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	6,451,388	-	6,451,388	6,451,388

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.5 FAIR VALUE INFORMATION (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
<b>The Company</b>					
<b>2021</b>					
<u>Financial Asset</u>					
Short-term Investments	-	5,383,016	-	5,383,016	5,383,016
<b>2020</b>					
<u>Financial Asset</u>					
Short-term Investments	-	23,531,914	-	23,531,914	23,531,914

#### (i) Fair Value of Financial Instruments Carried at Fair Value

The fair value above have been determined using the following basis:-

- (a) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- (b) There were no transfer between level 1 and level 2 during the financial year.

#### (ii) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (a) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rate on or near the reporting date.

## 33. CONTINGENT ASSET

### Court Civil Suit between Binasat Sdn Bhd ("Binasat SB") and Rosado Tradeline Sdn Bhd ("Rosado")

The dispute relates to a sub-contract between its subsidiary, Binasat SB and Rosado under which Rosado has appointed Binasat SB as the subcontractor to carry out the works in respect of "Building the Fiber System – Implementation Services of Civil Infrastructure and Fiber Optic Cabling Works".

As at the reporting date, Binasat SB has claimed approximately RM1,177,000 (including profit portion) being the sum due and amount owing for work carried out and completed for Rosado up to the date of the termination of the sub-contract. Rosado has in response, counterclaimed against Binasat SB for general damages to be assessed by the Court and costs.

Solicitors of Binasat SB are of the view that there is a reasonably good chance for Binasat SB to succeed in its claim against Rosado, and to defend against Rosado's counterclaim.

The Board is of the view that this legal suit will not give rise to a negative impact on the financial performance and position of the Group as the ancillary cost related to the sub-contract has been provided and accounted for in Binasat SB's audited financial statements in prior years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

cont'd

## 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### a) Proposed Acquisition of Borderless Connection Sdn. Bhd.

On 23 June 2021, the Company had entered into a conditional share sale agreement for the proposed acquisition of 255,000 ordinary shares in BCSB, representing 51% equity interest in BCSB, for a purchase consideration of RM18,360,000, to be satisfied via a combination of RM5,360,000 in cash and RM13,000,000 via the issuance of 37,142,856 new ordinary shares in the Company at an issue price of RM0.35 each.

### b) Coronavirus Disease 2019 (COVID-19)

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the MCO and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the category of the COVID-19 pandemic.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

## 35. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

### Proposed Acquisition of Borderless Connection Sdn. Bhd.

On 21 July 2021, the additional listing application in relation to the Proposed Acquisition has been submitted to Bursa Malaysia Berhad ("Bursa Securities").

On 18 August 2021, the approval granted by Bursa Securities for the listing and quotation of the consideration shares is subject to the following conditions:

- (i) The Company must fully comply with the relevant provisions under the listing requirements pertaining to the implementation of the proposed acquisition;
- (ii) The Company to inform Bursa Securities upon the completion of the proposed acquisition;
- (iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the proposed acquisition is completed;
- (iv) Compliance by the Company with the public shareholding spread upon completion of the proposed acquisition; and
- (v) The Company to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in general meeting approving the proposed acquisition.

On 24 September 2021, the Company has obtained approval by the shareholders of the Company via Extraordinary General Meeting ("EGM").

## LIST OF PROPERTIES

Address	Descriptions/ Existing use	Land area/ Built-up area (sq.ft.)	Tenure	Approximate age of building (years)	Audited net book value as at 30 June 2021 (RM)	Date of acquisition
H.S.(D) 150067, PT 14455, and H.S.(D) 150068, PT 14456, Seksyen 15, Mukim Bandar Ampang, Daerah Ulu Langat, Negeri Selangor/ No. 17 & 19, Jalan Bukit Permai Utama 3, Taman Industri Bukit Permai, Cheras 56100 Kuala Lumpur.	Two storey corporate office and storage facility  Existing use: Rented to third party	Total land area: 14,400  Total built up area:16,960	45 Years lease expiring on 9 October 2066	13	5,489,475	31.1.2013
HS (D) 550747, PTD 170968, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor./ No.5 Jalan Kempas Lama 1, Off Jalan Kempas Lama, 81300 Skudai, Johor ("Kempas Lama Property")	Three storey cluster corporate factory  Existing Use: Vacant	Total land area: 6,491  Total built up area: 7,398	Freehold	7	2,630,709	28.5.2014
HS (D) 560747, PTD 8688, Mukim Jelutong, Tempat Taman Nusantara Daerah Johor Bahru, Negeri Johor/Lot 24, Tiong Nam Business Park @ SiLC7 Johor Bahru, Johor ("SiLC7 Property")	Three storey shop office  Existing Use: Vacant	Total land area: 1,540  Total built up area: 4,620	Freehold	4	1,254,486	30.3.2014

# LIST OF PROPERTIES

cont'd

Address	Descriptions/ Existing use	Land area/ Built-up area (sq.ft.)	Tenure	Approximate age of building (years)	Audited net book value as at 30 June 2021 (RM)	Date of acquisition
Parcel No. TKP3/DS-114 erected on land held under HS(D) 40768, PT 56152, Mukim Dengkil, Daerah Sepang, Negeri Selangor./ No. 85, Jalan SP 3/4 Salak Perdana, 43900 Sepang, Selangor ("Salak Perdana Property")	Two and half storey terrace house  Existing Use: Vacant	Total land area: 1,400  Total built up area: 1,558	Freehold	7	266,324	22.9.2014
H.S.(D) 116031, PT 13824, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur/ Menara Binasat, Lot PT 13824, Jalan Teknologi 4, Technology Park Malaysia, 57000, Bukit Jalil, Kuala Lumpur.	Three storey corporate office and storage facility  Existing Use: Office & Warehouse	Total land area: 147,132  Total built up area: 22,366	60 Years lease expiring on 1 June 2078	1	13,611,986	20.7.2020



# ANALYSIS OF SHAREHOLDINGS

AS AT 4 OCTOBER 2021

## ORDINARY SHARES

Total Number of Issued Shares	:	286,436,750
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Number of Shareholders	:	5,416

## DISTRIBUTION OF SHAREHOLDINGS AS AT 4 OCTOBER 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 100	11	0.203	436	0.000
100 to 1,000	489	9.029	291,600	0.102
1,001 to 10,000	2,639	48.726	16,688,412	5.826
10,001 to 100,000	2,053	37.906	68,628,200	23.959
100,001 to 14,321,837 (*)	221	4.081	76,568,900	26.732
14,321,838 and above (**)	3	0.055	124,259,202	43.381
<b>TOTAL</b>	<b>5,416</b>	<b>100.000</b>	<b>286,436,750</b>	<b>100.000</b>

Remarks: \* - Less than 5% of issued shares  
 \*\* - 5% and above of issued shares

## SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS 4 OCTOBER 2021

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Mr. Na Boon Aik	73,436,751	25.638	-	-
Mr. Na Bon Tiam	50,822,451	17.743	-	-

## DIRECTORS' SHAREHOLDINGS AS AT 4 OCTOBER 2021

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Datuk Cham Hak Lim	200,000	0.070	-	-
Mr. Na Boon Aik	73,436,751	25.638	-	-
Encik Zulamran bin Hamat	2,500,000	0.873	-	-
Dato' Seow Thiam Fatt	230,000	0.080	-	-
Dato' Tan Yee Boon	-	-	-	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 4 OCTOBER 2021

cont'd

## THIRTY LARGEST SHAREHOLDERS AS AT 4 OCTOBER 2021

Name of Shareholders	Holdings	
	No. of Shares	% of Issued Capital
1. Na Boon Aik	53,436,751	18.656
2. Na Bon Tiam	50,822,451	17.743
3. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Na Boon Aik</i>	20,000,000	6.982
4. Fong Ah Chai	6,800,000	2.374
5. Koe Liew Hin	2,500,000	0.873
6. Zulamran bin Hamat	2,500,000	0.873
7. Tan Pooi Fan	1,900,000	0.663
8. Ng Kong Wan	1,700,000	0.593
9. He Swee Hong	1,540,100	0.538
10. Chew Soon Ping @ David Chew	1,300,000	0.454
11. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Guan Chong (E-KLG)</i>	1,212,000	0.423
12. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Su Suit Chai (E-PKG)</i>	1,200,000	0.419
13. Lim Peng Hock	1,100,000	0.384
14. Yue Lain Hong	1,093,000	0.382
15. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Lee Yuet Ngor</i>	990,000	0.346
16. Wong Siaw Mee	990,000	0.346
17. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Su Ching (MY2847)</i>	867,300	0.303
18. Yu Lian Hai	800,000	0.279
19. Ong Keng Seng	795,000	0.278
20. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yong Yoong Thiam</i>	750,000	0.262
21. Lim Kok Lye	701,000	0.245
22. Lee Kok Hai	655,400	0.229
23. Zazhali bin Bahrom	642,400	0.224
24. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)</i>	630,000	0.220
25. Soo Tong Hui	610,000	0.213
26. Sabona Wee binti Abdullah	600,000	0.209
27. Wee Huey Chin	600,000	0.209
28. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mui Kar Choun (MY2324)</i>	581,000	0.203
29. Choo Teck Keong	575,000	0.201
30. Cheah Kim Bang	566,000	0.198

## NOTICE OF FIFTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifth Annual General Meeting (“5<sup>th</sup> AGM”) of Binasat Communications Berhad (“the Company”) will be held on Tuesday, 30 November 2021 at 10.00 a.m. or at any adjournment thereof, as a fully virtual meeting via the online meeting platform at <https://agm.omesti.com> provided by Red Ape Solutions Sdn Bhd in Malaysia, for the following purposes:

### AGENDA

#### As Ordinary Business

- |  |   |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.  | (Please refer to Explanatory Note 1)                          |
| 2. To approve the payment of Directors’ Fees and benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM208,800 for the financial year ending 30 June 2022. | Ordinary Resolution 1<br>(Please refer to Explanatory Note 2) |
| 3. To re-elect Tan Sri Datuk Cham Hak Lim who retires pursuant to Clause 96 of the Company’s Constitution.   | Ordinary Resolution 2<br>(Please refer to Explanatory Note 3) |
| 4. To re-elect Encik Zulamran bin Hamat who retires pursuant to Clause 96 of the Company’s Constitution.   | Ordinary Resolution 3<br>(Please refer to Explanatory Note 3) |
| 5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  | Ordinary Resolution 4   |

#### As Special Business

To consider and if thought fit, to pass the following resolutions:

- |  |   |
|--|---|
| 6. <b>Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016</b> | Ordinary Resolution 5<br>(Please refer to Explanatory Note 4) |
|--|---|

“THAT subject to the Companies Act 2016 (“the Act”), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental or regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may, in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company (excluding treasury shares) for the time being (“20% General Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the new shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

THAT with effect from 1 January 2022 or a later date allowed by the relevant authorities whichever is later, the general mandate shall be reinstated from a 20% General Mandate to 10% General Mandate provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of the issued shares of the Company (excluding treasury shares) of the Company for the time being.”

# NOTICE OF FIFTH ANNUAL GENERAL MEETING

cont'd

## 7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

**Ordinary Resolution 6**  
(Please refer to  
Explanatory Note 5)

"THAT approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 29 October 2021, provided that:

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the Annual Report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
  - (i) the related transacting parties and their respective relationship with the Company; and
  - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (c) revoked or varied by resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

# NOTICE OF FIFTH ANNUAL GENERAL MEETING

cont'd

8. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

**TAI YIT CHAN (SSM PC No. 202008001023) (MAICSA 7009143)**  
**TAN AI NING (SSM PC No. 202008000067) (MAICSA 7015852)**  
 Company Secretaries

Selangor Darul Ehsan

Date: 29 October 2021

## NOTES:-

1. As part of the safety measures to curb the spread of COVID-19, the Company will conduct the 5<sup>th</sup> AGM as a fully virtual meeting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com>.

*The main venue of the 5<sup>th</sup> AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be at the main venue, is the online meeting platform provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com> in Malaysia.*

*Shareholders/proxies are strongly advised to participate and vote remotely at the 5<sup>th</sup> AGM through live streaming and online voting using the RPEV facilities.*

*Please refer to the Administrative Guide for the 5<sup>th</sup> AGM for the procedures to register, participate and vote remotely through the RPEV facilities.*

2. A member of the Company entitled to attend and vote at the 5<sup>th</sup> AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead via RPEV facilities. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 5<sup>th</sup> AGM of the Company shall have the same rights as the member to speak (in the form of real time submission of typed texts) at the 5<sup>th</sup> AGM via RPEV facilities.
3. A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his/her shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney is duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.
6. Only members whose names appear in the Record of Depositors on 18 November 2021 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the 5<sup>th</sup> AGM or appoint proxy/proxies to attend and/or vote on his/her behalf via RPEV facilities.
7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 5<sup>th</sup> AGM, as follows:

**(a) In hard copy form**

*The original instrument appointing a proxy ("**Proxy Form**") or the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*

**(b) By electronic means**

*The proxy form can also be lodged electronically via online meeting platform at <https://agm.omesti.com>. Please follow the procedures in the Administrative Guide for the 5<sup>th</sup> AGM in order to deposit the Proxy Form electronically.*

# NOTICE OF FIFTH ANNUAL GENERAL MEETING

cont'd

8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, the resolutions set out in the Notice of 5<sup>th</sup> AGM will be put to vote by way of poll.

## EXPLANATORY NOTES

### 1. Item 1 of the Agenda – Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

### 2. Item 2 of the Agenda - Directors' Fees and benefits payable

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The Directors' benefits payable to the Independent Non-Executive Directors comprises meeting allowances. In this respect, shareholders' approval shall be sought at this 5<sup>th</sup> AGM on the Directors' fees and benefits under Ordinary Resolution 1.

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees and benefits on a current year basis based on the current board size and the number of scheduled meetings. In the event that the amount proposed is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next Annual General Meeting for the shortfall.

### 3. Item 3 and Item 4 of the Agenda - Re-election of Directors

Pursuant to Malaysian Code of Corporate Governance 2021, the profiles of the Directors who are standing for re-election as per Agenda items are as follow:

Description	Ordinary Resolution 2
Name of Director	Tan Sri Datuk Cham Hak Lim (Independent Non-Executive Chairman)
Nationality/Age/Gender	Malaysian/80/Male
Date of Appointment	13 September 2018
Date of Last Re-election	29 November 2018
Present Directorship	(1) Binasat Communications Berhad
Family relationship with any Director and/or major shareholder of the Company	He has no family relationship with any Director and/or major shareholder of the Company.
Working experience	He was elected as a Committee Member of Selangor Turf Club in 1996 and he was appointed as the Deputy Chairman of Selangor Turf Club in 1998. He was also a Committee Member of Malayan Racing Association. In 2004, he was elected as the Chairman of the Lembaga Totalisator Malaysia Technical Committee of the Equine Industry Development Project. He was also appointed as Joint Chairman by the State Government of Terengganu for the National Horse Show for Kuala Terengganu in 2008. In 2009, he was elected as the Chairman of the Selangor Turf Club and he assumes the position of Chairman till to date. In 2011, he was awarded the BrandLaureate Most Eminent Brand ICON Leadership Awards by Asia Pacific Brands Association. In 2012, he was appointed as the Chairman of Lembaga Totalisator Malaysia by the Minister of Finance, for a duration of two years and went on to serve as Chairman another two years till July 2016. In August 2019, he has again been appointed by the Minister of Finance as the Chairman of Lembaga Totalisator Malaysia for another three years till 2022. He is also actively involved in the motor vehicle industry and served as the Chairman for several companies including Atiara Otomobil Pte Ltd, Advant Speed Motors Sdn Bhd, Atika Enterprise Pte Ltd and Affluent Centre Pte Ltd. Uni-Asia Insurance Berhad presented him with the Award of Million-Dollar Producer in Motor Insurance in 2005.

# NOTICE OF FIFTH ANNUAL GENERAL MEETING

cont'd

The Board based on the recommendation of Nomination Committee, supports the re-election of Tan Sri Datuk Cham Hak Lim as Independent Non-Executive Chairman of the Company based on the following justifications:-

1. Tan Sri Datuk Cham Hak Lim fulfils the requirements of independence set out in ACE Market Listing Requirements of Bursa Securities. He remains objective and independent in expressing his view and participating in Board's deliberations and decision-making process.
2. Tan Sri Datuk Cham Hak Lim has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Chairman of the Company.

Description	Ordinary Resolution 3
Name of Director	Encik Zulamran bin Hamat (Executive Director cum Chief Executive Officer)
Nationality/Age/Gender	Malaysian/50/Male
Date of Appointment	6 February 2018
Date of Last Re-election	29 November 2018
Present Directorship	(1) Binasat Communications Berhad
Family relationship with any Director and/or major shareholder of the Company	He has no family relationship with any Director and/or major shareholder of the Company.
Working experience	<p>He began his career with Southern Wire Industries (Malaysia) Sdn Bhd in 1994 as an Electrical Engineer where he was involved in managing the electrical division and supporting the operations and maintenance of the company's electrical equipment and system. He left the company in 1998 to join Communications &amp; Satellite Services Sdn Bhd ("CSS") as a Technical Engineer and was promoted in 2006 as the head of the Operations and Engineering Department where he was responsible for managing the company's day-to-day operations. He gained vast experience in satellite operations during his tenure with CSS as he was involved in the setting up of a system for the provisions of satellite broadcasting services. He left CSS in 2013. He has more than 20 years of experience in the satellite and telecommunications industry.</p> <p>In his current role as Executive Director cum Chief Executive Officer of the Company, he manages the Group's day-to-day operations and is primarily responsible for project management as well as business expansion.</p>

The Board based on the recommendation of Nomination Committee, supports the re-election of Encik Zulamran bin Hamat as Executive Director of the Company based on the following justifications:-

1. Encik Zulamran bin Hamat has vast experience in the satellite and telecommunications industry. He is familiar with the Company's business operation and able to provide valuable input to steer the Company forward.
2. Encik Zulamran bin Hamat has exercised his due care and carried out his professional duties proficiently during his tenure as Executive Director cum Chief Executive Officer of the Company.

## 4. Item 6 of the Agenda – Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had at its Fourth Annual General Meeting held on 27 November 2020 ("4<sup>th</sup> AGM") obtained a general mandate pursuant to Sections 75 and 76 from its shareholders, to empower the Directors to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue ("20% General Mandate"). This 20% General Mandate will expire at the conclusion of this AGM.

The Company had on 2 December 2020 completed a private placement of new ordinary shares of up to 10% of the total number of issued shares of the Company ("10% Private Placement") and completed the issuance and allotment of a total of 22,069,200 new ordinary shares ("Shares") and raised total proceeds of RM6.80 million from the 10% Private Placement.



# NOTICE OF FIFTH ANNUAL GENERAL MEETING

cont'd

The details of the utilisation of proceeds raised from the private placement exercise as at 30 September 2021 are as follows:

Details of use of proceeds	Estimated Timeframe for Utilisation	Proposed Utilisation	Actual Utilisation	Balance unutilised as 30 September 2021	Percentage Utilised
		RM'000	RM'000	RM'000	%
1 Installation of new data centre at the Group's satellite teleport facility	Within 24 months	4,000	3,645	355	91.13%
2 Working capital	Within 24 months	2,704	2,704	-	100.00%
3 Expenses for the 10% Private Placement	Immediate	97	97	-	100.00%
		6,801	6,446	355	94.78%

The Ordinary Resolution 5 proposed under item 6 of the Agenda, is to seek the 20% General Mandate to empower the Directors of the Company pursuant to Sections 75 & 76 of the Act. This 20% General Mandate may be utilised by the Company to allot and issue new ordinary shares until 31 December 2021 and thereafter, unless extended by Bursa Securities, the 10% limit under Rule 6.04(1) of the ACE Market Listing Requirements of Bursa Securities will be reinstated. This authority, unless revoked or varied at general meeting, will expire at the next Annual General Meeting of the Company.

Given the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed corporation to seek a higher general mandate under Rule 6.04 of the ACE Market Listing Requirements of Bursa Securities of not more than twenty percent (20%) of the total number of issued shares (excluding treasury shares) for the issue of new securities.

## The Board of Directors' Statement

The Board of Directors of the Company ("Board"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by COVID-19, this 20% General Mandate is the most appropriate avenue of the fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

## **5. Item 7 of the Agenda – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 6 is a renewal of Shareholders' Mandate which will enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favorable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 29 October 2021 for further information.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

There are no individuals standing for election/appointment as Directors at the Fifth AGM.

The Directors who are standing for re-election are Tan Sri Datuk Cham Hak Lim and Encik Zulamran bin Hamat whose profiles are set out on pages 12 and 14 respectively of the 2021 Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Rule 6.04 (3) of the ACE Market Listing Requirements of Bursa Securities are set out under Explanatory Note 4 on Special Business for Ordinary Resolution 5 of the Notice of the 5<sup>th</sup> AGM of the Company.

**Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the 5<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 5<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 5<sup>th</sup> AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



# PROXY FORM



No. of shares held	
CDS Account No.	

## BINASAT COMMUNICATIONS BERHAD

Registration No. 201701008491 (1222656-D)  
(Incorporated in Malaysia)

I/We\*, \_\_\_\_\_ (full name of shareholder, in capital letters)

NRIC No./Passport No./Company No.\* \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ (full address)

telephone no. \_\_\_\_\_ and email address \_\_\_\_\_

being a member/members\* of BINASAT COMMUNICATIONS BERHAD, hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			
Email Address			
Telephone No.			

and/ or\*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			
Email Address			
Telephone No.			

\*or failing him/her, the Chairman of the meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Fifth Annual General Meeting of the Company which will be held as a fully virtual meeting through live streaming and online meeting platform using Remote Participation and Electronic Voting facilities provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com> on Tuesday, 30 November 2021 at 10.00 a.m., or at any adjournment thereof, and to vote in the manner indicated below:-

No.	Resolutions	For	Against
	<b>Ordinary Business</b>		
Ordinary Resolution 1	To approve the payment of Directors' Fees and benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM208,800 for the financial year ending 30 June 2022.		
Ordinary Resolution 2	To re-elect Tan Sri Datuk Cham Hak Lim who retires pursuant to Clause 96 of the Company's Constitution.		
Ordinary Resolution 3	To re-elect Encik Zulamran bin Hamat who retires pursuant to Clause 96 of the Company's Constitution.		
Ordinary Resolution 4	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	<b>Special Business</b>		
Ordinary Resolution 5	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

\* Strike out whichever is not desired.

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

\_\_\_\_\_  
Signature/Common Seal of Member(s)

Date: \_\_\_\_\_

#### NOTES

1. As part of the safety measures to curb the spread of COVID-19, the Company will conduct the 5<sup>th</sup> AGM as a fully virtual meeting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com>.  
The main venue of the 5<sup>th</sup> AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be at the main venue, is the online meeting platform provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com> in Malaysia.  
Shareholders/proxies are strongly advised to participate and vote remotely at the 5<sup>th</sup> AGM through live streaming and online remote voting using the RPEV facilities.  
Please refer to the Administrative Guide for the 5<sup>th</sup> AGM for the procedures to register, participate and vote remotely through the RPEV facilities.
2. A member of the Company entitled to attend and vote at the 5<sup>th</sup> AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead via RPEV facilities. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 5<sup>th</sup> AGM of the Company shall have the same rights as the member to speak (in the form of real time submission of typed texts) at the 5<sup>th</sup> AGM via RPEV facilities.
3. A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his/her shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney is duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.

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AFFIX  
STAMP

The Share Registrar of Binasat Communications Berhad

**Boardroom Share Registrars Sdn Bhd**  
**Registration No. 199601006647 (378993-D)**

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

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6. Only members whose names appear in the Record of Depositors on 18 November 2021 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the 5<sup>th</sup> AGM or appoint proxy/proxies to attend and/or vote on his/her behalf via RPEV facilities.
7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 5<sup>th</sup> AGM, as follows:
  - (a) **In hard copy form**  
The original instrument appointing a proxy ("**Proxy Form**") or the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - (b) **By electronic means**  
The proxy form can also be lodged electronically via online meeting platform at <https://agm.omesti.com>. Please follow the procedures in the Administrative Guide for the 5<sup>th</sup> AGM in order to deposit the Proxy Form electronically.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 5<sup>th</sup> AGM will be put to vote by way of poll.

#### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 October 2021.