



BINASAT COMMUNICATIONS BERHAD

[Registration No: 201701008491 (1222656-D)]

(Incorporated in Malaysia under the Companies Act 2016)



Annual Report 2020

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WHAT'S
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Cham Hak Lim
Independent Non-Executive
Chairman

Na Boon Aik
Managing Director

Na Bon Tiam
Executive 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 (MAICSA 7009143)
Ms Tan Ai Ning (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.bina.com.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

SPONSOR

TA Securities Holdings Berhad
29 Floor, Menara TA One,
22, Jalan P Ramlee,
50250 Kuala Lumpur
Tel : (03) 2167 9321
Fax : (03) 2031 0052

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:

Datuk Lalla Nezha Binti Mohd Khalil who was member of the Board of Directors, Nomination Committee and Remuneration Committee from 6 June 2017 to 26 February 2020 resigned as director of the Company with effect from 26 February 2020.

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**

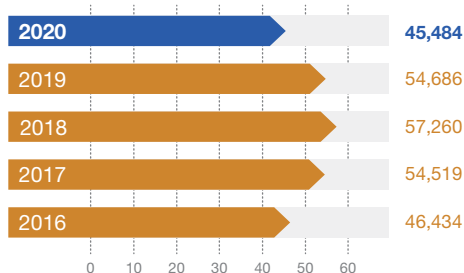
201201041062(1025540-P)

Provision of support services for
satellite telecommunications
network.

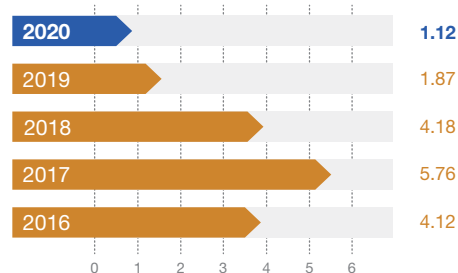
5 YEARS FINANCIAL HIGHLIGHTS

	FYE 2016*	FYE 2017*	FYE 2018	FYE 2019	FYE 2020
PROFITABILITY	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	46,434	54,519	57,260	54,686	45,484
Profit Before Taxation ("PBT")	9,655	13,665	12,123	7,192	4,183
Profit After Taxation ("PAT")	7,167	10,023	9,105	4,599	3,211
Net Profit Attributable to Owners of the Company	7,168	10,027	9,071	4,874	2,926
FINANCIAL POSITION					
Total Assets	33,344	43,793	89,107	94,394	107,266
Equity Attributable to Owners of the Company	17,032	25,405	70,994	74,567	78,862
Total Borrowings	8,794	8,650	8,708	8,229	20,562
Number of Ordinary Shares ('000)	174,021 [#]	174,021 [#]	260,000	260,000	264,368
Weighted Average Number of Ordinary Shares in Issue ('000)	174,021 [#]	174,021 [#]	217,050	260,000	262,315
SHARE INFORMATION					
Earnings Per Share (Sen) ("EPS")	4.12	5.76	4.18	1.87	1.12
Net Assets Per Share Attributable to Owners of the Company (Sen)	9.79	14.60	27.31	28.68	29.83
Gearing Ratio (Times)	0.52	0.34	0.12	0.11	0.26
Return on equity (%)	42	39	13	6	4

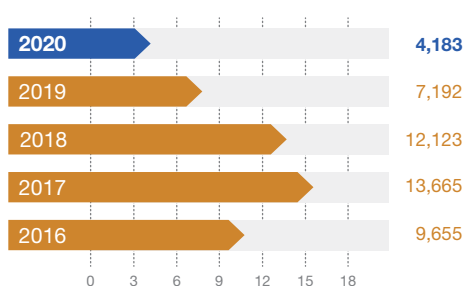
REVENUE (RM'000)



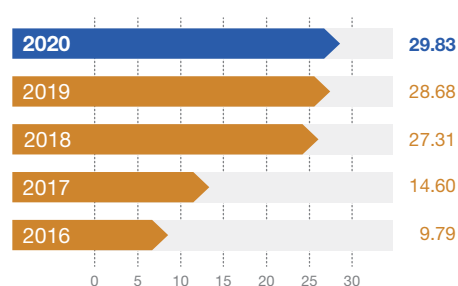
EPS (Sen)



PBT (RM'000)



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



Notes

* The financial results for the financial year ended ("FYE" or "Financial Year") 30 June 2016 and 30 June 2017 are based on audited combined financial statements as disclosed in Prospectus of the Company dated 13 December 2017.

[#] Based on the number of shares assumed to be in issue before public issue in conjunction with the Company's listing on the ACE market of Bursa Malaysia Securities Berhad ("Bursa Securities").

MANAGEMENT DISCUSSION AND ANALYSIS

“

Dear Valued Shareholders,

On behalf of the Board of Directors (“Board”), we are pleased to present the Annual Report and Audited Financial Statements of Binasat Communications Berhad (“Binacom” or the “Company”) for the FYE 30 June 2020.



”

1. OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES

1.1 Business and Operations

Binacom and its subsidiaries (“Binacom” or 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 fibre optic telecommunications networks. The Group provides these services to major telecommunication companies in Malaysia, either directly or indirectly through equipment suppliers.

The Group provide 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.

Binacom was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad on 8 January 2018.

In July 2020, the Group had relocated our main business operation to our new purpose built corporate office in a land measuring approximately 3.378 acres (approximately 147,172 square feet) in Technology Park Malaysia, Bukit Jalil, Kuala Lumpur. The relocation was undertaken after considering the Group’s continuing growth in its operations. The new office will be able to also cater for the Group’s future business expansion.

1.2 Corporate Developments



On 7 April 2020, TA Securities Holdings Berhad (“TA Securities”) had announced on behalf of the Board that the Company proposes to undertake a private placement of new ordinary shares in Binasat (“Placement Shares”), of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified later and at an issue price to be determined later (“Private Placement”).

Bursa Securities had via its letter on 10 April 2020 approved the listing and quotation of up to 26,034,700 Placement Shares to be issued pursuant to the Private Placement. On 7 October 2020, TA Securities announced on behalf of the Board that Binasat had obtained the approval of Bursa Securities via its letter dated 6 October 2020 for an extension of time of 6 months from 10 October 2020 up to 9 April 2021 for the Company to complete the implementation of the Private Placement.

As at 20 October 2020, Binasat has issued a total of 4,367,550 shares pursuant to its special issue exercise to Bumiputera investors.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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

1.2 Corporate Developments (cont'd)

As at 30 June 2020, RM37.1 million of the gross proceeds from the Company's Public Issue of RM39.55 million has been utilised, out of which RM16.7 million was utilised in the current Financial Year on mainly the following:

- Utilised a further RM4.4 million in setting up of our teleport facility as well as the Group's purpose built corporate office in Technology Park Malaysia, Bukit Jalil, Kuala Lumpur. To this end, the Group has relocated our main business operations to Technology Park Malaysia in July 2020.
- Utilised RM7.2 million for the appointment of sub-contractors and the rental of skylifts to undertake the Group's projects in the mobile segment as well as fibre optic network installation and commissioning services segment.
- Utilised RM5.0 million for working capital comprising mainly RM2.1 million for operational expenses, RM1.8 million for purchases of materials and RM1.1 million for staff salaries.

2. FINANCIAL REVIEW

GROUP FINANCIAL RESULTS (RM'000)	FYE 30 June 2020	FYE 30 June 2019
Revenue	45,484	54,686
Gross profit ("GP")	11,776	14,714
Profit before tax ("PBT")	4,183	7,192
Income tax expense	(972)	(2,593)
Profit after tax ("PAT")	3,211	4,599
Net profit attributable to owner of the Company	2,926	4,874
Basic earnings per share (sen)	1.12	1.87

The Group reported revenue of RM45.5 million and PBT of RM4.2 million for the FYE 30 June 2020 as compared with revenue of RM54.7 million and PBT of RM7.2 million for the FYE 30 June 2019. The decrease in revenue by RM9.2 million or 16.8% is mainly attributed to decrease in revenue in the network installation and engineering services. As a result of the Covid-19 pandemic, the Malaysian government imposed a movement control order ("MCO") since mid of March 2020, which restricted the operation of the Group's network installation and engineering works as well as the Group's broadcasting services. The Group was only permitted to provide network maintenance works during the MCO period as network maintenance works were categorised as essential services. As a result, the Group's revenue declined significantly as our broadcasting services as well as our network installation and engineering services could not be provided to the Group's clients during the MCO period. The Group's GP for FYE 30 June 2020 decreased by RM2.9 million or 20.0% as compared to the preceding Financial Year. The decrease in the Group's GP during the Financial Year is mainly due to the decrease in revenue from broadcast services and network installation and commissioning services which contribute higher gross profit margin to the Group.

The Group's PAT for FYE 30 June 2020 decreased by RM1.4 million or 30.0% as compared to the preceding Financial Year. Despite a reduction in administrative expenses and other operating expenses by RM1.0 million from the previous Financial Year, the decrease in the Group's PAT was mainly impacted by lower GP recorded during the Financial Year as well as an increase in finance costs by RM0.4 million from the previous Financial Year.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

2. FINANCIAL REVIEW (cont'd)

GROUP FINANCIAL POSITION (RM'000)	FYE 30 June 2020	FYE 30 June 2019
Total assets	107,266	94,394
Total cash and bank balances, fixed deposits with licensed banks and short-term investment	40,554	44,418
Total borrowings	20,562	8,229
Equity attributable to the owners of the Company	78,862	74,567
Gearing ratio (times)	0.26	0.11
Net assets per share attributable to ordinary holders of the Company (RM)	0.30	0.29

Total assets have increased by RM12.9 million during the year mainly attributable to the increase in rights of use assets amounting to RM14.6 million contributed by further progress in setting up the Group's teleport facility and purpose built corporate office in Technology Park Malaysia, Bukit Jalil, Kuala Lumpur, whilst equity attributable to the owners of the Company increased by RM4.3 million. Total borrowings of the Group increased by RM12.3 million as a result of increase in rights of use assets during the Financial Year. As a result of increase in total borrowings during the Financial Year, the Group's gearing ratio increased to 0.26 as at 30 June 2020. The Group continues to exercise prudence in its financial management as part of its strategic objectives of building and sustaining its financial position.

3. OPERATIONS REVIEW AND PROSPECTS

During the financial year, the Group was affected by the MCO imposed by the Malaysian government on 16 March 2020 which took effect from 18 March 2020 and was extended several times whereby the Group's operations in its network installation and commissioning projects were temporarily interrupted. On 29 April 2020, the Ministry of International Trade and Industry permitted certain economic sectors to operate with full capacity workforce during their normal operating hours. The Group resumed full operations on 4 May 2020.

Notwithstanding the challenging economic conditions contributed by the Covid-19 pandemic and sluggish global and local economic growth, the Group continued to grow by commencing the operation of the Group's first two teleports (Ku-band and C-band) in January 2020 and July 2020 respectively as well as continue securing contracts in the fibre optic engineering contracts segment. The Group anticipates to secure new clients after the completion of our Ka-band gateway which is tentatively scheduled to be completed by February 2021.

The Group will also continue to grow its fiber segment which it expects to benefit from the announcement made under the Malaysian National Fiberisation and Connectivity Plan outlined in Budget 2020 ("NFCP") where the NFCP aims to achieve a coverage of 98% connectivity nationwide. Our Group has participated in the delivery of various NFCP projects during the financial year.

Premised on the above, the Board remains cautiously optimistic and continues to take a prudent approach in managing the operations of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

4. RISK

The Group's business, results of operations and growth prospect together with financial conditions are subject to risks and uncertainties, directly or indirectly in the environment it operates. The Group has identified the following known risks that the Group is exposed to as follows:

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 risk of non-renewal of our major licenses and permits.

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

Execution of projects:

Timely completion of projects are dependent on external factors which includes 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 FYE 30 June 2020.

6. APPRECIATION

On behalf of the Board of Directors 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 believe that economic, environmental and social responsibility 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 FYE 30 June 2020 prepared pursuant to paragraph 30 of Appendix 9C of Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("ACE Market Listing Requirements") which is supplemented by Guidance Note 11 of the ACE Market Listing Requirements.

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 emphasizes 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 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, one of our subsidiary company, Binasat Sdn Bhd, is an ISO 9001:2015 (the international standard that specifies requirements for a quality management system) accredited company. 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 are 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.

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.

CORPORATE SUSTAINABILITY STATEMENT

cont'd

2.0 ENVIRONMENTAL (cont'd)

2.1 Energy Conservation Initiatives (cont'd)

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 close at all times when air conditioning system 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 to 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 strives to provide a healthy and safe working environment for our employees. Regular workplace examination is one of the main responsibilities of the management to ensure work places are organised, neat, tidy and safe. Fire and safety drills, as well as risk awareness briefing and workplace safety awareness campaign are held to increase employees' awareness and knowledge for the safety issues and to respond in the event of an emergency.

3.2 Training

The Group regularly keeps our technical personnel trained and updated on the techniques and technologies that can help them to perform their duties effectively. This will improves 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 level of staff in order to develop their skills and knowledge for their career development.

This statement was approved by the Board on 20 October 2020.

PROFILE OF DIRECTORS



TAN SRI DATUK CHAM HAK LIM

*Independent Non-Executive Chairman
Malaysian, Male, aged 79*

Tan Sri Datuk Cham Hak Lim 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 Datuk Cham Hak Lim 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 2012, he was appointed as the Chairman of Lembaga Totalisator Malaysia by the Minister of Finance, and continued his serving till 2016. He is 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.

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.

Tan Sri Datuk Cham Hak Lim attended all the five (5) Board of Directors' Meetings held during the FYE 30 June 2020.

PROFILE OF DIRECTORS

cont'd



NA BOON AIK

Managing Director

Malaysian, Male, aged 56

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 Binasat 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 ourself 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 the Executive Director and 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 FYE 30 June 2020.

PROFILE OF DIRECTORS

cont'd

**NA BON TIAM***Executive Director**Malaysian, Male, aged 48*

Mr. Na Bon Tiam was appointed as the Executive Director of the Company on 6 June 2017.

He obtained his Diploma in Computer Science from the Institute of Data Processing Management, United Kingdom in 1994. In 1995, he began his career as a sales personnel in Computer Forms (Malaysia) Berhad. In 1999, he left Computer Forms (Malaysia) Berhad and set up Binacom Telesystem, a sole proprietorship principally involved in the installation and maintenance of satellite television.

In 2000, he established Binaset Sdn Bhd ("Binaset") under its former name of NCR Computer Forms Sdn Bhd which carried out marketing and trading of pre-printed computer forms up till 2004. In 2004, together with his sibling Na Boon Aik, and leveraging on their experience from Binacom Telesystem, Binaset commenced its telecommunications related operations to provide supporting services in satellite communications network and has over the years expanded across three major telecommunications network mediums in Malaysia, namely satellite, mobile and fibre optic telecommunications networks.

He is responsible for the overall management and day-to-day operations of our Group, including marketing and business development, technical and customer relationship management.

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 Boon Aik, is the Managing Director and 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 Bon Tiam attended all the five (5) Board of Directors' Meetings held during the FYE 30 June 2020.

PROFILE OF DIRECTORS

cont'd



ZULAMRAN BIN HAMAT

*Executive Director cum Chief Executive Officer
Malaysian, Male, aged 49*

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 FYE 30 June 2020.

PROFILE OF DIRECTORS

cont'd



DATO' SEOW THIAM FATT

*Senior Independent Non-Executive Director
Malaysian, Male, aged 79*

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 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 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 FYE 30 June 2020.

PROFILE OF DIRECTORS

cont'd



DATO' TAN YEE BOON

*Independent Non-Executive Director
Malaysian, Male, aged 45*

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 Central Global Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

He also appointed as Independent Non-Executive Director of China 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 FYE 30 June 2020.

PROFILE OF KEY SENIOR MANAGEMENT

Profiles of the Managing Director and Executive Director cum Chief Executive Officer are listed on pages 12 and 14.



NOR AZIMUDDIN BIN ARIFIN

Nor Azimuddin bin Arifin, aged 38, is our Senior Hub Manager. He obtained his Bachelor of Engineering (Honours) Degree in Telecommunications from University of Malaya in 2007. He is currently pursuing a Master of Science in Telecommunication and Information Engineering at Universiti Teknologi MARA.

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 FYE 30 June 2020.



CHEE BOON SHYAN

Chee Boon Shyan, aged 47, as our present Technical Operation Manager for 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 FYE 30 June 2020.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd



LEE CHIEW MENG

Lee Chiew Meng, aged 42 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 FYE 30 June 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board 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 has been prepared in accordance with Rule 15.25 of the ACE Market Listing Requirements 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 FYE 30 June 2020.

Details application for each practice of the MCCG during the FYE 30 June 2020 is disclosed in the Corporate Governance Report which is available on the Company's website at www.binacom.com.my as well as via an announcement on the website of Bursa Malaysia Securities Berhad.

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 the Group by providing strategic guidance, the 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 to ensure long term sustainability of the Group.

To assist in discharging its stewardship role, 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 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.

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 of 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' suggestion 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.

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.

PART II: BOARD COMPOSITION

4. BOARD'S OBJECTIVES

4.1 Composition of the Board

The composition of the Board throughout the FYE 30 June 2020 and up to 20 October 2020 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
Mr. Na Bon Tiam	Executive Director
Dato' Seow Thiam Fatt	Senior Independent Non-Executive Director
Dato' Tan Yee Boon	Independent Non-Executive Director
Datuk Lalla Nezha binti Mohd Khalil (Resigned on 26 February 2020)	Independent Non-Executive Director

The current Board of Directors consist of six (6) members comprising an Independent Non-Executive Chairman, one (1) Managing Director, two (2) Executive Directors and two (2) Independent Non-Executive Directors. The composition of the Board complies with Rule 15.02(1) of the ACE Market Listing Requirements and the recommended Practice 4.1 of MCCG.

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 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 provide 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 Nominating Committee and the Board, the Directors who are standing for re-election at the forthcoming AGM of the Company to be held in year 2020 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.

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 shareholders' approval through a two-tier voting process in line with the MCGG.

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 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 subsequent to the resignation of Datuk Lalla Nezha binti Mohd Khalil on 26 February 2020. 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 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 Nominating Committee was established by the Board and consists of the following Independent Non-Executive Directors throughout the Financial Year:

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
Datuk Lalla Nezha binti Mohd Khalil (Resigned on 26 February 2020)	Member	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

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)*

4.7 Nomination Committee *(cont'd)*

The Nomination Committee had undertaken the following activities during the FYE 30 June 2020:

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

5. OVERALL BOARD EFFECTIVENESS

5.1 Annual Evaluation

The Nominating Committee undertakes 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 Nominating 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 ACE Market Listing Requirements, the Nominating Committee of a listed corporation must review the term of office and performance of the 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 and Risk Management Committee and was satisfied with the performance and effectiveness of the Audit and Risk Management Committee and each of its members.

The Nomination Committee had upon its annual assessment conducted in August 2020, 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 ACE Market Listing Requirements.

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 ACE Market Listing Requirements. The Company has also fulfilled the requirement of at least one-third of its Board members being Independent Non-Executive 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 (cont'd)

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.

During the FYE 30 June 2020, a total of five (5) Board meetings were held.

The attendance of the Board Meetings held during the FYE 30 June 2020 is as follows:

Directors	No. of Meeting Attended
Tan Sri Datuk Cham Hak Lim	5/5
Mr. Na Boon Aik	5/5
Encik Zulamran bin Hamat	5/5
Mr. Na Bon Tiam	5/5
Dato' Seow Thiam Fatt	5/5
Dato' Tan Yee Boon	5/5
Datuk Lalla Nezha binti Mohd Khalil <i>*(Resigned on 26 February 2020)</i>	3/3*

(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 ACE Market 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.

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

(b) Directors' Training (cont'd)

During the FYE 30 June 2020, the training programmes and seminars attended by the Directors are as follows:-

Name of Directors	Date	Training Programmes
Tan Sri Datuk Cham Hak Lim	29 June 2019	Leadership during crisis management
Mr. Na Boon Aik	29 June 2019	Leadership during crisis management
Encik Zulamran bin Hamat	29 June 2019	Leadership during crisis management
Mr. Na Bon Tiam	29 June 2019	Leadership during crisis management
Dato' Seow Thiam Fatt	9 – 10 July 2019	IERP Global conference 2019 – Enterprise risk management: Dealing with the new wave
	11 July 2019	Emerging financial crimes and threats with new payment systems and impact on compliance risk management
	29 July 2019	MFRS17: Understanding its impact and consequences
	8 January 2020	Raising defences – Section 17A, MACC Act
	11 May 2020	From beans to gold – How Accountants can be a game changer for industries
	29 June 2020	Leadership during crisis management
Dato' Tan Yee Boon	31 October 2019	Session on Corporate Governance and Anti-Corruption
	4 November 2019	Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009

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.

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)

6.1 Remuneration Policies and Procedures (cont'd)

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 30 June 2020 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 (Appointed on 28 February 2020)	Member	Senior Independent Non-Executive Director
Datuk Lalla Nezha binti Mohd Khalil (Resigned on 26 February 2020)	Member	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 References 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;
- (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 of Directors and thereafter to be approved at a general meeting of the Company.

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)

The Terms of Reference of Remuneration Committee is published and available for viewing at the Company's website at 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 FYE 30 June 2020 and recommend the same for 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 Company and the Group on the named basis for the FYE 30 June 2020 are tabulated as follows:

THE COMPANY

Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits in kind (RM)	Other emoluments (RM)	Total (RM)
Executive Directors						
Na Boon Aik	-	-	-	-	-	-
Zulamran bin Hamat	-	-	-	-	-	-
Na Bon Tiam	-	-	-	-	-	-
Non-Executive Directors						
Tan Sri Datuk Cham Hak Lim	81,900	-	-	-	-	81,900
Dato' Seow Thiam Fatt	58,500	-	-	-	-	58,500
Dato' Tan Yee Boon	29,250	-	-	-	-	29,250
Datuk Lalla Nezha binti Mohd Khalil (Resigned on 26 February 2020)	20,000	-	-	-	-	20,000
TOTAL	189,650	-	-	-	-	189,650

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART III: REMUNERATION (cont'd)

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

7.1 Remuneration of Directors (cont'd)

THE GROUP

Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits in kind (RM)	Other emoluments (RM)	Total (RM)
Executive Directors						
Na Boon Aik	-	862,500	100,000	-	125,523	1,088,023
Zulamran bin Hamat	-	402,500	180,000	-	69,323	651,823
Na Bon Tiam	-	-	-	-	-	-
Non-Executive Directors						
Tan Sri Datuk Cham Hak Lim	81,900	-	-	-	-	81,900
Dato' Seow Thiam Fatt	58,500	-	-	-	-	58,500
Dato' Tan Yee Boon	29,250	-	-	-	-	29,250
Datuk Lalla Nezha binti Mohd Khalil (Resigned on 26 February 2020)	20,000	-	-	-	-	20,000
TOTAL	189,650	1,265,000	280,000	-	194,846	1,929,496

7.2 Remuneration of Top Five (5) Senior Management

The remuneration of the top five (5) Senior Management for the FYE 30 June 2020 are as follows:-

Range of Remuneration*	No. of Key Senior Management
RM100,001 – RM150,000	3
RM650,001 - RM700,000	1
RM1,050,001 – RM1,100,000	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 Audit and Risk Management Committee ("ARMC") is chaired by a Senior Independent Non-Executive Director who is distinct from the Chairman of the Board. The Chairman of the Audit and Risk Management Committee is a member of Malaysian Institute of Accountants.

8.2 Financial Reporting

The Board is responsible for the preparation of financial statements and ensure the financial statements of the Group comply with the relevant financial reporting standards and other applicable laws 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 ACE Market Listing Requirements. 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 two (2) years.

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 FYE 30 June 2020 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 Malaysian Institute of Accountants.

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 FYE 30 June 2020 and has recommended their re-appointment for the financial year ending 30 June 2021.

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. 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.

Further details of the 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 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 12.1 of MCGG, the notice convening the 3rd AGM held on 29 November 2019 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 on Corporate Governance is made in accordance with a resolution of the Board of Directors passed on 20 October 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE Market Listing Requirements 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 2020 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 FYE 30 June 2020, 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.

The Statement is made in accordance with a resolution of the Board of Directors dated 20 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) and Guidance Note 11 of the ACE Market Listing Requirements 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 MCGG 2017, the Board is pleased to present the statement on the state of internal controls of the Group for the FYE 30 June 2020 and up to the date of approval of this statement. The scope of this statement includes the company and all operating subsidiaries.

BOARD RESPONSIBILITY

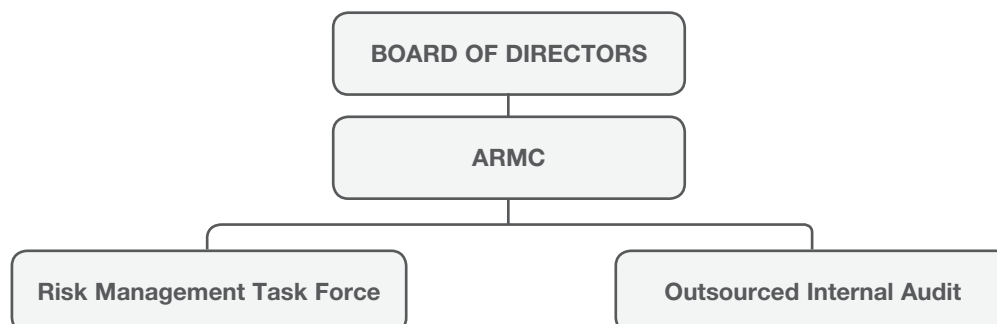
The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group’s corporate objectives and strategies and to safeguard all its stakeholders’ interests and protecting the Group’s assets as well as to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment and governance framework that is embedded into the corporate culture, processes and strategies of the Group as well as to articulate and implement risk management and internal control system.

The ARMC have been entrusted with the responsibility of assisting the Board in discharging its fiduciary duties in relation to the management of principal risks and internal controls. The ARMC, which comprises solely of Independent Non-Executive Directors, assists the Board in assessing and reviewing the adequacy and effectiveness of the Group’s internal control systems and communicating to the Board on the key risks pertaining primarily to the financial and operational risks faced by the Group, the impact and likelihood of such risks and mitigation plans to manage the risks. Through the ARMC, the Board is kept informed on all significant control issues brought to the attention of the ARMC by the Risk Management task force comprising the Chief Executive Officer (“Risk Management Task Force”) and management, the internal audit function and the external auditors.

RISK MANAGEMENT FRAMEWORK

The Board recognises risk management as an integral part of 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 to ensure 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”) approach to ensure key risks are identified, evaluated, properly prioritised, owners identified with proper response time set and allowed for continuous improvement with reporting structure as follows:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional service provider. The Internal Auditors report independently and directly to the ARMC through the execution of internal audit work based on a risk-based internal audit plan approved by the ARMC before the commencement of work.

The Internal Auditors has complete and unrestricted access to the relevant records of the Group necessary in the performance of its function and independently reviews the control procedures implemented by the Management on the key processes of the Group.

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, Nominating and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. ARMC assist 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.

- 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 on the website of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION *(cont'd)*

Other Internal Control Processes *(cont'd)*

- 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

THE BOARD'S COMMITMENT *(cont'd)*

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.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary, put in place appropriate plans to further enhance the Group's systems of internal control. 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

Pursuant to Rule 15.23 of the ACE Market Listing Requirements and pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (Revised) issued by the Malaysian Institute of Accountants ("MIA"), the external auditors have reviewed the Statement on Risk Management and Internal Control ("Statement") for inclusion in the annual report of the Group for the FYE 30 June 2020.

The review of this Statement by the external auditors was performed in accordance with the scope set out in the Audit and Assurance Practice Guide 3. 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 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC was established on 14 June 2017 with the primary objective of assisting the Board of Directors (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 (“TOR”). The ARMC’s TOR is available at the Company’s website at www.binacom.com.my.

COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Director. 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 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 Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

MEETINGS

Five (5) ARMC meetings were held during the FYE 30 June 2020. 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)	5/5
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 Committee will report formally to the Board on its proceedings after each meeting.

SUMMARY OF ACTIVITIES FOR THE FYE 30 JUNE 2020

For the FYE 30 June 2020, 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 FYE 30 June 2020 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES FOR THE FYE 30 JUNE 2020 *(cont'd)*

2. External Audit

- (a) Reviewed the Group's Audit Planning Memorandum for the FYE 30 June 2020, entailing mainly the overview of audit approach and areas of audit emphasis of the Group.
- (b) Reviewed the Audit Review Memorandum for the FYE 30 June 2020 presented by the External Auditors on 27 August 2020, 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 two (2) private sessions with External Auditors on 28 August 2019 and 29 June 2020 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.

4. Others

- (a) Reviewed the Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report and Corporate Governance Overview Statement 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.
- (c) Reviewed the Anti-Bribery and Anti-Corruption Policy prior to recommending the same to the Board approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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 Cheng & Co Global Advisory 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 FYE 30 June 2020 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 FYE 30 June 2020

The total costs incurred for the outsourcing of the internal audit function of the Group during the FYE 30 June 2020 amounted to RM48,000.

(3) Review of Internal Audit Function

The ARMC and the Board were satisfied with the performance of the Internal Auditors for the FYE 30 June 2020.

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 2020.

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. As at 18 May 2020, the gross proceeds from the Company’s initial public offering amounting to RM39.55 million has been utilised in the following manner:

Details of use of proceeds		Estimated Timeframe for Utilisation ⁽¹⁾	Proposed Utilisation RM’000	Actual Utilisation 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	1,505	30.71%
3	Enhancing fiber optic network installation and commissioning services capability	Within 36 months	4,800	58	1.21%
4	Regional business expansion in ASEAN countries	Within 36 months	1,500	8	0.53%
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%
			39,550	29,921	75.65%

Note:

- (1) 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 dated 13 December 2017 and the company’s announcement dated 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 2020 is as follows:

Details of use of proceeds		Estimated Timeframe for Utilisation ⁽¹⁾	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 2020 RM’000
2	Enhancing operations and maintenance services capability	Within 18 months ⁽¹⁾	4,900	1,505	3,395	-	3,395	1,054	2,341
3	Enhancing fiber optic network installation and commissioning services capability	Within 18 months ⁽¹⁾	4,800	58	4,742	1,492	6,234	6,078	156
4	Regional business expansion in ASEAN countries	Within 18 months ⁽¹⁾	1,500	8	1,492	(1,492)	-	-	-
			11,200	1,571	9,629	-	9,629	7,132	2,497

Note:

- (1) From the date of listing of the announcement of variation as at 15 June 2020.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

(2) SPECIAL ISSUE

The Company had successfully undertaken a special issue of 4,367,550 new Shares at an issue price of RM0.3135 per share, representing approximately 1.65% of the enlarged issued share capital of RM56,588,477, comprising 264,367,550 Shares.

As at to-date, the gross proceeds from the Special Issue amounting to approximately RM1.37 million has been fully utilised, as follows:

Details of use of proceeds	Estimated Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Percentage Utilised %
1 Working capital requirements of the Binasat Group	Within 12 months	1,169	1,169	100.00%
2 Estimated expenses relating to the Proposed Special Issue	Immediately	200	200	100.00%
		1,369	1,369	100.00%

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 FYE 30 June 2020 are as follows:-

	Company (RM'000)	Group (RM'000)
Audit Fees	30	88
Non-audit fees	5	7
Total	35	95

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 2020 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.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details for the Recurrent Related Party Transactions of Revenue or Trading Nature transacted pursuant to the Shareholders' Mandate during the financial year ended 30 June 2020 are stated in Section 2.4 of the circular to shareholders dated 28 October 2020 which is available on Bursa Securities' website and the Company's website.

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 2020.

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	3,211,345	132,162
Attributable to:-		
Owners of the Company	2,925,653	132,162
Non-controlling interests	285,692	-
	3,211,345	132,162

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 RM55,219,251 to RM56,588,477 by issuing 4,367,550 new ordinary shares for a total cash consideration of RM1,369,226 as disclosed in Note 17 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

Except as disclosed in the financial statements, 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.

CHANGES 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.

DIRECTORS' REPORT

cont'd

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

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
 Datuk Lalla Nezha binti Mohd Khalil (Resigned on 26 February 2020)
 Na Boon Aik
 Na Bon Tiam
 Zulamran bin Hamat

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 1.7.2019	Bought	Sold	At 30.6.2020
The Company				
<i>Direct Interests</i>				
Tan Sri Datuk Chan Hak Lim	-	1,000,000	(500,000)	500,000
Dato' Seow Thiam Fatt	500,000	200,000	(400,000)	300,000
Na Boon Aik	73,436,751	-	-	73,436,751
Na Bon Tiam	67,010,451	-	(9,545,700)	57,464,751
Zulamran bin Hamat	2,500,000	-	-	2,500,000

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' REPORT

cont'd

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 32(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' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 31(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 EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 39 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 26 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 OCTOBER 2020.

Na Boon Aik

Na Bon Tiam

STATEMENT BY DIRECTORS

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

We, Na Boon Aik and Na Bon Tiam, 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 109 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 2020 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 2020.

Na Boon Aik

Na Bon Tiam

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 109 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 2020

Before me

Na Boon Aik

Datin Hjh Raihela Wanchik (W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Binasat Communications 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 2020 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 109.

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 2020, 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.

Revenue Recognition Refer to Note 4.20 and Note 24 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
Consolidated revenue recorded by the Group during the financial year amounted to approximately RM45.484 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"> • testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements; • reviewing the terms of sales contracts to determine the point of transfer of risk and rewards on a sample basis; • testing the recording of sales transactions, revenue cut-off and review of credit notes after the reporting period; and • obtaining confirmations and reviewing collections relating to material trade receivables at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT

To the Members of Binasat Communications Berhad
(Incorporated In Malaysia) Registration No : 201701008491 (I222656-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 Communications 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 2020

Piong Yew Peng
03070/06/2021 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 June 2020

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
					(Restated)
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	17,402,100	17,402,100
Property, plant and equipment	6	22,280,995	12,354,310	10,043,321	1,530,527
Investment properties	7	4,247,452	4,343,384	-	-
Right-of-use assets	8	14,645,331	-	12,937,627	-
Amount owing by a subsidiary	9	-	-	4,798,708	5,283,682
Prepaid lease payments	10	-	522,720	-	522,720
Deferred tax assets	11	-	128,100	-	-
		41,173,778	17,348,514	45,181,756	24,739,029
CURRENT ASSETS					
Contract costs	12	2,792,465	2,618,013	-	-
Trade receivables and contract assets	13	18,277,621	27,300,169	-	-
Other receivables, deposits and prepayments	15	632,023	1,027,990	80,260	4,500
Amount owing by a subsidiary	9	-	-	550,000	-
Current tax assets		3,836,144	1,680,899	-	-
Short-term investments	16	27,867,400	34,858,394	23,531,914	31,661,530
Cash and bank balances		12,686,843	9,559,968	1,756,733	1,249,905
		66,092,496	77,045,433	25,918,907	32,915,935
TOTAL ASSETS		107,266,274	94,393,947	71,100,663	57,654,964

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

STATEMENTS OF FINANCIAL POSITION

At 30 June 2020
cont'd

	Note	The Group		The Company	
		2020	2019	2020	2019
		RM	RM	RM	RM (Restated)
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	56,588,477	55,219,251	56,588,477	55,219,251
Merger deficit	18	(16,052,000)	(16,052,000)	-	-
Retained profits		38,325,726	35,400,073	313,472	181,310
Equity attributable to owners of the Company		78,862,203	74,567,324	56,901,949	55,400,561
Non-controlling interests	5	183,595	(102,097)	-	-
TOTAL EQUITY		79,045,798	74,465,227	56,901,949	55,400,561
NON-CURRENT LIABILITIES					
Lease liabilities	19	13,473,735	-	12,183,808	-
Hire purchase payables	20	-	1,016,720	-	-
Term loans	21	5,981,308	6,335,429	-	-
Deferred tax liabilities	11	173,200	-	-	-
		19,628,243	7,352,149	12,183,808	-
CURRENT LIABILITIES					
Trade payables and contract liabilities	22	3,516,200	8,221,577	-	-
Other payables and accruals	23	3,969,515	3,478,434	1,876,814	1,246,916
Amount owing to a subsidiary	9	-	-	-	1,007,487
Lease liabilities	19	636,438	-	138,092	-
Hire purchase payables	20	-	406,480	-	-
Term loans	21	470,080	470,080	-	-
		8,592,233	12,576,571	2,014,906	2,254,403
TOTAL LIABILITIES		28,220,476	19,928,720	14,198,714	2,254,403
TOTAL EQUITY AND LIABILITIES		107,266,274	94,393,947	71,100,663	57,654,964

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 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	24	45,483,612	54,686,355	550,000	1,100,000
COST OF SERVICES RENDERED AND CONTRACT EXPENDITURE		(33,707,759)	(39,971,904)	-	-
GROSS PROFIT		11,775,853	14,714,451	550,000	1,100,000
OTHER INCOME		1,204,987	1,872,435	870,384	1,203,865
		12,980,840	16,586,886	1,420,384	2,303,865
ADMINISTRATIVE EXPENSES		(5,814,224)	(6,402,874)	(671,598)	(1,050,137)
OTHER OPERATING EXPENSES		(1,609,832)	(1,279,576)	(215,656)	(2,305)
FINANCE COSTS		(646,452)	(272,616)	(400,968)	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	25	(727,489)	(1,439,891)	-	-
PROFIT BEFORE TAXATION	26	4,182,843	7,191,929	132,162	1,251,423
INCOME TAX EXPENSE	27	(971,498)	(2,593,364)	-	-
PROFIT AFTER TAXATION		3,211,345	4,598,565	132,162	1,251,423
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,211,345	4,598,565	132,162	1,251,423
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		2,925,653	4,873,700	132,162	1,251,423
Non-controlling interests		285,692	(275,135)	-	-
		3,211,345	4,598,565	132,162	1,251,423
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		2,925,653	4,873,700	132,162	1,251,423
Non-controlling interests		285,692	(275,135)	-	-
		3,211,345	4,598,565	132,162	1,251,423
EARNINGS PER SHARE (SEN)					
Basic	28	1.12	1.87		
Diluted	28	1.12	1.87		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020

The Group	Note	<Non-Distributable>		<Distributable>		Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		Share Capital	Merger Deficit	Retained Profits				
		RM	RM	RM		RM	RM	RM
Balance at 1.7.2018		55,219,251	(16,052,000)	31,826,373		70,993,624	173,038	71,166,662
Profit after taxation/Total comprehensive income for the financial year		-	-	4,873,700		4,873,700	(275,135)	4,598,565
Distributions to owners of the Company:								
- Dividends:								
- by the Company	29	-	-	(1,300,000)		(1,300,000)	-	(1,300,000)
Total transactions with owners		-	-	(1,300,000)		(1,300,000)	-	(1,300,000)
Balance at 30.6.2019/1.7.2019		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	17	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		56,588,477	(16,052,000)	38,325,726		78,862,203	183,595	79,045,798

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020
cont'd

The Company	Note	<Non-Distributable> Share Capital RM	<Distributable> Retained Profits RM	Total Equity RM
Balance at 1.7.2018		55,219,251	229,887	55,449,138
Profit after taxation/Total comprehensive income for the financial year		-	1,251,423	1,251,423
Distributions to owners of the Company:				
- Dividends	29	-	(1,300,000)	(1,300,000)
Total transactions with owners		-	(1,300,000)	(1,300,000)
Balance at 30.6.2019/1.7.2019		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	17	1,369,226	-	1,369,226
Total transactions with owners		1,369,226	-	1,369,226
Balance at 30.6.2020		56,588,477	313,472	56,901,949

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2020

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
				(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	4,182,843	7,191,929	132,162	1,251,423
Adjustments for:-				
Amortisation of prepaid lease payments	-	104,544	-	104,544
Bad debts written off	25,173	-	-	-
Depreciation of property, plant and equipment	692,112	1,173,220	12,347	2,305
Depreciation of right-of-use assets	796,615	-	203,309	-
Depreciation of investment properties	95,932	95,933	-	-
Gain on disposal of property, plant and equipment	(22,575)	(151,000)	-	-
Gain on disposal of low value assets	-	(1,500)	-	-
Gain on foreign exchange – unrealised	(57,838)	(39,160)	-	-
Impairment losses on trade receivables and contract assets	756,548	1,487,919	-	-
Interest expense on lease liabilities	486,008	-	400,968	-
Other interest expenses	160,444	272,616	-	-
Interest income	(997,839)	(1,322,472)	(870,384)	(1,203,865)
Reversal of impairment losses on trade and other receivables and contract assets	(29,059)	(48,028)	-	-
Operating profit/(loss) before working capital changes	6,088,364	8,764,001	(121,598)	154,407
Increase in contract costs	(174,452)	(1,749,538)	-	-
Decrease/(Increase) in trade and other receivables	8,723,691	(5,784,262)	(625,760)	13,000
(Decrease)/Increase in trade and other payables	(4,214,296)	2,624,883	629,898	1,092,071
CASH FROM/(FOR) OPERATIONS	10,423,307	3,855,084	(117,460)	1,259,478
Interest paid	(245,484)	(272,616)	-	-
Interest received	997,839	1,322,472	870,384	1,203,865
Income tax paid	(3,096,026)	(4,518,882)	-	-
Income tax refunded	270,583	-	-	-
NET CASH FROM OPERATING ACTIVITIES	8,350,219	386,058	752,924	2,463,343

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2020
cont'd

	Note	The Group		The Company	
		2020	2019	2020	2019
		RM	RM	RM	RM (Restated)
CASH FLOWS FOR INVESTING ACTIVITIES					
Additions to right-of-use assets	30(a)	(68,475)	-	-	-
Repayment from/(Advances to) a subsidiary		-	-	484,974	(4,083,682)
Purchase of property, plant and equipment	30(a)	(12,053,468)	(4,031,362)	(8,525,141)	(1,524,147)
Proceeds from disposal of property, plant and equipment		22,800	157,300	-	-
Proceed from disposal of low value assets		-	1,500	-	-
NET CASH FOR INVESTING ACTIVITIES		(12,099,143)	(3,872,562)	(8,040,167)	(5,607,829)
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid	29	-	(1,300,000)	-	(1,300,000)
(Repayment to)/Advances from a subsidiary		-	-	(1,007,487)	22,906
Proceeds from issuance of shares		1,369,226	-	1,369,226	-
Repayment of lease liabilities	30(b)	(1,130,300)	-	(697,284)	-
Repayment of hire purchase obligations	30(b)	-	(366,442)	-	-
Repayment of term loans	30(b)	(354,121)	(515,196)	-	-
NET CASH FOR FINANCING ACTIVITIES		(115,195)	(2,181,638)	(335,545)	(1,277,094)
NET DECREASE IN CASH AND CASH EQUIVALENTS					
		(3,864,119)	(5,668,142)	(7,622,788)	(4,421,580)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		44,418,362	50,086,504	32,911,435	37,333,015
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	30(d)	40,554,243	44,418,362	25,288,647	32,911,435

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020

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 2020.

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)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. MFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. For a lessor, MFRS 16 continues to allow the lessor to classify its leases as either operating leases or finance leases and to account them differently. The impacts on the financial statements of the Group and of the Company upon their initial application of MFRS 16 are disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
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: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	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
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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 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 2020

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 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. 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 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 13 and 14 to the financial statements.

(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. 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 as well as forward-looking estimates at the end of each reporting period. The carrying amounts of amount owing by a subsidiary and other receivables as at the reporting date are disclosed in Notes 9 and 15 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 and contract liabilities as at the reporting date is disclosed in Note 14 to the financial statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(g) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 11 to the financial statements.

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.

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

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 2020
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 2020
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 – Revenue from Contracts with Customers 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 FINANCIAL INSTRUMENTS (cont'd)

(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.

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 2020
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 2020

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:-

Buildings	54 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 2020
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.

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 non-lease components as a single lease arrangement.

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.

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%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 LEASES (cont'd)

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.

Accounting Policies Applied Until 30 June 2019

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

The lump sum upfront lease payments made in respect of leasehold land which in substance is an operating lease is classified as prepaid lease payments. The prepaid lease payments are stated at cost less accumulated amortisation. The amortisation is charged to profit or loss in equal instalments over the lease period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 recovered.

The contract costs are initially measured at cost and recognised in profit or loss in 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, demand deposits, 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.

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 a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 IMPAIRMENT (cont'd)

(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 determines 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 INCOME TAXES (cont'd)

(b) Deferred Tax (cont'd)

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 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.

4.16 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.

4.17 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 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.

4.19 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.

4.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

(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.

4.21 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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020	2019
	RM	RM
Unquoted shares, at cost	17,402,100	17,402,100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

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
		2020	2019	
		%	%	
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	
	2020 %	2019 %	2020 RM	2019 RM
Satellite NOC Sdn. Bhd.	30	30	183,595	(102,097)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (b) 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.	
	2020	2019
	RM	RM
<u>At 30 June</u>		
Non-current asset	1,962,970	3,204,684
Current assets	4,015,330	5,235,899
Non-current liability	(37,000)	-
Current liabilities	(5,329,316)	(8,780,906)
Net assets/(liabilities)	611,984	(340,323)
<u>Financial Year Ended 30 June</u>		
Revenue	4,320,360	2,953,871
Profit/(Loss) after taxation	952,307	(917,117)
Total comprehensive income/(expenses)	952,307	(917,117)
Total comprehensive income/(expenses) attributable to non-controlling interests	285,692	(275,135)
Net cash flows from/(for) operating activities	1,114,751	(1,507,097)
Net cash flows from/(for) investing activities	1,198,552	(2,350,567)
Net cash flows (for)/from financing activities	(3,083,252)	5,366,183

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020

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6. PROPERTY, PLANT AND EQUIPMENT

The Group	1.7.2019		As Previously Reported	Initial Application of MFRS 16	As Restated	Additions (Note 30(a))	Disposal	Reclassification	Depreciation Charges (Note 26)	At 30.6.2020
	RM	RM			RM	RM	RM	RM	RM	RM
2020										
Carrying Amount										
Buildings	5,745,475	-	5,745,475	-	-	-	-	-	(128,000)	5,617,475
Computers	52,899	-	52,899	-	62,864	(225)	-	-	(25,583)	89,955
Furniture, fittings and equipment	120,512	-	120,512	-	365,133	-	-	-	(66,431)	419,214
Motor vehicles	1,466,553	(1,434,446)	32,107	-	-	-	-	-	(13,156)	18,951
Telecommunication equipment	378,943	-	378,943	-	45,000	-	2,955,397	-	(122,711)	3,256,629
Renovation	109,754	-	109,754	-	10,450	-	-	-	(53,622)	66,582
Signboard	6,380	-	6,380	-	-	-	-	-	(2,320)	4,060
Tools and equipment	991,830	-	991,830	-	304,200	-	-	-	(280,289)	1,015,741
Construction work-in-progress	3,481,964	-	3,481,964	-	11,265,821	-	(2,955,397)	-	-	11,792,388
	12,354,310	(1,434,446)	10,919,864	12,053,468	(225)	-	-	(692,112)	-	22,280,995

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

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

The Group	At 1.7.2018 RM	Additions (Note 30(a)) RM	Disposal RM	Depreciation Charges (Note 26) RM	At 30.6.2019 RM
2019					
Carrying Amount					
Buildings	5,873,475	-	-	(128,000)	5,745,475
Computers	49,364	24,712	-	(21,177)	52,899
Furniture, fittings and equipment	173,086	8,657	-	(61,231)	120,512
Motor vehicles	1,518,887	469,359	(6,300)	(515,393)	1,466,553
Telecommunication equipment	-	392,750	-	(13,807)	378,943
Renovation	190,341	4,490	-	(85,077)	109,754
Signboard	8,685	-	-	(2,305)	6,380
Tools and equipment	1,286,630	51,430	-	(346,230)	991,830
Construction work-in-progress	-	3,481,964	-	-	3,481,964
	9,100,468	4,433,362	(6,300)	(1,173,220)	12,354,310

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
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

2019			
Buildings	6,612,733	(867,258)	5,745,475
Computers	433,730	(380,831)	52,899
Furniture, fittings and equipment	674,588	(554,076)	120,512
Motor vehicles	3,576,821	(2,110,268)	1,466,553
Telecommunication equipment	392,750	(13,807)	378,943
Renovation	1,037,411	(927,657)	109,754
Signboard	23,050	(16,670)	6,380
Tools and equipment	2,568,174	(1,576,344)	991,830
Construction work-in-progress	3,481,964	-	3,481,964
	18,801,221	(6,446,911)	12,354,310

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

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

The Company	At 1.7.2019 RM	Additions (Note 30(a)) RM	Depreciation Charges (Note 26) RM	At 30.6.2020 RM
2020				
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

The Company	At 1.7.2018 RM	Additions (Note 30(a)) RM	Depreciation Charges (Note 26) RM	At 30.6.2019 RM
2019				
Carrying Amount				
Signboard	8,685	-	(2,305)	6,380
Construction work-in-progress	-	1,524,147	-	1,524,147
	8,685	1,524,147	(2,305)	1,530,527

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
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
2019			
Signboard	11,600	(5,220)	6,380
Construction work-in-progress	1,524,147	-	1,524,147
	1,535,747	(5,220)	1,530,527

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

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

- (a) In the previous financial year, included in the property, plant and equipment of the Group were motor vehicles with a total carrying amounts of RM1,434,446, which were acquired under hire purchase terms. These leased assets have been pledged as security for the hire purchase payables of the Group as disclosed in Note 20 to the financial statements.
- (b) The buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

7. INVESTMENT PROPERTIES

	At 1.7.2019 RM	Depreciation Charges RM	At 30.6.2020 RM
The Group			
2020			
Carrying Amount			
Freehold land and buildings	4,343,384	(95,932)	4,247,452

	At 1.7.2018 RM	Depreciation Charges RM	At 30.6.2019 RM
The Group			
2019			
Carrying Amount			
Freehold land and buildings	4,439,317	(95,933)	4,343,384

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
Freehold land and buildings	4,796,643	(549,191)	4,247,452
2019			
Freehold land and buildings	4,796,643	(453,259)	4,343,384

- (a) Investment properties of the Group comprise factory, 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 19 to the financial statements.
- (c) As at the date of this report, the fair values of the investment properties are RM5,422,000 (2019 – RM5,018,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

7. INVESTMENT PROPERTIES (cont'd)

- (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 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.

8. RIGHT-OF-USE ASSETS

	1.7.2019						
	As Previously Reported	Initial Application of MFRS 16	As Restated	Additions (Note 30(a))	Depreciation Charges (Note 26)	At 30.6.2020	
The Group	RM	RM	RM	RM	RM	RM	RM
2020							
Carrying Amount							
Leasehold land	-	6,168,096	6,168,096	6,972,840	(203,309)	12,937,627	
Warehouses	-	181,164	181,164	-	(88,276)	92,888	
Hostel	-	-	-	20,925	(872)	20,053	
Motor vehicles	-	1,434,446	1,434,446	664,475	(504,158)	1,594,763	
	-	7,783,706	7,783,706	7,658,240	(796,615)	14,645,331	

Analysed by:-

Cost	16,575,686
Accumulated depreciation	(1,930,355)
	14,645,331

	1.7.2019						
	As Previously Reported	Initial Application of MFRS 16	As Restated	Additions (Note 30(a))	Depreciation Charges (Note 26)	At 30.6.2020	
The Company	RM	RM	RM	RM	RM	RM	RM
2020							
Carrying Amount							
Leasehold land	-	6,168,096	6,168,096	6,972,840	(203,309)	12,937,627	

Analysed by:-

Cost	13,140,936
Accumulated depreciation	(203,309)
	12,937,627

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

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

The comparative information is not presented as the Group and the Company has applied MFRS 16 using the modified retrospective approach.

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 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 8 years. The leases bear effective interest rates ranging from 4.41% to 9.84% and are secured by the leased assets. |

9. AMOUNT OWING BY/(TO) A SUBSIDIARY

	The Company	
	2020	2019
	RM	RM
		(Restated)
Amount owing by a subsidiary		
<u>Non-current</u>		
Non-trade balance	4,798,708	5,283,682
<u>Current</u>		
Dividend receivable	550,000	-
Amount owing to a subsidiary		
<u>Current</u>		
Non-trade balance	-	(1,007,487)

The non-trade balances represent unsecured, interest-free advances and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

10. PREPAID LEASE PAYMENTS

The Group/The Company	← 1.7.2019 →		As Restated RM	Amortisation Charges RM	At 30.6.2020 RM
	As Previously Reported RM	Initial Application of MFRS 16 RM			
2020					
Carrying Amount					
Leasehold land	522,720	(522,720)	-	-	-
		At 1.7.2018 RM	Additions RM	Amortisation Charges RM	At 30.6.2019 RM
2019					
Carrying Amount					
Leasehold land		627,264	-	(104,544)	522,720

The prepaid lease payments have been represented as right-of-use assets as shown in Note 8 to the financial statements following the application of MFRS 16 by the Group and the Company using the modified retrospective approach.

11. DEFERRED TAX ASSETS/(LIABILITIES)

The Group	← 1.7.2019 →			Recognised In Profit or Loss (Note 27)	At 30.6.2020
	As Previously Reported	Initial Application of MFRS 16	As Restated		
	RM	RM	RM	RM	RM
2020					
Deferred Tax Assets					
Provisions	1,800	-	1,800	(1,800)	-
Lease liabilities	-	-	-	213,900	213,900
Others	234,000	-	234,000	(215,000)	19,000
	235,800	-	235,800	(2,900)	232,900
Deferred Tax Liabilities					
Property, plant and equipment	(107,700)	159,002	51,302	(331,502)	(280,200)
Right-of-use assets	-	(159,002)	(159,002)	33,102	(125,900)
	(107,700)	-	(107,700)	(298,400)	(406,100)
	128,100	-	128,100	(301,300)	(173,200)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

11. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

	At 1.7.2018 RM	Recognised In Profit or Loss (Note 27) RM	At 30.6.2019 RM
2019			
<i>Deferred Tax Assets</i>			
Provisions	26,000	(24,200)	1,800
Others	222,900	11,100	234,000
	248,900	(13,100)	235,800
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	(208,800)	101,100	(107,700)
	40,100	88,000	128,100

At the end of the previous financial year, one of the subsidiaries has unused tax losses and unutilised capital allowances (stated at gross) of approximately RM567,000 and RM302,000 respectively that were available for offset against future taxable profits of the subsidiary in which the losses arose. No deferred tax assets were recognised in respect of these items as it was not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

12. CONTRACT COSTS

	The Group	
	2020 RM	2019 RM
Costs to fulfil contracts	2,792,465	2,618,013

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

13. TRADE RECEIVABLES AND CONTRACT ASSETS

	The Group	
	2020	2019
	RM	RM
Trade receivables	19,111,087	22,843,666
Allowance for impairment losses	(2,857,812)	(2,140,857)
	16,253,275	20,702,809
Contract assets (Note 14)	2,024,346	6,597,360
	18,277,621	27,300,169
Allowance for impairment losses:-		
At 1 July	2,140,857	702,644
Addition during the financial year (Note 25)	743,740	1,483,841
Reversal during the financial year (Note 25)	(26,785)	(45,628)
At 30 June	2,857,812	2,140,857

The Group's normal trade credit terms range from 30 to 90 (2019 – 30 to 90) days from customers' acceptance of sales invoices.

14. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2020	2019
	RM	RM
Contract assets (Note 13)	2,038,958	6,601,438
Allowance for impairment losses	(14,612)	(4,078)
	2,024,346	6,597,360
Contract liabilities (Note 22)	-	(51,758)
	2,024,346	6,545,602
Allowance for impairment losses:-		
At 1 July	4,078	-
Addition during the financial year (Note 25)	12,808	4,078
Reversal during the financial year (Note 25)	(2,274)	-
At 30 June	14,612	4,078

- (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) In the previous financial year, the contract liabilities primarily relate to advance considerations receivable from a customer for services of which the revenue would be recognised over the remaining contract term of the specific contract it relates to.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

14. CONTRACT ASSETS/(LIABILITIES) (cont'd)

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

	The Group	
	2020	2019
	RM	RM
At 1 July	6,545,602	3,478,630
Revenue recognised in profit or loss during the financial year	1,975,013	8,384,555
Billings to customers during the financial year	(6,485,735)	(5,313,505)
Impairment loss on contract assets	(12,808)	(4,078)
Reversal of impairment loss on contract assets	2,274	-
At 30 June	2,024,346	6,545,602
Represented by:-		
Contract assets	2,024,346	6,597,360
Contract liabilities	-	(51,758)
	2,024,346	6,545,602

- (d) As at the end of the previous financial year, the transaction price allocated to the unsatisfied and partially unsatisfied performance obligations of long-term contracts were RM207,033 and RM296,906 respectively.

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.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other receivables	76,573	86,686	-	-
Allowance for impairment losses	(3,180)	(3,180)	-	-
	73,393	83,506	-	-
Prepayments	128,285	36,046	39,000	-
Deposits	358,770	780,393	41,260	4,500
Goods and services tax receivable	71,575	128,045	-	-
	632,023	1,027,990	80,260	4,500
Allowance for impairment losses:-				
At 1 July	3,180	5,580	-	-
Reversal during the financial year (Note 25)	-	(2,400)	-	-
At 30 June	3,180	3,180	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
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16. SHORT-TERM INVESTMENTS

	The Group			
	2020		2019	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market funds, at fair value (Note 30(d))	27,867,400	27,867,400	34,858,394	34,858,394

	The Company			
	2020		2019	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market funds, at fair value (Note 30(d))	23,531,914	23,531,914	31,661,530	31,661,530

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 1.

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date were 3.44% (2019 – 3.65%) and 3.44% (2019 – 3.65%) per annum respectively.

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

17. SHARE CAPITAL

	The Group/The Company			
	2020 Number Of Shares	2019 Number Of Shares	2020 RM	2019 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 July	260,000,000	260,000,000	55,219,251	55,219,251
Issuance of shares for cash	4,367,550	-	1,369,226	-
At 30 June	264,367,550	260,000,000	56,588,477	55,219,251

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 2020
cont'd

18. 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.

19. LEASE LIABILITIES

	The Group
	2020
	RM
At 1 July	
- As previously reported	-
- Initial application of MFRS 16	7,249,740
- As restated	7,249,740
Additions of lease liabilities (Note 30(b))	7,589,765
Interest expense recognised in profit or loss (Note 26)	486,008
Repayment of principal	(1,130,300)
Repayment of interest	(85,040)
At 30 June	14,110,173
Analysed by:-	
Current liabilities	636,438
Non-current liabilities	13,473,735
	14,110,173
	The Company
	2020
	RM
At 1 July	
- As previously reported	-
- Initial application of MFRS 16	5,645,376
- As restated	5,645,376
Addition of lease liabilities (Note 30(b))	6,972,840
Interest expense recognised in profit or loss (Note 26)	400,968
Repayment of principal	(697,284)
At 30 June	12,321,900
Analysed by:-	
Current liabilities	138,092
Non-current liabilities	12,183,808
	12,321,900

The comparative information is not presented as the Group and the Company has applied MFRS 16 using the modified retrospective approach.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

20. HIRE PURCHASE PAYABLES

	The Group 2019 RM
Minimum hire purchase payments:	
- not later than 1 year	466,672
- later than 1 year and not later than 5 years	1,084,781
	1,551,453
Less: Future finance charges	(128,253)
Present value of hire purchase payables	1,423,200
Analysed by:-	
Current liabilities	406,480
Non-current liabilities	1,016,720
	1,423,200

- (a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 19 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the previous financial year, the hire purchase payables of the Group were secured by the Group's motor vehicles under finance leases as disclosed in Note 6(a) to the financial statements.
- (c) In the previous financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.41% to 6.34% per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

21. TERM LOANS (SECURED)

	The Group 2020 RM	2019 RM
Current liabilities	470,080	470,080
Non-current liabilities	5,981,308	6,335,429
	6,451,388	6,805,509

The term loans are repayable over 240 to 300 (2019 – 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 3.58% (2019 – 4.58%) 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 Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

22. TRADE PAYABLES AND CONTRACT LIABILITIES

	The Group	
	2020	2019
	RM	RM
Trade payables	3,516,200	8,169,819
Contract liabilities (Note 14)	-	51,758
	3,516,200	8,221,577

The normal trade credit terms granted to the Group range from 30 to 90 days (2019 – 30 to 90 days).

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables	2,195,879	1,313,476	1,801,164	1,193,416
Accruals	1,569,862	1,732,580	75,650	53,500
Deposits received	38,475	307,629	-	-
Services tax payable	165,299	124,749	-	-
	3,969,515	3,478,434	1,876,814	1,246,916

24. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<u>Revenue from Contracts with Customers</u>				
Construction contracts	87,636	2,649,553	-	-
Services rendered	45,395,976	52,036,802	-	-
	45,483,612	54,686,355	-	-
<u>Revenue from Other Sources</u>				
Dividend income	-	-	550,000	1,100,000

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

25. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2020	2019
	RM	RM
Impairment losses:		
- trade receivables (Note 13)	743,740	1,483,841
- contract assets (Note 14)	12,808	4,078
Reversal of impairment losses:		
- trade receivables (Note 13)	(26,785)	(45,628)
- contract assets (Note 14)	(2,274)	-
- other receivables (Note 15)	-	(2,400)
	727,489	1,439,891

26. PROFIT BEFORE TAXATION

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit before taxation is arrived at after charging:-				
Amortisation of prepaid lease payments	-	104,544	-	104,544
Auditors' remuneration:				
- audit fees	88,000	88,000	30,000	30,000
- non-audit fees	7,000	29,500	5,000	27,500
Bad debts written off	25,173	-	-	-
Depreciation:				
- property, plant and equipment	692,112	1,173,220	12,347	2,305
- investment properties	95,932	95,933	-	-
- right-of-use assets	796,615	-	203,309	-
Direct operating expenses on investment properties:				
- non-rental generating properties	344	1,550	-	-
- rental generating properties	11,034	2,660	-	-
	11,378	4,210	-	-
Directors' remuneration (Note 31(a))	1,929,496	1,871,488	189,650	196,033
Interest expense on lease liabilities	486,008	-	400,968	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- hire purchase	-	93,663	-	-
- term loans	160,444	178,953	-	-
	160,444	272,616	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

26. PROFIT BEFORE TAXATION (cont'd)

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Lease expenses:				
- short-term leases	1,182,282	-	-	-
- equipment	-	866,429	-	-
- premises	-	154,408	-	-
	1,182,282	1,020,837	-	-
Loss on foreign exchange:				
- realised	-	9,252	-	-
Staff costs (including other key management personnel as disclosed in Note 31(b)):				
- short-term employee benefits	16,179,826	16,505,818	-	-
- defined contribution benefits	1,529,222	1,343,094	-	-
- others	441,901	394,068	-	-
	18,150,949	18,242,980	-	-
Fire insurance claim	-	(224,586)	-	-
Gain on disposal of property, plant and equipment	(22,575)	(151,000)	-	-
Gain on disposal of low value assets	-	(1,500)	-	-
Interest income on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	(993,559)	(1,318,535)	(870,384)	(1,203,865)
Interest income on financial assets measured at amortised cost	(4,280)	(3,937)	-	-
	(997,839)	(1,322,472)	(870,384)	(1,203,865)
Lease income:				
- rental income from investment properties	(81,000)	(66,000)	-	-
Gain on foreign exchange:				
- realised	(26,307)	-	-	-
- unrealised	(57,838)	(39,160)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

27. INCOME TAX EXPENSE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current tax expense	627,000	2,400,013	-	-
Under provision in the previous financial year	43,198	281,351	-	-
	670,198	2,681,364	-	-
Deferred tax (Note 11):				
- origination and reversal of temporary differences	277,400	(39,800)	-	-
- under/(over) provision in the previous financial year	23,900	(48,200)	-	-
	301,300	(88,000)	-	-
Total income tax expense	971,498	2,593,364	-	-

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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit before taxation	4,182,843	7,191,929	132,162	1,251,423
Tax at the statutory tax rate of 24% (2019 – 24%)	1,003,882	1,726,063	31,719	300,342
Tax effects of:-				
Non-deductible expenses	355,965	834,567	309,173	252,585
Non-taxable income	(247,092)	(343,864)	(340,892)	(552,927)
Deferred tax assets not recognised during the financial year	-	143,447	-	-
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	43,198	281,351	-	-
Under/(Over) provision of deferred tax expense in the previous financial year	23,900	(48,200)	-	-
	971,498	2,593,364	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

28. EARNINGS PER SHARE

	The Group	
	2020	2019
Profit attributable to owners of the Company (RM)	2,925,653	4,873,700
Weighted average number of ordinary shares in issue	262,315,040	260,000,000
Basic earnings per share (Sen)	1.12	1.87

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

29. DIVIDENDS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Second interim single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2018	-	1,300,000	-	1,300,000

30. 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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 6)	12,053,468	4,433,362	8,525,141	1,524,147
Less: Amount financed through hire purchase (Note 30(b))	-	(402,000)	-	-
	12,053,468	4,031,362	8,525,141	1,524,147
Right-of-use assets				
Cost of right-of-use assets acquired (Note 8)	7,658,240	-	6,972,840	-
Less: Addition of new lease liabilities (Note 30(b))	(7,589,765)	-	(6,972,840)	-
	68,475	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
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30. CASH FLOW INFORMATION (cont'd)

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

The Group	Term Loans RM	Hire Purchase RM	Lease Liabilities RM	Total RM
2020				
At 1 July, as previously reported	6,805,509	1,423,200	-	8,228,709
Effects on adoption of MFRS16	-	(1,423,200)	7,249,740	5,826,540
At 1 July, as restated	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 19 and 30(a))	-	-	7,589,765	7,589,765
Interest expense recognised in profit or loss (Note 26)	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

The Group	Term Loans RM	Hire Purchase RM	Total RM
2019			
At 1 July	7,320,705	1,387,642	8,708,347
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(515,196)	(366,442)	(881,638)
Repayment of interests	(178,953)	(93,663)	(272,616)
	(694,149)	(460,105)	(1,154,254)
<u>Non-cash Changes</u>			
Acquisition of new leases (Note 30(a))	-	402,000	402,000
Interest expense recognised in profit or loss (Note 26)	178,953	93,663	272,616
	178,953	495,663	674,616
At 30 June	6,805,509	1,423,200	8,228,709

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

30. CASH FLOW INFORMATION (cont'd)

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

The Company	Lease Liabilities RM
2020	
At 1 July, as previously reported	-
Effects on adoption of MFRS16	5,645,376
At 1 July, as restated	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 19 and 30(a))	6,972,840
Interest expense recognised in profit or loss (Note 26)	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 2020 RM	The Company 2020 RM
Payment of short-term leases	1,182,282	-
Interest paid on lease liabilities	85,040	-
Payment of lease liabilities	1,130,300	697,284
	2,397,622	697,284

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	12,686,843	9,559,968	1,756,733	1,249,905
Short-term investments (Note 16)	27,867,400	34,858,394	23,531,914	31,661,530
	40,554,243	44,418,362	25,288,647	32,911,435

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
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31. 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	
	2020	2019	2020	2019
	RM	RM	RM	RM
(a) Directors				
Directors of the Company				
<u>Executive directors</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,551,446	1,510,455	-	-
Defined contribution benefits	188,400	165,000	-	-
	1,739,846	1,675,455	-	-
<u>Non-executive directors</u>				
Short-term employee benefits:				
- fees	189,650	196,033	189,650	196,033
Total directors' remuneration (Note 26)	1,929,496	1,871,488	189,650	196,033
(b) Other Key Management Personnel				
Short-term employee benefits	385,833	199,033	-	-
Defined contribution benefits	44,461	23,736	-	-
Total compensation for other key management personnel (Note 26)	430,294	222,769	-	-

32. 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 2020
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32. 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 Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Subsidiary				
Dividend received/receivable	-	-	550,000	1,100,000

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

33. 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	
	2020	2019
	RM	RM
Customer A	15,874,518	16,913,364
Customer B	9,861,237	15,265,372
Customer C	7,893,002	10,837,701

34. CAPITAL COMMITMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Construction of teleport	267,075	324,496	-	-
Construction of office building	4,313,015	12,586,534	4,313,015	12,586,534
Purchase of property, plant and equipment	1,648,559	-	-	-
	6,228,649	12,911,030	4,313,015	12,586,534

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
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35. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

Leases as Lessee

The Group leases a leasehold land under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group/ The Company 2019 RM
Later than 1 year and not later than 5 years	509,150
Later than 5 years	5,136,226
	5,645,376

36. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required:-

	The Group 2020 RM	2019 RM
Performance guarantee extended by subsidiaries to customers	-	451,959

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity 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.

37.1 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

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	
	2020	2019
	RM	RM
<u>USD</u>		
Financial Assets		
Trade receivables	539,327	749,306
Cash and bank balances	2,728,489	227,674
Currency Exposure	3,267,816	976,980

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	
	2020	2019
	RM	RM
Effects on Profit After Taxation		
USD/RM – strengthened by 4% (2019 – 2%)	+89,203	+14,850
– weakened by 4% (2019 – 2%)	-89,203	-14,850

(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 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
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37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

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) 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.

(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 3 (2019 – 3) customers which constituted approximately 61% (2019 – 71%) 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 (including related companies) at the end of the reporting period is as follows:-

	The Group	
	2020	2019
	RM	RM
Malaysia	13,915,785	19,926,287
Sri Lanka	1,806,472	-
Hong Kong	503,267	749,306
Others	27,751	27,216
	16,253,275	20,702,809

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(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.

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 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 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:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2020				
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
2019				
Current (not past due)	9,090,478	-	(1,201)	9,089,277
1 to 30 days past due	4,647,710	-	(2,542)	4,645,168
31 to 60 days past due	1,936,850	-	(3,537)	1,933,313
61 to 90 days past due	1,846,474	-	(5,132)	1,841,342
More than 90 days past due	3,264,477	-	(70,768)	3,193,709
Credit impaired	2,057,677	(2,057,677)	-	-
Trade receivables	22,843,666	(2,057,677)	(83,180)	20,702,809
Contract assets	6,601,438	-	(4,078)	6,597,360
	29,445,104	(2,057,677)	(87,258)	27,300,169

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 13 and 14 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 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

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

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.

(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
The Group						
2020						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	3,516,200	3,516,200	3,516,200	-	-
Other payables and accruals	-	3,765,741	3,765,741	3,765,741	-	-
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
		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 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 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	1 – 5 Years RM	Over 5 Years RM
The Group						
2019						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	8,169,819	8,169,819	8,169,819	-	-
Other payables and accruals	-	3,046,056	3,046,056	3,046,056	-	-
Hire purchase payables	4.41 - 6.34	1,423,200	1,551,453	466,672	1,084,781	-
Term loans	4.58	6,805,509	10,308,235	717,876	2,871,504	6,718,855
		19,444,584	23,075,563	12,400,423	3,956,285	6,718,855
The Company						
2020						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	1,876,814	1,876,814	1,876,814	-	-
Lease liabilities	3.61 - 3.66	12,321,900	19,710,567	365,010	2,920,084	16,425,473
		14,198,714	21,587,381	2,241,824	2,920,084	16,425,473
2019						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	1,246,916	1,246,916	1,246,916	-	-
Amount owing to a subsidiary	-	1,007,487	1,007,487	1,007,487	-	-
		2,254,403	2,254,403	2,254,403	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.2 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.

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Financial Assets				
<u>Mandatorily at Fair Value Through Profit or Loss</u>				
Short-term investments (Note 16)	27,867,400	34,858,394	23,531,914	31,661,530
<u>Amortised Cost</u>				
Trade receivables (Note 13)	16,253,275	20,702,809	-	-
Other receivables (Note 15)	73,393	83,506	-	-
Amount owing by a subsidiary (Note 9)	-	-	5,348,708	5,283,682
Cash and bank balances	12,686,843	9,559,968	1,756,733	1,249,905
	29,013,511	30,346,283	7,105,441	6,533,587
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables (Note 22)	3,516,200	8,169,819	-	-
Other payables and accruals (Note 23)	3,765,741	3,046,056	1,876,814	1,246,916
Amount owing to a subsidiary (Note 9)	-	-	-	1,007,487
Lease liabilities (Note 19)	14,110,173	-	12,321,900	-
Hire purchase payables (Note 20)	-	1,423,200	-	-
Term loans (Note 21)	6,451,388	6,805,509	-	-
	27,843,502	19,444,584	14,198,714	2,254,403

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group	
	2020	2019
	RM	RM
Financial Assets		
<u>Mandatorily at Fair Value through Profit or Loss</u>		
Net gains recognised in profit or loss	993,559	1,318,535
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(708,173)	(1,401,968)
Financial Liabilities		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(574,472)	(272,616)
	The Company	
	2020	2019
	RM	RM
Financial Assets		
<u>Mandatorily at Fair Value through Profit or Loss</u>		
Net gains recognised in profit or loss	870,384	1,203,865
Financial Liabilities		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(400,968)	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.5 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
The Group								
2020								
Financial Asset								
Short-term investments	27,867,400	-	-	-	-	-	27,867,400	27,867,400
Financial Liabilities								
Term loans	-	-	-	-	6,451,388	-	6,451,388	6,451,388
2019								
Financial Asset								
Short-term investments	34,858,394	-	-	-	-	-	34,858,394	34,858,394
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,398,865	-	1,398,865	1,423,200
Term loans	-	-	-	-	6,805,509	-	6,805,509	6,805,509
	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
The Company								
2020								
Financial Asset								
Short-term Investments	23,531,914			-	-		23,531,914	23,531,914
2019								
Financial Asset								
Short-term Investments	31,661,530			-	-		31,661,530	31,661,530

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

37. FINANCIAL INSTRUMENTS (cont'd)

37.5 FAIR VALUE INFORMATION (cont'd)

(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.
- (b) The fair value of hire purchase payables that carry fixed interest rate are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follow:-

	2019
	%
Hire purchase payables	4.41 – 7.38

38. INITIAL APPLICATION OF MFRS 16

The Group and the Company have adopted MFRS 16 retrospectively from 1 July 2019 and has not restated the comparative information as permitted under the special transition provisions in the standard. The Group and the Company have applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

(a) Lessee Accounting

At 1 July 2019, for leases that were classified as operating leases under MFRS 117, the Group and the Company measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate ranging from 3.05% to 3.66% and 3.61% to 3.66% respectively at that date. The right-of-use assets were measured at the amount equal to the lease liability.

The Group and the Company have used the following practical expedients in applying MFRS 16 for the first time:-

- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 July 2019; and
- Used hindsight in determining the lease term where the lease contract contains option to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 July 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020
cont'd

38. INITIAL APPLICATION OF MFRS 16 (cont'd)

(a) Lessee Accounting (cont'd)

There was no difference between the operating lease commitments disclosed in the previous financial year (determined under MFRS 117) and the lease liabilities recognised at 1 July 2019.

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

There were no financial impacts to the Group's and to the Company's retained earnings upon the transition to MFRS 16 at 1 July 2019.

39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The COVID-19 pandemic in early 2020 has affected the business and economic environments globally and locally. Following that, the Malaysian government had on 16 March 2020 declared and imposed a nationwide Movement Control Order ("MCO") to curb and combat the spread of COVID-19.

During the MCO period, the Group was permitted to provide network maintenance works which were recognised as an essential service while its ongoing network installation and commissioning projects were temporarily interrupted. The Group resumed full operations upon the relaxation of regulations through conditional MCO on 4 May 2020.

Nevertheless, the Group remains cautious over the challenges posed by the pandemic and continuously monitors and manages its operations to minimise any adverse consequences that may arise.

40. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM	As Restated RM
The Company		
Statement of Financial Position (Extract):-		
NON-CURRENT ASSETS		
Amount owing by a subsidiary	-	5,283,682
CURRENT ASSETS		
Amount owing by a subsidiary	5,283,682	-
Statement of Cash Flows (Extract):-		
CASH FLOWS FOR INVESTING ACTIVITIES		
Advances to a subsidiary	-	(4,083,682)
CASH FLOWS FOR FINANCING ACTIVITIES		
(Net repayment to)/Advances from a subsidiary	(4,060,770)	22,906

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 2020 (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: Office	Total land area: 14,400 Total built up area: 16,960	46 Years lease expiring on 9 October 2066	12	5,617,475	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	6	2,693,465	28.5.2014
HS (D) 560747, PTD 8688, Mukim Jelutong, Tempat Taman Nusantara Daerah Johor Bahru, Negeri Johor / Lot 24, Tiong Nam Business Park @ SiLC7Johor Bahru, Johor ("SiLC7 Property")	Three storey shop office Existing Use: Vacant	Total land area: 1,540 Total built up area: 4,620	Freehold	3	1,281,610	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 2020 (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	6	272,377	22.9.2014

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2020

ORDINARY SHARES

Total Number of Issued Shares	:	264,367,550
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Number of Shareholders	:	4,233

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2020

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 100	6	0.14	198	0.00
100 to 1,000	444	10.49	271,900	0.10
1,001 to 10,000	1,921	45.38	12,239,700	4.63
10,001 to 100,000	1,692	39.97	58,804,050	22.24
100,001 to 13,218,377 (*)	168	3.97	62,150,200	23.51
13,218,378 and above (**)	2	0.05	130,901,502	49.52
TOTAL	4,233	100.00	264,367,550	100.00

Remarks: * - Less than 5% of issued shares

** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS 30 SEPTEMBER 2020

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Na Boon Aik	73,436,751	27.78	-	-
Na Bon Tiam	57,464,751	21.74	-	-

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2020

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Datuk Cham Hak Lim	500,000	0.19	-	-
Na Boon Aik	73,436,751	27.78	-	-
Na Bon Tiam	57,464,751	21.74	-	-
Zulamran Bin Hamat	2,500,000	0.95	-	-
Dato' Seow Thiam Fatt	300,000	0.11	-	-
Dato' Tan Yee Boon	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2020
cont'd

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2020

Name of Shareholders	Holdings	
	No. of Shares	% of Issued Capital
1. Na Boon Aik	73,436,751	27.778
2. Na Bon Tiam	57,464,751	21.737
3. Fong Ah Chai	5,000,000	1.891
4. Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	3,508,500	1.327
5. Zulamran Bin Hamat	2,500,000	0.946
6. Tan Pooi Fan	1,900,000	0.719
7. Alliance Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Chai Beng (7002516)</i>	1,753,200	0.663
8. He Swee Hong	1,540,100	0.583
9. Chan Chen Kit	1,500,000	0.567
10. Chew Soon Ping @ David Chew	1,300,000	0.492
11. Yue Lain Hong	1,100,000	0.416
12. Tan Eng @ Tan Chin Huat	1,000,000	0.378
13. Wong Siaw Mee	1,000,000	0.378
14. Sun Chee Liang	780,000	0.295
15. Tan Soon Ban	673,000	0.255
16. Lee Kok Hai	605,400	0.229
17. Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Woo Chon Fatt</i>	600,000	0.227
18. Cheah Kim Bang	600,000	0.227
19. Choo Teck Keong	575,000	0.218
20. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Principal Small Cap Opportunities Fund (240218)</i>	570,300	0.216
21. Wong Wee Fong	553,300	0.209
22. Pang Chong Seng	537,000	0.203
23. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Raja Aznin Bin Raja Ahmad (CEB)</i>	537,000	0.203
24. Ng Bee Hua	530,000	0.200
25. Citigroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad For Principal Islamic Small Cap Opportunities Fund</i>	513,300	0.194
26. Lee Chee Kim	510,000	0.193
27. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)</i>	510,000	0.193
28. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Cham Hak Lim (021)</i>	500,000	0.189
29. Loke Chong	500,000	0.189
30. Public Invest Nominees (Tempatan) Sdn Bhd <i>Exempt An For Phillip Securities Pte Ltd (Clients)</i>	490,000	0.185

NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting (“4th AGM”) of Binasat Communications Berhad (“the Company”) will be held at Meeting Room 3, Level 2, Menara Binasat, Lot PT 13824, Jalan Teknologi 4, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Friday, 27 November 2020 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1 of the Explanatory Notes)
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 RM235,000 for the financial year ending 30 June 2021. Ordinary Resolution 1
3. To re-elect the following Directors of the Company who are retiring pursuant to Clause 96 of the Constitution of the Company:
 - i) Mr. Na Boon Aik Ordinary Resolution 2
 - ii) Mr. Na Bon Tiam Ordinary Resolution 3
4. 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:

5. **Proposed Alteration to the Constitution of the Company (“Proposed Alteration”)** Special Resolution

“**THAT** the proposed alteration to the Clauses of the Constitution of the Company as set out in Appendix I attached with the Annual Report for the financial year ended 30 June 2020 be and are hereby approved.”
6. **Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares** Ordinary Resolution 5

“**THAT** pursuant to Section 75 and Section 76 of the Companies Act 2016, the Directors be and are hereby authorised 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 and **THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and **THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company.”
7. **Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** Ordinary Resolution 6

“**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 28 October 2020, provided that:

 - (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;

NOTICE OF FOURTH ANNUAL GENERAL MEETING

cont'd

- (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."

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 (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
 Company Secretaries

Selangor Darul Ehsan

Date: 28 October 2020

NOTICE OF FOURTH ANNUAL GENERAL MEETING

cont'd

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
4. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or notorially certified copy of such power of attorney or authority, shall be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof, otherwise the instrument of proxy should not be treated as valid.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 November 2020 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
6. 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 4th AGM will be put to vote by way of poll.
7. The 4th AGM of the Company will be conducted in compliance with the General Standard Operating Procedures to Government and Private Sector ("SOP") issued by Malaysian National Security Council. The attendance of members/proxies and invited guests may be denied in the event of failure to fulfill the requirements of participants in accordance with the SOP.
8. The Board wishes to highlight that the 4th AGM may be re-scheduled and/or postponed in view of the current COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.

EXPLANATORY NOTES

1. Item 1 of the Agenda – Audited Financial Statements

The Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 2 of the Agenda - Directors' Fees

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.

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 5 of the Agenda – Proposed Alteration to the Constitution of the Company

The proposed Alteration to the Company's Constitution under item 5 of the Agenda, if passed, will allow the Company to seek any increase in general mandate limit for new issue of securities to be granted by Bursa Malaysia Securities Berhad and other regulatory bodies from time to time as well as providing more flexibility to the Company.

NOTICE OF FOURTH ANNUAL GENERAL MEETING

cont'd

4. Item 6 of the Agenda - Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

a. Requirements under Rule 6.04 of the ACE Market Listing Requirements

Pursuant to Rule 6.04 of the ACE Market Listing Requirements, listed issuers must not issue any new shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such ordinary shares or convertible securities issued during the preceding 12 months, exceeds 10% of the total number of issued shares (excluding any treasury shares) of the listed issuer for the time being (10% General Mandate), except where the shares or convertible securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

b. Relief measures granted by Bursa Malaysia Securities Berhad

Bursa Malaysia Securities Berhad ("Bursa Securities") had via their letter dated 16 April 2020 granted several additional temporary relief measures, amongst others, listed corporations are allowed to seek higher general mandate under Rule 6.04 of the ACE Market Listing Requirements of not more than 20% of the total number of issued shares for issue of new securities ("20% General Mandate"), provided that the following are being complied with:-

- (i) procure shareholders' approval for the 20% General Mandate at a general meeting; and
- (ii) complies with all relevant applicable legal requirements, including its Constitution or relevant constituent document.

This 20% General Mandate may be utilised by listed corporations to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

c. Rationale for Proposed Ordinary Resolution 5

The Company proposes to seek new shareholders' mandate to enable the Directors to issue and allot up to a maximum of 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to the 20% General Mandate under Ordinary Resolution 5.

The proposed Ordinary Resolution 5, if passed, will provide additional flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purposes of funding the Company's future investment project(s), working capital, operational expenditure and/or acquisition(s) at any time as the Directors may deem fit without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting.

d. 10% General Mandate

Pursuant to the 10% General Mandate granted to the Directors at the previous Third AGM held on 29 November 2019, the Company had placed out 4,367,550 new ordinary shares ("New Shares") to Bumiputera investors approved by the Ministry of International Trade and Industry via Special Issue comprising:-

- a) First tranche – 4,340,950 New Shares at an issue price of RM0.3135 per share on 17 December 2019 and;
- b) Second tranche – 26,600 New Shares at an issue price of RM0.3135 per share on 18 December 2019

(collectively refer to as "Special Issue Shares")

The Special Issue Shares were listed on the ACE Market of Bursa Malaysia Securities Berhad on 19 December 2019 and 20 December 2019 respectively.

The details and status of utilisation of proceeds from Special Issue amounting to approximately RM1.369 million as of 30 September 2020 are set out below:

Details of use of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Percentage Utilised %
Working capital requirements of Binasat Group	1,169	1,169	100%
Expenses relating to the Special Issue	200	200	100%
	1,369	1,369	100%

NOTICE OF FOURTH ANNUAL GENERAL MEETING

cont'd

e. Statement by the Directors for the 20% General Mandate

The Board of Directors, having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders as the 20% General Mandate will give the Directors the flexibility and cost effectiveness to raise funds expeditiously and efficiently during this challenging time to ensure the long term sustainability of the Company and safeguard the interest of the Company and the 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 28 October 2020 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.

APPENDIX I

Clause No.	Existing Clause	Proposed Clause
15	Subject to the Act, Central Depositories Act, Rules and/or Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 76 of the Act, the Company must ensure that it shall not issue any Shares or convertible Securities if the total number of those Shares or convertible Securities, when aggregated with the total number of any such Shares or convertible Securities issued during the preceding twelve (12) months exceeds ten per centum (10%) of the total number of issued Shares (excluding treasury shares) of the Company, except where the Shares or convertible Securities are issued with the prior approval of the shareholders in General Meeting of the precise terms and conditions of the issue. In working out the number of Shares or convertible Securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of Shares into which it can be converted or exercised.	Subject to the Listing Requirements and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue. In working out the number of Shares or convertible Securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of Shares into which it can be converted or exercised.
52	<p>The Company may alter its share capital in any one or more of the following ways by passing a special resolution:</p> <p>(a) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided Share is derived;</p> <p>(b) to convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares;</p> <p>(c) to subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived; or</p> <p>(d) to cancel any Shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its Share capital by the amount of the Shares so cancelled.</p>	<p>The Company may alter its share capital in any one or more of the following ways by passing a ordinary resolution:</p> <p>(a) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided Share is derived;</p> <p>(b) to convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares;</p> <p>(c) to subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived; or</p> <p>(d) to cancel any Shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its Share capital by the amount of the Shares so cancelled.</p>

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* on my/our* behalf at the Fourth Annual General Meeting of the Company to be held at Meeting Room 3, Level 2, Menara Binasat, Lot PT 13824, Jalan Teknologi 4, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Friday, 27 November 2020 at 10.00 a.m. or at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

No.	Resolutions	For	Against
	Ordinary Business		
Ordinary Resolution 1	Approval of Directors' fees and benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM235,000 for the financial year ending 30 June 2021		
Ordinary Resolution 2	Re-election of Mr. Na Boon Aik as Director		
Ordinary Resolution 3	Re-election of Mr. Na Bon Tiam as Director		
Ordinary Resolution 4	Re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
	Special Business		
Special Resolution	Proposed Alteration to the Constitution of the Company		
Ordinary Resolution 5	Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares		
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: _____

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Share Registrar of Binasat Communications Berhad

Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan

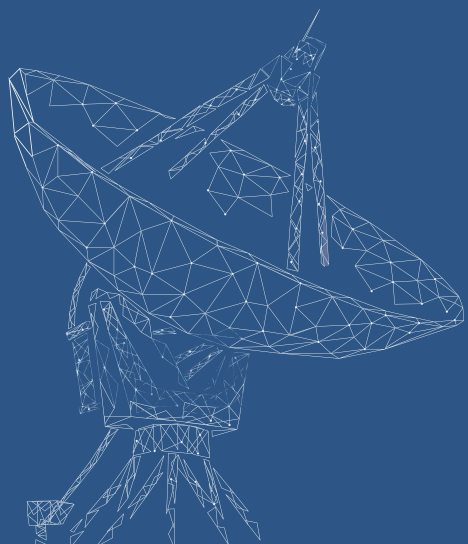
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NOTES

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3. The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
4. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power of attorney or authority, shall be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof, otherwise the instrument of proxy should not be treated as valid.
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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 28 October 2020.



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,
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