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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Statement/ Circular prior to its issuance as it is prescribed as an exempt circular pursuant to Paragraph 2.1 of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities.

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**BINASAT COMMUNICATIONS BERHAD**  
Registration No. 201701008491 (1222656-D)  
(Incorporated in Malaysia)

**PART A**

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

**PART B**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE**

The resolutions in respect of the above proposals will be tabled as special business at the Sixth Annual General Meeting ("**6<sup>th</sup> AGM**") of Binasat Communications Berhad ("**the Company**") which will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via the online meeting platform at <https://web.vote2u.my> (Domain Registration No. with MYNIC: D6A471702) provided by Agmo Digital Solutions Sdn. Bhd. on Wednesday, 30 November 2022 at 10.00 a.m. or at any adjournment thereof. The Notice of 6<sup>th</sup> AGM, Proxy Form, Administrative Guide, Annual Report 2022 and this Statement/Circular are available on the Company's website at <https://www.binacom.com.my/investor-relations/>.

If you are unable to participate and vote remotely at the 6<sup>th</sup> AGM and wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the registered office of the Company at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 6<sup>th</sup> AGM or any adjournment thereof. Alternatively, you may lodge your Proxy Form electronically via email at the Poll Administrator's email address at [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com). The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 6<sup>th</sup> AGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the 6<sup>th</sup> AGM.

Last date and time for lodging the Proxy Form : Monday, 28 November 2022 at 10.00 a.m.  
Date and time of the 6<sup>th</sup> AGM : Wednesday, 30 November 2022 at 10.00 a.m.

**PART A**

**PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE  
ITS OWN ORDINARY SHARES**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Statement/ Circular and the accompanying appendix:

“ACE Market”	: ACE Market of Bursa Securities
“Act”	: Companies Act 2016 of Malaysia, as may be amended, supplemented or modified from time to time
“AGM”	: Annual General Meeting
“Binasat” or “Company”	: Binasat Communications Berhad
“Binasat Group” or “Group”	: Binasat and its subsidiaries, collectively
“Binasat Share(s)” or “Share(s)”	: Ordinary share(s) in Binasat
“Board”	: Board of Directors of Binasat
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Code”	Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-Overs, Mergers and Compulsory Acquisitions, including any amendments that may be made from time to time
“Director(s)”	: A natural person who holds a directorship in the Company for the time being, whether in an executive or non-executive capacity, falling within the meaning given in Section 2(1) of the Capital Markets and Service Act 2007
“EPS”	: Earnings per share
“FYE”	: Financial year ended/ ending 30 June, as the case may be
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities
“LPD”	: 30 September 2022, being the latest practicable date prior to the printing of this Circular
“Major Shareholder(s)”	<p>A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:</p> <p>(a) 10% or more of the total number of voting shares in the Company; or</p> <p>(b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.</p>

For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.

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**DEFINITIONS (Cont'd)**

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“NA”	: Net assets
“Proposed Free Warrants Issue”	: Proposed free warrants issue of up to 194,147,753 free Warrants on the basis of 1 Warrant for every 2 existing Shares held on the entitlement date to be determined later, which was announced on 13 October 2022
“Proposed Share Buy-Back Authority”	: Proposed authority to the Company to purchase its own shares up to ten per cent (10%) of its total number of issued shares
“Purchased Share(s)”	: Binaset Share(s) purchased pursuant to the Proposed Share Buy-Back Authority
“RM” and “sen”	: Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
“SC”	: Securities Commission Malaysia
“SIS”	: The existing share issuance scheme of the Company
“Statement” or “Circular”	: This statement/ circular to the shareholders of Binaset dated 28 October 2022 in relation to, among others, the Proposed Share Buy-Back Authority
“Treasury Shares”	: Purchased Share(s) which is/ are retained as treasury shares as defined under Section 127 of the Act
“VWAP”	: Volume weighted average market price
“Warrants”	: Up to 194,147,753 free warrants to be allotted and issued pursuant to the Proposed Free Warrants Issue

All references to “**you**” in this Statement/ Circular are references to shareholders of Binaset.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Statement/ Circular is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement/ Circular is a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the figures included in this Statement/ Circular between the amount stated, actual figures and the totals thereof are due to rounding.

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**BINASAT COMMUNICATIONS BERHAD**

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

**Registered Office:**

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan

28 October 2022

**Board of Directors**

Tan Sri Datuk Cham Hak Lim (*Independent Non-Executive Chairman*)  
Na Boon Aik (*Managing Director*)  
Zulamran bin Hamat (*Executive Director cum Chief Executive Officer*)  
Dato' Seow Thiam Fatt (*Senior Independent Non-Executive Director*)  
Dato' Tan Yee Boon (*Independent Non-Executive Director*)

**To: Shareholders of Binasat Communications Berhad**

Dear Sir/ Madam,

**PROPOSED SHARE BUY-BACK AUTHORITY**

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**1. INTRODUCTION**

On 20 October 2022, the Board announced that the Company proposes to seek the approval of its shareholders at the forthcoming Sixth Annual General Meeting ("**6<sup>th</sup> AGM**") of the Company for the Proposed Share Buy-Back Authority.

The purpose of Part A of this Statement/ Circular is to provide you with details of the Proposed Share Buy-Back Authority and to seek your approval on the ordinary resolution pertaining to the Proposed Share Buy-Back Authority to be tabled at the 6<sup>th</sup> AGM. The notice convening the 6<sup>th</sup> AGM together with the Proxy Form are enclosed in the Annual Report 2022.

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT/CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK AUTHORITY TO BE TABLED AT THE FORTHCOMING 6<sup>TH</sup> AGM.**

**2. DETAILS OF THE PROPOSED SHARE BUY-BACK AUTHORITY**

The Board is proposing to seek the shareholders' approval to authorise the Company to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the total number of issued shares of the Company which are listed on Bursa Securities through its appointed stockbroker(s) at the point of purchase subject to compliance with Section 113(5) and 127 of the Act, Chapter 12 of the Listing Requirements of Bursa Securities and any prevailing laws/ regulations issued by the relevant authorities.

The Proposed Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming 6<sup>th</sup> AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company (i.e., 7<sup>th</sup> AGM), at which time the said authority will lapse, unless by an ordinary resolution passed at the 7<sup>th</sup> AGM, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders at a general meeting of the Company,

whichever occurs first.

## **2.1 Maximum number or percentage of Binasat Shares to be purchased**

The Board proposes to seek a mandate from the Company's shareholders to purchase and/or hold in aggregate up to 10% of the total issued shares of Binasat as quoted on Bursa Securities as at the point of purchase.

The maximum aggregate number of Binasat Shares which may be purchased by the Company, shall not exceed 10% of the total number of issued shares in the Company at any point in time subject to compliance with the provisions of the Act, the Company's Constitution, the Listing Requirements and/or any other relevant authorities.

As at LPD, the total number of issued shares is 388,295,506 Shares. For illustration purpose, assuming no further Binasat Shares are issued\*, the maximum number of Binasat Shares which may be purchased by the Company shall not be more than 38,829,550 Shares, representing up to 10% of its issued shares as at the LPD.

*Note:*

\* *Notwithstanding the above, the Company has a SIS which took effect on 16 April 2019 for a period of 5 years. The maximum number of Binasat Shares which may be made available under the SIS shall not exceed 15% of the total number of issued shares of the Company at any one time. As at LPD, Binasat has not awarded/ granted any Shares or SIS options pursuant to the SIS.*

*On 13 October 2022, the Company announced that the Company proposes to undertake the Proposed Free Warrants Issue which entails issuance of up to 194,147,753 Warrants. On 17 October 2022, the additional listing application has been submitted to Bursa Securities.*

*The maximum number of Binasat Shares which may be purchased must not exceed an aggregate amount of up to 10% of the total number of issued Shares after taking into consideration the number of Shares to be issued pursuant to the SIS and Proposed Free Warrants Issue.*

The actual number of Binasat Shares to be purchased and the timing of such purchase will depend on, among others, market conditions and sentiments, as well as the retained earnings and financial resources of the Company at the time of the purchase(s).

## **2.2 Pricing**

Pursuant to Rule 12.17 of the Listing Requirements, the Company may only purchase the Shares on Bursa Securities at a price which is not more than 15% above the VWAP for Binasat Shares for the 5 market days immediately before the purchase(s).

In addition, pursuant to Rule 12.18 of the Listing Requirements, the Company may only resell Treasury Shares on Bursa Securities or transfer Treasury Shares pursuant to Section 127(7) of the Act, at:

- (i) a price which is not less than the VWAP for Binasat Shares for the 5 market days immediately before the resale or transfer; or
- (ii) a discounted price of not more than 5% to the VWAP for Binasat Shares for the 5 market days immediately before the resale or transfer provided that:
  - (a) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
  - (b) the resale or transfer price is not less than the cost of purchase of Binasat Shares being resold or transferred.

### **2.3 Treatment of Purchased Shares**

In accordance with Section 127(4) of the Act, the Directors may deal with the Purchased Shares, in the following manner:

- (i) to cancel the Purchased Shares;
- (ii) to retain the Purchased Shares as Treasury Shares; or
- (iii) to retain part of the Purchased Shares as Treasury Shares and cancel the remainder of the Purchased Shares.

Accordingly, pursuant on Section 127(7) of the Act, where such Purchased Shares are held as Treasury Shares, the Directors may:

- (i) distribute the Purchased Shares as dividends to shareholders;
- (ii) resell the Purchased Shares or any of the Purchased Shares in accordance with the Listing Requirements;
- (iii) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees' share scheme;
- (iv) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (v) cancel the Purchased Shares or any of the Purchased Shares; or
- (vi) sell, transfer or otherwise use the Purchased Shares for such other purposes as allowed by the Act.

In accordance with Section 127(8) of the Act, if the Purchased Shares are held as Treasury Shares, it shall not confer:

- (i) the right to attend or vote at meetings and any purported exercise of such rights is void; and
- (ii) the right to receive dividends or other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up the Company.



In accordance with Section 127(9) of the Act, if the Purchased Shares are held as Treasury Shares, the Treasury Shares will not be taken into account in calculating the number of percentage of Shares, or of a class of shares in the Company for any purpose including without limiting the generality of the provision under Section 127(9) of the Act, the provisions of any law or requirements of the Company's Constitution or the Listing Requirements on substantial shareholdings, take-overs, notices, requisitioning of meetings, quorum for a meeting and result of a vote on resolution(s) at a meeting.

Nonetheless, Section 127(11) of the Act states that the Purchased Shares shall not be taken to prevent:

- (i) an allotment of Shares as fully paid bonus shares in respect of the Treasury Shares; or
- (ii) the subdivision or consolidation of Treasury Shares.

As at the date of this Statement/ Circular, the Board has yet to make any decision with regards to the treatment of the Purchased Shares and will take into consideration the effects of such treatment on the Group in arriving at its decision. An appropriate announcement(s) and notice(s) will be made to Bursa Securities and the relevant authorities in respect of the Board's decision on the treatment of the Purchased Shares in compliance with the Listing Requirements and the Act.

### **3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK AUTHORITY**

The Proposed Share Buy-Back Authority, if implemented, may provide the following potential benefit to the Company and its shareholders:

- (i) will enable Binasat to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market, and assist in stabilising the supply, demand and price of its Shares, thereby supporting the fundamental value of its Shares;
- (ii) If the Purchased Shares are subsequently cancelled either immediately or subsequently after being held as Treasury Shares, the Proposed Share Buy-Back Authority may strengthen the EPS of the Group. Assuming all things being equal, the EPS of the Group may be enhanced as the consolidated earnings would be divided by a reduced number of Shares. This is expected to have a positive impact on the market price of Binasat Shares;
- (iii) The Purchased Shares can also be held as Treasury Shares and resold on Bursa Securities at a higher price thereby realising a potential gain without affecting the total number of issued Shares of the Company.
- (iv) the Treasury Shares can be distributed as share dividends to the Company's shareholders as a reward.

### **4. SOURCE OF FUNDS**

The Proposed Share Buy-Back Authority will be funded through internally-generated funds and/ or external borrowings. The actual amount of funds to be utilised for the Proposed Share Buy-Back Authority will only be determined later depending, amongst others, the actual number of Binasat Shares to be purchased, the availability of funds at the time of purchase(s) and other relevant cost factors.

Pursuant to the Rule 12.10(1) of the Listing Requirements, the Proposed Share Buy-Back Authority must be made wholly out of retained profits of the Company. Therefore, the

maximum amount of funds to be utilised for the Proposed Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company. Based on the Company's latest audited financial statements for the FYE 2022, the retained profits of the Company was RM1,020,266.

The Proposed Share Buy-Back Authority, if funded through internally generated funds, is not expected to have a material impact on the cash flow position of the Company. In the event the Proposed Share Buy-Back Authority is to be financed by external borrowings, the Company will ensure it has capabilities of repaying such borrowings and that such repayment will not have a material effect on the Group's cash flow. In addition, the Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before execution of the Proposed Share Buy-Back Authority.

The Company will not buy-back its own Shares unless it has recorded retained profits at the Company level.

## **5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK AUTHORITY**

The potential advantages of the Proposed Share Buy-Back Authority are as follows:

- (i) allows Binasat to utilise its financial resources more efficiently if there are no immediate use, to purchase Binasat Shares and this may strengthen the EPS of the Group.
- (ii) allows Binasat to take preventive measures against speculation particularly when its shares are undervalued, which would in turn, stabilise its market price and hence, enhance investors' confidence;
- (iii) allows Binasat to utilise the Treasury Shares as purchase consideration in corporate transactions thereby reducing the financial outflow and/or preserve the working capital of Binasat;
- (iv) Binasat may distribute any Binasat Shares held as Treasury Shares as share dividends to reward the Company's shareholders; and
- (v) Binasat may realise potential gains from the resale of the Treasury Shares, if the Purchased Shares which are retained as Treasury Shares are resold at a higher price.

The potential disadvantages of the Proposed Share Buy-Back Authority are as follows:

- (i) the Proposed Share Buy-Back Authority will reduce the financial resources of Binasat and may result in the Group foregoing other investment opportunities that may emerge in the future; and
- (ii) it may reduce the amount of financial resources available for the repayment of the Group's borrowings, for working capital or for distribution in the form of dividends to the Shareholders of the Company. However, the working capital of the Group may recover and increase upon the reselling of the Purchased Shares as treasury shares.

Nevertheless, the Proposed Share Buy-Back Authority is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

## 6. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

### 6.1 Share capital

The effects of the Proposed Share Buy-Back Authority on the issued share capital of the Company will depend on the treatment of the Purchased Shares.

Based on the total number of issued shares of the Company as at LPD and assuming that the maximum number of Binasat Shares (of up to 10% of the total number of issued Shares) authorised under the Proposed Share Buy-Back Authority are purchased and cancelled, it will result in the total number of issued shares of the Company being reduced as follows:

	No. of Shares
Issued share capital as at the LPD	388,295,506
Less: Maximum number of Purchased Shares which may be cancelled	(38,829,550)
<b>Resultant total number of issued shares</b>	<b>349,465,956</b>

However, the Proposed Share Buy-Back Authority will not have any effect on the total number of issued Shares of Binasat if all of the Purchased Shares are to be retained as Treasury Shares, resold, transferred or distributed to the Shareholders of the Company.

### 6.2 Earnings and EPS

Assuming that the Purchased Shares under the Proposed Share Buy-Back Authority are cancelled, the Proposed Share Buy-Back Authority may increase the EPS of the Group.

Similarly, on the assumption that the Purchased Shares are treated as Treasury Shares and subsequently resold, the extent of the effect on earnings of the Group will depend on the actual selling price and number of Treasury Shares resold and the effective gain arising.

In the event the Purchased Shares are held as Treasury Shares, the effective reduction in the total number of issued Shares of Binasat pursuant to the Proposed Share Buy-Back Authority would generally, all else being equal, increase the consolidated EPS of the Company.

Notwithstanding the above, the actual effect is dependent on the purchase prices of Binasat's Shares, the number of Shares purchased, and the effective funding cost if any, or any loss in interest income to the Company, or the opportunity cost in relation to other investment opportunities.

### 6.3 NA

The effects of the Proposed Share Buy-Back Authority on the NA per share of the Group will depend on the number of Shares which the Company will buy back, the purchase price for such Binasat Shares and whether the Purchased Shares are cancelled or retained as Treasury Shares and the funding cost (if any) as follows:

#### (i) Purchased Shares are subsequently retained as Treasury Shares

In the event that all Purchased Shares are retained as Treasury Shares, the NA of the Group would decrease by the purchase cost of the Treasury

Shares because the Treasury Shares are required to be carried at cost and be offset against equity.

If the Purchased Shares are resold on Bursa Securities, the NA of Binasat would increase if Binasat realises a gain from the resale, and vice-versa. If the Purchased Shares were distributed as share dividends, the NA of the Group will decrease by the cost of the Treasury Shares.

**(ii) Purchased Shares are subsequently cancelled**

If the Purchased Shares are cancelled, the Proposed Share Buy-Back Authority will reduce the NA per Binasat Share if the purchase price per Binasat Share exceeds the NA per Binasat Share at the time of purchase, and vice-versa.

**6.4 Working capital**

The Proposed Share Buy-Back Authority, as and when implemented, will reduce the working capital and cashflow of Binasat Group. The quantum of which will depend on, amongst others, the number of Purchased Shares, purchase price(s) and any associated cost incurred for the purchase of the Binasat shares. In the event that the Treasury Shares are subsequently resold on Bursa Securities, the working capital of the Group will increase upon the receipt of the proceeds of the resale.

**6.5 Dividends**

The Proposed Share Buy-Back Authority is not expected to adversely affect the Company's ability to pay dividends as the Board will take into consideration the Company's profit, cash flow and the capital commitments before proposing any dividend payment.

However, the Board will have the option of distributing the Treasury Shares as share dividends to the Shareholders of Binasat.

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## 6.6

### Directors' and substantial shareholders' shareholdings

The Purchased Shares that are to be retained as treasury shares and/or cancelled will result in a proportionate increase in the percentage shareholdings of the Directors and substantial shareholders of the Company. The effects of the Proposed Share Buy-Back Authority on the Directors' and substantial shareholders' percentage of shareholdings in the Company are illustrated as follows:

	As at the LPD <sup>(1)</sup>			After Proposed Share Buy-Back Authority <sup>(2)</sup>		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%		No. of Shares	%	
<b><u>Directors</u></b>						
Tan Sri Cham Hak Lim	1,200,000	0.31	-	1,200,000	0.34	-
Na Boon Aik	73,436,751	18.91	-	73,436,751	21.01	-
Zulamran bin Hamat	3,000,000	0.77	-	3,000,000	0.86	-
Dato' Seow Thiam Fatt	400,000	0.10	-	400,000	0.11	-
Dato' Tan Yee Boon	-	-	-	-	-	-
<b><u>Substantial shareholders</u></b>						
Na Boon Aik	73,436,751	18.91	-	73,436,751	21.01	-
Na Bon Tiam	50,822,451	13.09	-	50,822,451	14.54	-
Dynamic Paradigm Sdn Bhd	31,428,571	8.09	-	31,428,571	8.99	-
Nik Abdul Hakim Bin Abd Razak	-	-	(3)31,428,571	-	-	(3)31,428,571
Mohd Solehuddin Bin Yahya	-	-	(3)31,428,571	-	-	(3)31,428,571

Notes:

- (1) Based on existing issued share capital of 388,295,506 Binasat Shares as at the LPD.
- (2) Based on the issued share capital of 349,465,956 Binasat Shares, assuming the maximum of 38,829,550 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back Authority.
- (3) Deemed interest by virtue of his interest in Dynamic Paradigm Sdn Bhd pursuant to Section 8 of the Act.

## 7. IMPLICATIONS OF THE CODE

A person and any parties acting in concert with him will be obliged to make a mandatory general offer under the Code for the remaining ordinary shares of the Company and outstanding convertible securities (if any) not already owned by him/ them as a result of the Proposed Share Buy-Back Authority if:

- (i) his/ their equity interest in the Company is/ or increased to beyond 33% of the Company's total number issued Shares; or
- (ii) his/ their equity interest is/ are more than 33% but less than 50% and acquires more than 2% of the voting shares or voting rights of the Company in any six (6)-month period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Code subject to the affected person and parties acting in concert complying with the conditions stipulated in the Code.

The Company intends to implement the Proposed Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Share Buy-Back Authority. Nonetheless, if the obligation to undertake a mandatory general offer under the Code is expected to be triggered, the affected shareholders and their respective parties acting in concert shall apply to the SC for an exemption from undertaking a mandatory offer under the Code.

## 8. PURCHASE, RESALE, TRANSFER AND CANCELLATION OF BINASAT SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

Given that this is the first time the Company is seeking authority from the shareholders for the Proposed Share Buy-Back Authority, the Company does not currently hold any Treasury Shares and has not purchased, resold, transferred or cancelled any of Binasat Shares during the last twelve (12) months preceding the LPD.

## 9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Binasat shares as traded on Bursa Securities for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
<b><u>2021</u></b>		
October	0.435	0.350
November	0.390	0.280
December	0.325	0.280
<b><u>2022</u></b>		
January	0.330	0.270
February	0.315	0.280
March	0.285	0.260
April	0.295	0.270
May	0.275	0.235
June	0.260	0.210
July	0.250	0.210
August	0.270	0.230
September	0.245	0.195

Last transacted market price on 30 September 2022 (being the LPD prior to the printing of this Circular) was RM0.20 per Binasat Share.

*(Source: Bloomberg)*

#### **10. PUBLIC SHAREHOLDING SPREAD**

The Proposed Share Buy-Back Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% shareholding spread as required under Rule 8.02(1) of the Listing Requirements.

As at LPD, public shareholding spread of the Company was 58.72%. The Company will ensure that the Proposed Share Buy-Back Authority will not breach Rule 12.14 of the Listing Requirements, which states that a listed corporation must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed corporation being in breach of the public shareholding spread requirements as set out under Rule 8.02(1) of the Listing Requirements.

#### **11. APPROVAL REQUIRED**

The Proposed Share Buy-Back Authority is subject to and conditional upon the approval of Binasat's shareholders at the forthcoming AGM of the Company.

The Proposed Share Buy-Back Authority is not conditional or inter-conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

#### **12. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSON CONNECTED WITH THEM**

Save for the proportionate increase in the percentage shareholdings and/ or voting rights of the shareholdings as a consequence of the Proposed Share Buy-Back Authority, none of the Directors, Major Shareholders of Binasat, and/ or person connected with them, have any interest, whether directly or indirectly, in the Proposed Share Buy-Back Authority.

#### **13. DIRECTORS' STATEMENT AND RECOMMENDATION**

The Board, having considered all aspects of the Proposed Share Buy-Back Authority, is of the opinion that the Proposed Share Buy-Back Authority is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back Authority to be tabled at the forthcoming AGM of the Company.

#### **14. AGM**

The ordinary resolution in respect of the Proposed Share Buy-Back Authority is set out in the Notice of the 6<sup>th</sup> AGM contained in the Annual Report 2022 of the Company. The 6<sup>th</sup> AGM of the Company will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via the online meeting platform at <https://web.vote2u.my> (Domain Registration No. with MYNIC: D6A471702) provided by Agmo Digital Solutions Sdn. Bhd. on Wednesday, 30 November 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification the ordinary resolution pertaining to the Proposed Share Buy-Back Authority.

As a shareholder, you are encouraged to attend, participate and vote remotely at the forthcoming 6<sup>th</sup> AGM using the remote participation and electronic voting facilities. If you are unable to participate and vote remotely at the 6<sup>th</sup> AGM and wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the registered office of the Company, at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 6<sup>th</sup> AGM or any adjournment thereof. Alternatively, you may lodge your Proxy Form via email to [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com). The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 6<sup>th</sup> AGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the 6<sup>th</sup> AGM.

## **15. FURTHER INFORMATION**

Shareholders are advised to refer to the attached appendix of this Circular for further information.

Yours faithfully  
For and on behalf of the Board of  
**BINASAT COMMUNICATIONS BERHAD**

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



**PART B**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED  
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Statement/ Circular:

“Act”	: The Companies Act, 2016, as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Annual Report 2022”	: Annual Report of the Company for the financial year ended 30 June 2022
“ARMC”	: Audit and Risk Management Committee
“Binasat” or “the Company”	: Binasat Communications Berhad
“Binasat Group” or “Group”	: Binasat and its subsidiaries collectively
“Binasat Share(s)”	: Ordinary share(s) of Binasat
“Board”	: The Board of Directors of Binasat
“BSB”	: Binasat Sdn Bhd, a wholly-owned subsidiary of the Company
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Circular”	: This circular to shareholders of Binasat dated 28 October 2022 in relation to the Proposed Renewal of Shareholders’ Mandate
“Director(s)”	<p>: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon-</p> <p>i) a director of the Company, its subsidiary or holding company; or</p> <p>ii) a chief executive of the Company, its subsidiary or holding company</p>
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time
“LPD”	: 30 September 2022, being the latest practicable date prior to the issuance of this Circular
“Major Shareholder”	<p>: A person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares is:</p> <p>(a) equal to or more than 10% of the total number of the voting shares in the Company; or</p> <p>(b) equal to or more than 5% of the total number of voting shares in the Company where such person is the largest shareholder of the Company</p>

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act

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**DEFINITIONS (Cont'd)**

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“Person(s) Connected”	: Shall have the same meaning given in Rule 1.01, Chapter 1 of the Listing Requirements
“Proposed Renewal of Shareholders’ Mandate”	: Proposed renewal of shareholders’ mandate for Binasat Group to enter into Recurrent Related Party Transactions
“Recurrent Related Party Transaction(s)” or “RRPT”	: Related party transaction(s) which is/are recurrent, of a revenue and/or trading nature which are necessary for the day-to-day operations of the Group and within the ordinary course of business of the Group entered into by the Group, which involves the interest, direct or indirect, of Related Parties
“Related Party” or Parties”	: Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s)
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“SNSB”	: Satellite NOC Sdn Bhd, a 70% subsidiary of the Company

All references to “our Company” in this Circular are to Binasat Communications Berhad and reference to “our Group” are to our Company and subsidiaries collectively. References to “we”, “us”, “our”, and “ourselves” are to our Group.

Words importing the singular shall, where applicable, include the plural and vice versa. Words incorporating importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporation, unless otherwise specified.

Any reference in this Circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

All references to “you” in this Circular are to the shareholders of the Company.

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**BINASAT COMMUNICATIONS BERHAD**  
Registration No. 201701008491 (1222656-D)  
(Incorporated in Malaysia)

**Registered Office:**  
12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan

28 October 2022

#### **Board of Directors**

Tan Sri Datuk Cham Hak Lim (*Independent Non-Executive Chairman*)  
Na Boon Aik (*Managing Director*)  
Zulamran bin Hamat (*Executive Director cum Chief Executive Officer*)  
Dato' Seow Thiam Fatt (*Senior Independent Non-Executive Director*)  
Dato' Tan Yee Boon (*Independent Non-Executive Director*)

#### **To: Shareholders of Binasat Communications Berhad**

Dear Sir/Madam

#### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

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##### **1. INTRODUCTION**

At the 5<sup>th</sup> AGM held on 30 November 2021, the Company obtained a mandate from its shareholders for Binasat Group to enter into Recurrent Related Party Transactions in accordance with the Listing Requirements which lapses at the conclusion of the forthcoming AGM unless approval for its renewal is obtained from shareholders of the Company at the forthcoming AGM.

On 20 October 2022, the Company announced its intention to seek the approval of its shareholders for the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature at the forthcoming 6<sup>th</sup> AGM of the Company.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming 6<sup>th</sup> AGM of the Company. The Notice of the 6<sup>th</sup> AGM together with the Proxy Form are enclosed in the Annual Report 2022.

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 6<sup>TH</sup> AGM**

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **2.1 Provisions under the Listing Requirements**

Pursuant to Rule 10.09 of the Listing Requirements, a listed company may seek shareholders' mandate in respect of RRPT which are necessary for its day-to-day operations subject to, amongst others, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:

"in relation to a listed issuer with a share capital RM60 million and above—

- (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
- (ii) the percentage ratio of such RRPT is 1% or more,

whichever is the higher";

- (c) issuance of circular to shareholders by the Company containing information as specified in the Listing Requirements;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested Major Shareholder or person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a mandate from its shareholders pursuant to the above, the provisions under Rule 10.08 of the Listing Requirements will not apply with regard to transactions as detailed in Section 2.4 of this Circular.

### **2.2 Validity period for the Proposed Renewal of Shareholders' Mandate**

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM, will take effect from the date of passing of the proposed ordinary resolution at the forthcoming AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not

extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

For information of shareholders, the approval of the shareholders of the Company will be sought for the renewal the shareholders' mandate at each subsequent AGM of the Company.

## **2.3 Principal activities of the Group**

The Company is principally engaged in investment holding. As at the LPD, the principal activities of its subsidiaries are as follows:

<b>Company</b>	<b>Principal Activities</b>	<b>Effective ownership interest</b>
BSB	Provision of support services for satellite, mobile and fibre optic telecommunications networks	100%
Binasat (Sabah) Sdn Bhd	Dormant	100%
SNSB	Provision of support services for satellite telecommunications network	70%
Borderless Connection Sdn Bhd	Provision of transmission and distribution network utility construction services, as well as engineering, procurement, construction and commissioning (EPCC) of solar facilities	51%
Bina Jeth Sdn Bhd	Dormant	51%

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## 2.4 Classes or related parties and Nature of RRPT

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties

Related Party	Transacting Party	Nature of Transaction	Estimated value as disclosed in the Circular to shareholders dated 29 October 2021 (RM)	Actual value transacted from 30 November 2021 up to the LPD to the LPD (RM)	Estimated value of transactions from the date of the forthcoming 6 <sup>th</sup> AGM up to the date of the next AGM* (RM)	Interested Directors, Major Shareholders and/or Person connected to them
SNSB	BSB	Satellite uplink and downlink network equipment ("Equipment"), as well as high-definition Digital Satellite News Gathering ("DSNG") equipment owned by BSB were used by SNSB in their support services for satellite communications network. SNSB paid monthly rental to BSB for the use of the Equipment and DSNG.	1,200,000.00	847,457	1,500,000.00	Zulamran bin Hamat <sup>(1)</sup> and Na Boon Aik <sup>(2)</sup>

Note:-

\* The estimated value of the RRPT during the validity period of the mandate as set out the above are for the period from the conclusion of the forthcoming 6<sup>th</sup> AGM of Binasat until the conclusion of the next AGM of Binasat which may vary and subject to change



- (1) Zulamran bin Hamat is an interested Director by virtue of his directorships, shareholdings in the Company and SNSB. Please refer to Section 2.10 of this Circular for details of his shareholding in the Company.

As at the LPD, the directorship and shareholding of Zulamran bin Hamat in SNSB is as follows:

	Direct		Indirect		Directorship
	No. of shares	%	No. of shares	%	
BSB	-	-	-	-	-
SNSB	225,000	30.00	-	-	✓

- (2) Na Boon Aik is an interested Director by virtue of his directorships, shareholdings in the Company, BSB and SNSB. Please refer to Section 2.10 of this Circular for details of his shareholding in the Company.

As at the LPD, the directorships and shareholdings of Na Boon Aik in BSB and SNSB are as follows:

	Direct		Indirect		Directorship
	No. of shares	%	No. of shares	%	
BSB	-	-	31,000,000	100 <sup>^</sup>	✓
SNSB	-	-	525,000	70 <sup>^</sup>	✓

<sup>^</sup> Deemed interested pursuant to Section 8 of the Act

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## **2.5 Amount due from and owing by Related Parties under previous mandate obtained**

As at the LPD, there were no amounts due and owing by the Related Parties pursuant to the Recurrent Related Party Transactions which exceeded the credit terms.

## **2.6 Rationale and Benefit of the RRPT**

The RRPT to be entered into by the Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT. As such, the Board of the Binasat is seeking shareholders' mandate pursuant to Rule 10.09(2) of the Listing Requirements for the RRPT described in Section 2.1 above to allow the Group to enter into such RRPT. This would also reduce substantial administrative time, inconvenience and expenses of having to frequently convene separate general meetings for approval of each transaction while still maintaining the objective of keeping shareholders informed of the extent of RRPT occurring within the Group.

The RRPT entered by the Binasat Group is synergistic to the activities of the Group and provides the Group with support to its operational and business needs at the best possible terms.

## **2.7 Review Procedures**

The following are in place to ensure that any transactions entered into by the Binasat Group with Related Party, which are in the ordinary course of business of Binasat Group, are undertaken on transaction prices and on an arm's length basis and on normal commercial terms consistent with the Binasat Group's usual business practices and are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of our non-interested shareholders:

- (i) The Binasat Group will only enter into RRPT after taking into account the pricing, terms and other relevant factors. Wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Binasat Group based on the usual business practices of Binasat Group to ensure that the RRPT is not detrimental to the Binasat Group.
- (ii) There are no specific thresholds for the approval of RRPT within the Group. All RRPT will be reviewed by the ARMC of the Company on the quarterly basis and approved by the Board with the recommendation from the ARMC prior to execution of contracts.
- (iii) All types of RRPT are carried out at arm's length and on the Binasat Group's normal commercial terms which are not more favourable to the related parties than those generally available to the public. These include transacting at prevailing market rates/prices of the products or services provider's usual commercial terms or otherwise in accordance with applicable industry norm.

- (iv) Records of RRPT will be maintained by the Group and will be made available to the external auditors, internal auditors and ARMC for their review.
- (v) The Board and the ARMC will review the RRPT on a quarterly basis, to ascertain that the guidelines and procedures established to monitor RRPT have been complied with.
- (vi) Where any Director or person connected to him has an interest (direct or indirect) in any RRPT, he shall abstain from deliberation and voting on the matter. The said interested Director shall undertake that he will ensure that person connected with him abstain from voting on the resolution deliberating or approving the RRPTs at a general meeting.
- (vii) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the shareholders' mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to. Any divergence will be reported to the ARMC.

## **2.8 Disclosure in Annual Report**

Disclosure will be made in the annual report of the Company in accordance with Rule 3.1.5 of Guidance Note 8 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information:

- (a) the type of the RRPTs made; and
- (b) the names of the Related Parties involved in each of the RRPTs made and their relationship with the Company.

## **2.9 Statement by the ARMC**

The ARMC has seen and reviewed the procedures as mentioned in Section 2.7 of this Circular and is of the view that the said procedures are sufficient to ensure that the RRPTs are undertaken on arm's length basis not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of Binasat.

The ARMC is of the view that Binasat Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on an annual basis or whenever the need arises.

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## 2.10 Directors' and Major Shareholders' Interests

The shareholding of the Directors and Major Shareholders, who are deemed interested in the Proposed Renewal of Shareholders' Mandate, as at LPD, are as follows:

Name of Interested Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Na Boon Aik	73,436,751	18.91	-	-
Zulamran bin Hamat	3,000,000	0.77	-	-
Name of Interested Major Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Na Boon Aik	73,436,751	18.91	-	-
Na Bon Tiam	50,822,451	13.09	-	-

Accordingly, the interested Directors have abstained and will continue to abstain from the Board's deliberations and voting on the relevant resolution. Further, the interested Directors and interested Major Shareholders will abstain from voting in respect of their direct and/ indirect shareholdings in the Company, on the resolution approving the Proposed Renewal of Shareholders' Mandate at the forthcoming 6<sup>th</sup> AGM.

In addition, the interested Directors and interested Major Shareholders have undertaken that they shall ensure that the person connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution, deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming 6<sup>th</sup> AGM.

Save as disclosed above, none of the other Director, Major Shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

## 2.11 Directors' Recommendation

The Board (save for the interested Directors), after having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Company.

Accordingly, the Board (save for the interested Directors), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 6<sup>th</sup> AGM.

## 3. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming 6<sup>th</sup> AGM.

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#### **4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the share capital, shareholdings of the substantial shareholders, earnings per share, net assets per share and gearing of Binasad and its subsidiaries.

#### **5. AGM**

The ordinary resolution in respect of the Proposed Renewal of Shareholders' Mandate is set out in the Notice of the 6<sup>th</sup> AGM contained in the Annual Report 2022 of the Company. The 6<sup>th</sup> AGM of the Company, the notice of which is enclosed in the Annual Report 2022 of the Company, will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via the online meeting platform at <https://web.vote2u.my> (Domain Registration No. with MYNIC: D6A471702) provided by Agmo Digital Solutions Sdn. Bhd. on Wednesday, 30 November 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

As a shareholder, you are encouraged to attend, participate and vote remotely at the forthcoming 6<sup>th</sup> AGM using the remote participation and electronic voting facilities. If you are unable to participate and vote remotely at the 6<sup>th</sup> AGM and wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the registered office of the Company, at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 6<sup>th</sup> AGM or any adjournment thereof. Alternatively, you may lodge your Proxy Form via email to [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com). The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 6<sup>th</sup> AGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the 6<sup>th</sup> AGM.

#### **6. FURTHER INFORMATION**

Shareholders are advised to refer to the attached appendix in this Circular for further information.

Yours faithfully  
For and on behalf of the Board of  
**BINASAT COMMUNICATIONS BERHAD**

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

## FURTHER INFORMATION

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement/ Circular has been seen and approved by the Directors of Binasat and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement/ Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. MATERIAL CONTRACTS**

Neither the Company nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Statement / Circular.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Save as disclosed below, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board is not aware and do not have any knowledge of any proceeding pending or threatened against the Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of the Group:

**(i) Shah Alam High Court Civil Suit No.: BA-22NCvC-518-11/2019 between Binasat Sdn Bhd ("Binasat SB") and Rosado Tradeline Sdn Bhd ("Rosado")**

This dispute relates to a sub-contract between Binasat SB and Rosado ("**Sub-Contract A**") under which Rosado has appointed Binasat SB as the subcontractor to carry out the works in respect of "Building the Fiber System - Implementation Services of Civil Infrastructure and Fiber Optic Cabling Works". It was alleged by Binasat SB that Rosado had unilaterally terminated the Sub-Contract A. On 22 November 2019, Binasat SB commenced this suit against Rosado claiming for among others, the following:

- (a) RM1,499,435.19 being the sum due and owing to Binasat SB for works carried out and completed for Rosado up to the date of the termination of the Sub-Contract A;
- (b) in the alternative to (a) above, a sum to be assessed by the Court on a quantum meruit basis on the value of the works carried out by Binasat SB;
- (c) loss of profits in the sum of RM3,264.99;
- (d) general damages to be assessed by the Court;
- (e) costs incurred by Binasat SB for the appointment of an independent quantity surveyor which is to be assessed by the Court;
- (f) interest at the rate of 5% per annum on the sum of RM1,499,435.19 from the date of filing this suit until the date of judgment, and from the date of judgment until the date of full realisation; and
- (g) costs.

Rosado had in response, counterclaimed against Binasat SB for general damages to be assessed by the Court and costs.

Subsequently, in July 2021, Binasat SB had instructed its solicitors to file an application to amend its claim as follows ("**Amendment Application**"):

FURTHER INFORMATION (*Cont'd*)

- (a) RM1,137,932.80 being the sum due and owing to Binasat SB for works carried out and completed for Rosado up to the date of the termination of the Sub-Contract A; and
- (b) loss of profits in the sum of RM39,097.02.

On 16 March 2022, the Court allowed the Amendment Application made by Binasat SB and this matter is now fixed for trial on 10 April 2023 to 13 April 2023.

Solicitors for Binasat SB are of the view that there is a reasonably good chance for Binasat SB to succeed in its main claim or alternative claim against the Rosado, and to defend against Rosado's counterclaim.

The Board is of the view that this legal suit will not give rise to a negative impact on the financial performance and position of the Group as the ancillary cost related to the Sub-Contract A (including impairment losses on financial assets and contract assets) have been provided and accounted for in the Company's audited financial statements in prior years.

(ii) **Kuala Lumpur High Court Civil Suit No.: WA-22C-14-01/2021 between Binasat SB and TT Frontiers Sdn Bhd ("TT Frontiers")**

This dispute relates to a sub-contract between Binasat SB and TT Frontiers ("**Sub-Contract B**") under which TT Frontiers has appointed Binasat SB as the subcontractor to undertake works and services including survey, construct and implement civil infrastructure and fiber optic cabling system.

It was alleged by Binasat SB that TT Frontiers had wrongfully terminated the Sub-Contract B.

On 27 January 2021, Binasat SB commenced this suit against TT Frontiers claiming for among others, the following:

- (a) RM1,269,790.58 being the invoiced outstanding sum due and owing to Binasat SB for the works carried out and completed by Binasat SB for TT Frontiers up to the date of the termination of the Sub-Contract B;
- (b) in the alternative, RM825,955.75 being the outstanding sum admitted and valued by TT Frontiers for the works done by Binasat SB;
- (c) pre-judgment interest on (a) or (b) above at the rate of 2% per month from the due date for payment of the respective invoices issued by Binasat SB until the date of judgment, or in the alternative, 5% per annum from the due date for payment of the respective invoices issued by Binasat SB or from 11 June 2019 until the date of judgment;
- (d) costs;
- (e) general damages; and
- (f) post-judgment interest at the rate of 5% per annum on the judgment debt until the date of full payment of the judgment debt.

On 26 March 2021, due to TT Frontier's failure to enter its appearance within the stipulated time, Binasat SB successfully obtained a judgment in default against TT Frontiers for the sum of RM1,269,790.58 ("**JID**").

However, on 5 May 2021, TT Frontier filed an application to set aside the JID ("**Setting Aside Application**").

FURTHER INFORMATION (*Cont'd*)

During the hearing of the Setting Aside Application on 26 August 2021, the Court has made the following orders:

- (a) that the JID be set aside;
- (b) that TT Frontiers be allowed to file its defence within 21 days from 26 August 2021;
- (c) that TT Frontiers pays the sum of RM825,955.75 to Binasat SB's solicitors to be held pending disposal of this suit ("**Deposit Payment**"); and
- (d) that the orders set out in (a) and (b) above be automatically revoked and the JID be reinstated if TT Frontiers fail to pay the Deposit Payment to Binasat SB's solicitors by 15 September 2021.

Due to the failure of TT Frontiers to pay the sum of RM825,955.75 to Binasat SB's solicitors on 15 September 2021, accordingly the JID has been reinstated and the total outstanding sum of RM1,269,790.58 pursuant to the JID is due and owing by TT Frontiers to Binasat SB.

In June 2022, Binasat SB has instructed their solicitors to commence winding up proceedings against TT Frontiers ("**Winding Up Proceedings**") for its failure to pay the judgment sum stated in the JID.

Solicitors for Binasat SB are in the midst of commencing the Winding Up Proceedings.

The Board is of the view that this legal suit will not give rise to a negative impact on the financial performance and position of the Group as the ancillary cost related to the Sub-Contract B (including impairment losses on financial assets and contract assets) have been provided and accounted for in the Company's audited financial statements in prior years.

#### 4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the Company's shareholders at the registered office of the Company at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming AGM of the Company:

- (a) the Constitution of Binasat;
- (b) the audited consolidated financial statements of Binasat for the financial years ended 30 June 2021 and 30 June 2022 respectively; and
- (c) the relevant cause papers in relation to the material litigation, claim and arbitration as referred to in Section 3 above.