

BINASAT COMMUNICATIONS BERHAD (“BINASAT” OR THE “COMPANY”)

PROPOSED FREE WARRANTS ISSUE

1. INTRODUCTION

On behalf of the Board of Directors of Binasat (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company proposes to undertake a proposed free warrants issue of up to 194,147,753 free warrants (“**Warrant(s)**”) on the basis of 1 Warrant for every 2 existing ordinary shares in the Company (“**Binasat Shares**” or “**Shares**”) held by the shareholders of Binasat whose names appear in the record of depositors of the Company at the close of business on an entitlement date which will be determined later (“**Entitled Shareholders**”) (“**Entitlement Date**”) (“**Proposed Free Warrants Issue**”).

2. DETAILS OF THE PROPOSED FREE WARRANTS ISSUE

2.1 Basis and number of Warrants to be issued

The Proposed Free Warrants Issue entails the issuance of up to 194,147,753 Warrants on the basis of 1 Warrant for every 2 existing Shares held by the Entitled Shareholders.

The Company has a share issuance scheme which took effect on 16 April 2019 for a period of 5 years (“**SIS**”). 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 4 October 2022, being the latest practicable date prior to this announcement (“**LPD**”), Binasat has not awarded/ granted any Shares or SIS options pursuant to the SIS. The Company has undertaken not to grant any Shares or SIS options until completion of the Proposed Free Warrants Issue.

The basis and number of Warrants to be issued were determined after taking into consideration, amongst others, the following:

- (i) the potential dilutive effect on Binasat’s consolidated earnings per Share; and
- (ii) the number of new Binasat Shares arising from the exercise or conversion of all outstanding convertible equity securities* must not exceed 50% of the Company’s total number of issued shares (excluding treasury shares and before the exercise of convertible equity securities*) at all times, in compliance with Rule 6.51 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

Note:

* “convertible equity securities” shall mean warrants and convertible preference shares, as defined in Rule 6.50(2) of the Listing Requirements.

As at the LPD, the Company does not have any convertible equity securities.

A total of up to 194,147,753 Warrants will be issued pursuant to the Proposed Free Warrants Issue. The enlarged number of Binasat Shares is as illustrated below:

	No. of Shares
Issued Shares as at the LPD	388,295,506
Assuming full exercise of the Warrants	194,147,753
Enlarged number of issued Shares after the Proposed Free Warrants Issue	582,443,259

The Proposed Free Warrants Issue will not result in non-compliance with Rule 6.51 of the Listing Requirements as shown below:

	No. of Shares
Issued Shares as at the LPD [A]	388,295,506
Number of Warrants [B]	194,147,753
[B] / [A]	50.00%

The actual number of Warrants to be issued pursuant to the Proposed Free Warrants Issue will depend on the total number of issued Shares as at the Entitlement Date.

Fractional entitlements arising from the Proposed Free Warrants Issue, if any, will be disregarded and/ or dealt with by the Board in such manner as the Board at its absolute discretion deems fit and expedient and in the best interest of the Company.

The Proposed Free Warrants Issue is not intended to be implemented in stages over a period of time.

2.2 Salient terms of the Warrants

The Warrants shall have a tenure of 3 years at an exercise price to be determined later. The Warrants will be issued in registered form and constituted by the provisions of a deed poll to be executed by the Company ("**Deed Poll**"). The salient terms of the Warrants are set out in **Appendix I** of this announcement.

2.3 Basis and justification of the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants shall be determined by the Board at a later date after obtaining all relevant approvals but prior to the Entitlement Date. The Board in determining the exercise price of the Warrants will take into consideration, amongst others, the following:

- (i) the historical price movement of Binasat Shares;
- (ii) the Warrants will be issued at no cost to the Entitled Shareholders;
- (iii) the Warrants are exercisable at any time during the tenure of 3 years commencing on and including the date of issuance of the Warrants; and
- (iv) the 5-day volume weighted average market price ("**VWAP**") of Binasat Shares prior to the price-fixing date. The Board will determine and fix the exercise price of the Warrants subject to a premium of not more than 10% over the 5-day VWAP of Binasat Shares immediately preceding the price-fixing date.

For illustrative purpose, the exercise price of Warrants is assumed to be at RM0.21 each, which represents a premium of RM0.0077 or 3.81% to the 5-day VWAP of Binasat Shares up to and including the LPD of RM0.2023.

The Board wishes to emphasise that the assumed exercise price of the Warrants of RM0.21 each should not be taken as an indication of or reference to the actual exercise price of the Warrants, which will be determined and announced on the price-fixing date.

2.4 Ranking of the Warrants and the new Shares to be issued arising from the exercise of Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/ or offer of securities in Binasat until and unless such holders of the Warrants exercise their Warrants into new Binasat Shares.

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, carry the same rights with the then existing Binasat Shares. However, such new Shares will not be entitled to any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such dividends, rights, allotments and/ or other distributions.

2.5 Listing and quotation of the Warrants and new Shares to be issued pursuant to the exercise of the Warrants

An application will be made to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as for the listing and quotation of the Warrants and new Binasat Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

3. UTILISATION OF PROCEEDS

The issuance of Warrants is not expected to raise any funds immediately as the Warrants will be issued at no cost to the Company's shareholders.

However, as and when the Warrants are exercised, the exact quantum of proceeds that may be raised by Binasat will depend upon the exercise price and actual number of Warrants exercised during the tenure of the Warrants. As such, the exact timeframe and the breakdown for the utilisation of the proceeds are not determinable at this juncture. The Company expects to utilise the proceeds from the exercise of Warrants within 36 months from the date of receipt of the proceeds. For illustrative purposes only, the gross proceeds to be raised upon the full exercise of the Warrants based on the assumed exercise price of RM0.21 each, is set out below:

No. of Warrants	194,147,753
Total gross proceeds to be raised assuming full exercise of Warrants (RM)	40,771,028

The Company intends to utilise the proceeds arising from the exercise of the Warrants, if any, for the Company and its subsidiaries' ("**Group**") working capital. The working capital raised from the exercise of the Warrants will be utilised to finance the Group's day-to-day operations, including the payment to suppliers and subcontractors as well as defrayment of operational and administrative expenses (e.g., rental expenses, utility charges, maintenance expenses, transportation costs and upkeep of property, plant and equipment). The allocation of proceeds to be utilised for each component of working capital are subject to the Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by the Board at a later date.

Pending utilisation of the proceeds to be raised as and when the Warrants are exercised, the proceeds may be placed in deposits with licensed financial institutions and/ or short-term money market instruments. The interest derived from the deposits with licensed financial institutions and/ or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of the Group.

3.1 Equity fund raising exercise undertaken by the Company in the past 12 months up to the LPD

On 21 December 2021, the Company completed private placement of 64,715,900 Binasat Shares, raised gross proceeds of RM19.56 million (“**Private Placement 2021**”), as summarise below.

Tranche	Date of Listing	Issue price per Share (RM)	No. of Shares
1	17 November 2021	0.3450	21,375,000
2	29 November 2021	0.3030	21,271,700
3	21 December 2021	0.2600	22,069,200
Total			64,715,900

As at the LPD, the status of the utilisation of proceeds from the Private Placement 2021 by the Group is as follows:

Description	Proceeds raised (RM'000)	Actual utilisation (RM'000)	Balance unutilised (RM'000)
Enhancing the Group's fiber optic network installation and commissioning service capability	1,290	1,021	269
Working capital	18,082	4,849	13,233
Estimated expenses for the Private Placement 2021	185	185	-
Total	19,557	6,055	13,502

4. RATIONALE FOR THE PROPOSED FREE WARRANTS ISSUE

The Proposed Free Warrants Issue is intended to:

- (i) enable the Company's shareholders to participate in convertible securities of the Company which are issued at no cost to them and are tradable on the ACE Market of Bursa Securities;
- (ii) strengthen the Group's capital base and shareholders' funds as well as potentially provide funds for the Group to finance its working capital requirements as and when the Warrants are exercised without incurring interest cost, as compared to bank borrowings;
- (iii) provide the existing shareholders of the Company with an opportunity to increase their equity in the Company at a pre-determined price during the tenure of the Warrants; and
- (iv) allow the existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants.

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5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While growth was lifted to some extent by the low base from the Full Movement Control Order (“**FMCO**”) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for electrical & electronic (“**E&E**”) products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

Key economic sectors continued to expand in the second quarter of 2022. The services sector grew by 12.0% (1Q 2022: 6.5%). Consumer-related subsectors such as retail and leisure-related activities continued to recover amid the transition to endemicity, reopening of the international borders, improving labour market conditions and the additional support from policy assistance. The strong expansion was also seen in business related activities including transport and storage, due in part to higher growth in air passenger traffic and tourist arrivals. Furthermore, growth of the real estate subsector continued to improve as property transactions recovered. Additionally, the information and communication subsector provided further support to growth following greater usage of e-commerce services.

(Source: Second quarter 2022, Bank Negara Quarterly Report, Bank Negara Malaysia)

Malaysia’s economic recovery continued its strong momentum in the first half of 2022 amid the global headwinds. The gross domestic product (“**GDP**”), grew at 6.9% during the period supported by the implementation of Budget 2022 measures, transition to the endemicity and reopening of international borders. The economy is expected to grow at 6.1% in the second half of 2022 in line with strong domestic pent-up demand from private sector, remarkable tourism activities and outstanding trade performance. Furthermore, robust performance in services and manufacturing sectors as well as improvement in the labour market conditions are envisaged to contribute significantly to the economic growth. Overall, the nation’s economy is expected to grow between 6.5% - 7% in 2022.

In line with the softening global economic outlook, Malaysia’s economy is expected to moderate in 2023. Strong economic fundamentals, further improvement in employment prospects, sustained consumer and business confidence as well as continuous policy support for vulnerable households are projected to stimulate domestic demand. Steady external demand, especially for E&E products and major commodities, is anticipated to continue driving the exports, thus maintaining a surplus in current account of the balance of payments (BOP).

On the supply side, all economic sectors are projected to expand, with the services and manufacturing sectors remain as the major contributors to the economy. The services sector will benefit from an increase in domestic demand and tourism activities. The manufacturing sector is expected to be driven by global demand for E&E and rubber-based products coupled with an expansion in domestic industries such as food and construction related products. Meanwhile, the construction sector is projected to improve with the acceleration of existing infrastructure projects and higher private investment that would increase demand for more commercial and residential buildings. Thus, the nation’s GDP is forecast to expand between 4% – 5% in 2023.

(Source: Macroeconomic Outlook, Economic Outlook 2023, Ministry of Finance Malaysia)

5.2 Overview and outlook of the telecommunication industry in Malaysia

The Malaysian economy in 2021 showed a recovery momentum, with positive growth of GDP, supported mainly by improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan (“**NRP**”). In line with this, the usage of telecommunication and multimedia services continue to increase, building momentum for domestic communications and multimedia (“**C&M**”) industry to remain resilient against the external headwinds and global economic uncertainties. The C&M industry market capitalisation has increased by 2.8% to RM146.95 billion, driven by 3.5% increase in telecommunications sector, 6.6% increase in broadcasting sector, and partly offset the 34.8% decline in postal and courier sector.

In terms of financial performance, the C&M industry revenue witnessed an increase of 3.7% to RM48.25 billion in 2021 (2020: RM46.52 billion), spurred by economic reopening and Government stimulus programmes. Telecommunications sector has withstood the pandemic headwinds, benefiting from businesses and consumers reliance on network connectivity. The incentives from Jaringan Prihatin Programme which subsidised consumers to own a smartphone and mobile package have boosted subscriber growth in 2021. These developments inevitably fuelled the sector's growth, with revenue increasing 5.1% to RM40.31 billion in 2021 (2020: RM38.35 billion). Given the need to expand network infrastructures to support the rising demand, the service providers have accelerated capex investments to 4.8% higher to RM4.98 billion in 2021 (2020: RM4.75 billion).

However, broadcasting and postal and courier sector revenue experienced a decline. Broadcasters continued to face competition from online video streaming platforms and cord-cutting along with cautious spending from consumers have led to a contraction of 1.9% in broadcasting sector revenue to RM5.28 billion in 2021 (2020: RM5.38 billion). On the postal and courier sector front, the sector continues to operate in a competitive market with many players, pressured by price and cost despite the surge in e-commerce demand and parcel volume. As a result, postal and courier sector revenue saw a decline of 4.7% to RM2.66 billion in 2021 (2020: RM2.79 billion).

The market capitalisation for the telecommunications sector has improved by 3.5% to RM139.19 billion in 2021 (2020: RM134.42 billion), which illustrates a positive investor sentiment over this sector outlook due to the increasing demand for connectivity from personal to business use, even after the relaxation of movement control restrictions.

The telecommunications market in Malaysia has somewhat matured with a flat service revenue trend in the last few years. While data services such as fixed broadband and mobile Internet are still growing, the increase is offset by the decline in legacy services such as voice and mobile messaging services. However, the total market is expected to rebound from 2021 onwards. GlobalData Fixed Communications and Mobile Broadband Forecast published in December 2021 show that the total telecom service revenue in Malaysia is forecasted to grow steadily at a compound annual growth rate (“**CAGR**”) of 3.0% from RM26.3 billion in 2021 to RM30.6 billion in 2026.

The growth is mainly driven by mobile data with a forecasted CAGR of 5.2% in the next five years and a revenue size of 62% of the total telecom market in 2026. This will be driven by several key factors such as higher data subscriptions, wider coverage of high-speed mobile networks especially in remote areas, higher data usage with 5G and wider adoption of Over-The-Top (OTT) services, especially gaming content, streaming and video. With an expected CAGR of 3.3% for the same forecast period, fixed broadband is another key driver for the telecom market in the country.

(Source: *Industry Performance Report 2021, Malaysia Communications and Multimedia Commission*)

The information and communication subsector expanded by 6.1% in the first half of 2022, supported by telecommunication segment following a higher digital usage among businesses and individuals and increased subscription of services offered by telecommunication companies. The subsector is projected to increase by 3.3% in the second half of the year, supported by sustained high usage of the e-commerce services and increased subscriptions to media streaming such as sport packages in conjunction with the 2022 Commonwealth Games and 2022 FIFA World Cup campaign. Therefore, the subsector is anticipated to rise by 4.7% in 2022.

The information and communication subsector is expected to expand by 4.6%, mainly driven by the increasing digital adoption across all economic sectors. Phase 2 of the Jalinan Digital Negara (JENDELA) is expected to boost the digital connectivity through the utilisation of Fixed Wireless Access and other fit-for-purpose technologies, thus enabling the country to further address the digital divide. In this regard, Digital National Berhad aims to extend the fifth-generation cellular network (5G) coverage to 80% of the nation's populated areas by 2024. In addition, high quality investment in digital-related infrastructures such as data centres and cloud computing services as well as continued surge in the e-commerce and online entertainment activities will further boost the subsector.

(Source: Macroeconomic Outlook, Economy Outlook 2023, Ministry of Finance Malaysia)

Binasat Group is involved in the provision of support services for satellite, mobile and fibre optic telecommunications networks. Premised on the outlook as set out above, the Board is cautiously optimistic of the demand for its provision of support services for satellite, mobile and fibre optic telecommunications networks for the financial year ending 30 June 2023 after having considered other relevant aspects, such as the global recovery from the COVID-19 pandemic and the continued expansion of the information and communication subsector.

5.3 Overview and outlook of the solar photovoltaic (“PV”) and utilities sectors in Malaysia

Solar PV sector

During the tabling of the Twelfth Malaysia Plan (RMK-12), the Government of Malaysia has reaffirmed its commitment to reduce the country's greenhouse gas (GHG) emissions intensity of Gross Domestic Product (GDP) by 45% by the year 2030 relative to 2005 levels. It was also announced that carbon pricing and a carbon tax would be introduced to support this vision, as well as a Comprehensive National Energy Policy to provide long-term strategic direction to support national aspiration of reducing its carbon emissions to net-zero.

To further accelerate the country's sustainable energy industry growth, the contribution of solar, biomass and biogas in its installed capacity mix is targeted to increase to 31%. Ministry of Energy and Natural Resources' decision to release an additional 300MW of solar quota under Net Energy Metering (“NEM”) Net Offset Virtual Aggregation will indeed attract more participants to apply for the programme, which will be available via Sustainable Energy Development Authority (“SEDA”) Malaysia's eNEM system starting from 15th November 2021.

The additional quota is expected to benefit up to 300 commercial and industrial customers and create new business opportunities for over 100 local solar players. Further, it will create an estimated value of RM1.2 billion and provide 3,600 job opportunities, contributing greatly towards Malaysia's post-COVID-19 pandemic recovery.

(Source: Chairman's Message, SEDA in the Eyes of Malaysia, Volume 5 Issue 13, published in December 2021 by SEDA)

Utilities sector

The utilities subsector recorded an increase of 3.8% in the first half of 2022 and is anticipated to improve further by 3% in the second half. For the whole year, the subsector is expected to expand by 3.4% following a higher electricity consumption by industrial, commercial and domestic segments attributed to the reopening of all economic sectors and resumption of social activities.

The utilities subsector is projected to grow by 2.4% for year 2023, driven by strong demand in electricity; and water and sewerage segments, in tandem with expected higher usage in industrial, commercial and residential segments. In addition, the ongoing implementation of rural electrification projects through extension of grid connection as well as alternative systems such as small hydro, solar hybrid and solar PV will further support the subsector.

(Source: Macroeconomic Outlook, Economic Outlook 2023 by Ministry of Finance Malaysia)

Binasat Group is involved in the provision of utilities infrastructure services. Economic growth is a key driver for investments in utilities, as a robust utility infrastructure supports economic activities and attracts foreign and domestic investments. Investments in electricity, piped gas, water and sewerage as well as communications services for the design, construction, installation, repair and maintenance of such utility infrastructure support economic activities. The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%) and the utilities subsector is projected to expand by 2.4% for year 2023. The Board anticipates that the private and public sector will still incur capital investments for utilities infrastructure services, as infrastructure and utilities are important drivers for the growth of economy of any region.

Premised on the outlook as set out above, the Board is cautiously optimistic of the demand for its provision utilities infrastructure services the financial year ending 30 June 2023 after having considered other relevant aspects, such as the global recovery from the COVID-19 pandemic, the Government of Malaysia's commitment to reduce Malaysia's greenhouse gas emissions and accelerate the country's sustainable energy industry growth.

5.4 Prospects and future plans of the Group

The Group is principally involved in the provision of (i) support services for satellite, mobile and fibre optic telecommunications networks and (ii) utilities infrastructure services.

Despite the challenging business operating environment affected by COVID-19 and various movement control orders, the Group managed to complete 1 satellite teleport gateway in 2020, 2 satellite teleport gateways in 2021 and 1 satellite teleport gateway in 2022. The Group will continue to market its teleport facility and services to potential customers and continuously improve its services or products to expand its customer base. All 4 satellite teleport gateways are operational and expected to contribute positively to the Group's earnings for the financial year ending 30 June 2023.

In February 2021, the Malaysian Government announced the MyDIGITAL initiative and the Malaysia Digital Economy Blueprint. MyDIGITAL is a national initiative which symbolises the aspirations of the Government to successfully transform Malaysia into a digitally-driven, high income nation and a regional leader in digital economy (i.e., economic and social activities that involve the production and use of digital technology by individuals, businesses, and government.). MyDIGITAL sets out a combination of initiatives and targets across three phases of implementation until the year 2030 and the Malaysia Digital Economy Blueprint spells out the efforts and initiatives to deliver the aspirations of MyDIGITAL. In 2021, Binasat's 70%-owned subsidiary, Satellite NOC Sdn Bhd, was awarded by Dewan Bandaraya Kuala Lumpur as one of the Network

Facilities Provider panel to replace/ install a total of 350 lamp poles integrated with telecommunication transmitter system, which may be incorporated with 5G broadband, over a 5-year period. The Group expects this project to contribute positively to its earnings commencing year 2023. The MyDIGITAL initiative and the Malaysia Digital Economy Blueprint as well as the introduction of 5G networks in Malaysia will augur well with the Group's efforts in continuing to secure more contracts related to, amongst others, 5G and fiber optic network projects.

In addition to the above, the Group will be continuously seeking market opportunities for the provision of its support services for satellite, mobile and fibre optic telecommunications networks. In this regard, the Group's on-going works include the installation internet satellite(s) in Kelantan and the installation of up to 10 units of VSAT (very small aperture terminal) satellite in villages at Pahang. Furthermore, the Group had, amongst others, commenced discussion with telecommunication operators for provision of end-to-end contract works for the supply, delivery, construction, installation, testing, commissioning and decommissioning and maintenance of telecommunication operators' network infrastructure and equipment and related services. As at the LPD, the discussion is still on-going. The Company will make the necessary announcement(s) under the Listing Requirements, if required.

The utilities infrastructure services segment is carried out by the Company's 51%-owned subsidiary, Borderless Connection Sdn Bhd ("**BCSB**"). On 13 October 2021, Binasat completed the acquisition of 51% equity interest in BCSB for a purchase consideration of RM18.36 million, which was satisfied via a combination of RM5.36 million in cash and RM13.00 million via the issuance of 37,142,856 new Shares at an issue price of RM0.35 each ("**Acquisition of BCSB**"). The Acquisition of BCSB involved an aggregate profit guarantee of RM8.00 million ("**Profit Guarantee**"), provided by the vendors for financial years ending 28 February 2022 and 28 February 2023 ("**Profit Guarantee Period**") or average profit guarantee of RM4.00 million per financial year during the Profit Guarantee Period. BCSB recorded a profit after tax of RM4.03 million for the financial year ended 28 February 2022. BCSB is registered with Construction Industry Development Board ("**CIDB**") as a Grade 7 contractor and able to bid and carry out any size projects irrespective of the contract values. BCSB will be continuously tender for more projects to meet the Profit Guarantee for the financial year ending 2023.

Premised on the above, the Board is cautiously optimistic of the Group's prospects for the financial year ending 30 June 2023 after having considered all relevant aspects, including the economic and industry outlook and global economic recovery from the COVID-19 pandemic.

(Source: Management of Binasat)

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6. EFFECTS OF THE PROPOSED FREE WARRANTS ISSUE

6.1 Share capital

The pro forma effects of the Proposed Free Warrants Issue on the share capital of the Company are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	388,295,506	⁽¹⁾ 97,181,083
Assuming full exercise of the Warrants	194,147,753	⁽²⁾ 40,771,028
Enlarged issued share capital	582,443,259	137,952,111

Notes:

(1) As reported in Binasat's unaudited financial statements for the financial year ended 30 June 2022.

(2) Assuming the Warrants are exercised at the assumed exercise price of RM0.21 each.

6.2 Net assets ("NA") and gearing

Based on the audited consolidated statements of financial position of the Company as at 30 June 2021, the effects of the Proposed Free Warrants Issue on the NA per Share and gearing ratio of the Group are set out below:

Group	Audited as at 30 June 2021 RM'000	(I)	(II)
		⁽¹⁾ After subsequent events up to the LPD RM'000	After (I) and assuming full exercise of the Warrants RM'000
Share capital	63,390	⁽²⁾ 97,181	137,952
Merger deficit	(16,052)	(16,052)	(16,052)
Retained profits	40,704	40,589	⁽³⁾ 40,339
Equity attributable to owners of the Company	88,042	121,718	162,239
Non-controlling interests	308	⁽²⁾ 5,002	5,002
Total equity	88,350	126,720	167,241
No. of shares in issue ('000)	286,437	388,296	582,443
NA per Share (RM)	0.31	0.33	0.29
Total borrowings	20,055	20,055	20,055
Gearing (times) ⁽⁴⁾	0.23	0.16	0.12

Notes:

(1) After taking into consideration the completion of the Acquisition of BCSB and Private Placement 2021.

(2) As reported in Binasat's unaudited financial statements for the financial year ended 30 June 2022.

(3) After deducting estimated expenses to be incurred in relation to the Proposed Free Warrants Issue of RM0.25 million.

(4) Computed based on total borrowings (inclusive of lease liabilities) over total equity.

6.3 Earnings and earnings per Share (“EPS”)

The Proposed Free Warrants Issue is not expected to have a material effect on the earnings of the Group for the financial year ending 30 June 2023. However, there will be a corresponding dilution in Binasat’s consolidated EPS as a result of the increase in the number of Shares arising from the Proposed Free Warrants Issue (when the Warrants are exercised).

The potential effect of the Proposed Free Warrants Issue on the future earnings and EPS of the Group will depend upon, among others, the number of Shares issued pursuant to the exercise of Warrants at any point in time and the potential benefits from the utilisation of the proceeds. Although the EPS shall be correspondingly diluted as a result of the increase in the number of Shares upon the exercise of the Warrants, the Proposed Free Warrants Issue is expected to contribute positively to the Company’s earnings thereafter through the utilisation of proceeds.

6.4 Substantial shareholders’ shareholdings

The pro forma effects of the Proposed Free Warrants Issue on the substantial shareholders’ shareholdings in the Company as at 30 September 2022 based on the Company’s Record of Depositors are as follows:

Name	30 September 2022 ⁽¹⁾				(I) Assuming full exercise of the Warrants ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Na Boon Aik	73,437	18.91	-	-	110,155	18.91	-	-
Na Bon Tiam	50,822	13.09	-	-	76,234	13.09	-	-
Dynamic Paradigm Sdn Bhd	31,429	8.09	-	-	47,143	8.09	-	-
Nik Abdul Hakim Bin Abd Razak	-	-	⁽³⁾ 31,429	8.09	-	-	⁽³⁾ 47,143	8.09
Mohd Solehuddin Bin Yahya	-	-	⁽³⁾ 31,429	8.09	-	-	⁽³⁾ 47,143	8.09

Notes:

- (1) Based on the issued share capital of 388,295,506 Binasat Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 582,443,259 Binasat Shares.
- (3) Deemed interest by virtue of his interest in Dynamic Paradigm Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

6.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

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7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Free Warrants Issue is subject to the following approvals being obtained:

- (i) the approval of Bursa Securities for the:
 - (a) admission of the Warrants to the Official List, and listing and quotation of up to 194,147,753 Warrants; and
 - (b) listing and quotation of up to 194,147,753 new Binasat Shares arising from the exercise of the Warrants,on the ACE Market of Bursa Securities;
- (ii) the approval of the Company's shareholders at an extraordinary general meeting to be convened; and
- (iii) the approvals/ consents of any other relevant authorities/ parties, if required.

The Proposed Free Warrants Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

The application in relation to the Proposed Free Warrants Issue will be submitted to Bursa Securities within 1 month from this announcement.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the Company's Directors, major shareholders, chief executive and/ or persons connected with them have any interest, direct or indirect, in the Proposed Free Warrants Issue other than their respective entitlements under the Proposed Free Warrants Issue as shareholders of the Company, to which all Entitled Shareholders are similarly entitled to.

9. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Free Warrants Issue including, the rationale and effects of the Proposed Free Warrants Issue, is of the opinion that the Proposed Free Warrants Issue is in the best interests of the Company.

10. ADVISER

TA Securities has been appointed by the Company to act as the Adviser for the Proposed Free Warrants Issue.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all relevant approvals being obtained, the Proposed Free Warrants Issue is expected to be completed by 4th quarter 2022.

This announcement is dated 13 October 2022.

SALIENT TERMS OF WARRANTS

The indicative salient terms of the Warrants are set out as follows:

Terms	Details
Issue size	: Up to 194,147,753 Warrants
Form and constitution	: The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by the Company.
Tenure	: 3 years commencing from and including of the date of issuance of the Warrants (" Issue Date ")
Expiry date	: The day preceding the third (3 rd) anniversary of the Issue Date and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day (" Expiry Date ")
Exercise price	: The exercise price of the Warrants (" Exercise Price ") shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Entitlement Date. The Exercise Price and/ or the number of Warrants in issue during the exercise period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Exercise period	: The period commencing on and including the Issue Date and ending at 5.00 p.m. on the Expiry Date (" Exercise Period "). Any Warrant not exercised by the Expiry Date (as defined herein) will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	: A Warrant holder is required to lodge an exercise form with the Company's share registrar which is duly completed, signed and stamped together with payment by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office operating in Malaysia or by way of interbank transfer for the credit of an account maintained by the Company for the amount equal to the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Exercise rights	: Each Warrant shall entitle the Warrant holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Board lot	: For the purposes of trading on Bursa Securities, a board lot for the Warrants shall be 100 Warrants or such other denominations as permitted by any relevant authorities.
Adjustment in the exercise price and/ or number of Warrants	: The Exercise Price and/ or number of Warrants may be adjusted by the Board in consultation with an approved adviser appointed by the Company or the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll.

SALIENT TERMS OF WARRANTS (Cont'd)

Terms	Details
Rights of the Warrant Holders in the event of winding-up, liquidation, compromise or arrangement	<p data-bbox="544 286 1394 439">: Where a resolution has been passed for a members' voluntary winding-up of the Company, or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:</p> <p data-bbox="544 465 1394 712">(i) for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution of the Warrants holders, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and</p> <p data-bbox="544 739 1394 1384">(ii) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions of Deed Poll, every Warrant holder shall thereupon be entitled to exercise his Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if the Warrant holder had on such date been the holder of the new Shares to which the Warrant holder would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all exercise rights shall lapse and cease to be valid for any purpose.</p>
Modifications of rights of the Warrant holders	<p data-bbox="544 1417 1394 1664">: Subject to the provisions of the Deed Poll, no amendment or addition may be made to the provisions of Deed Poll without the sanction of a special resolution of the Warrants holders unless the amendments or additions are required to correct any manifest errors or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.</p>
Transferability	<p data-bbox="544 1693 1394 1783">: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.</p>
Listing	<p data-bbox="544 1816 1394 1845">: The Warrants will be listed on the ACE Market of Bursa Securities.</p>
Governing law	<p data-bbox="544 1879 1394 1908">: The laws of Malaysia.</p>