



**BINASAT COMMUNICATIONS BERHAD**  
(Company No: 1222656-D)  
(Incorporated in Malaysia under the Companies Act 2016)



Annual Report

**2019**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

**Na Boon Aik**  
*Managing Director*

**Na Bon Tiam**  
*Executive Director*

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

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

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

**Datuk Lalla Nezha binti Mohd Khalil**  
*Independent Non-Executive Director*

### AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Seow Thiam Fatt  
*Chairman*

Tan Sri Datuk Cham Hak Lim  
*Member*

Dato' Tan Yee Boon  
*Member*

### REMUNERATION COMMITTEE

Dato' Tan Yee Boon  
*Chairman*

Tan Sri Datuk Cham Hak Lim  
*Member*

Datuk Lalla Nezha binti Mohd Khalil  
*Member*

### NOMINATION COMMITTEE

Dato' Tan Yee Boon  
*Chairman*

Tan Sri Datuk Cham Hak Lim  
*Member*

Dato' Seow Thiam Fatt  
*Member*

Datuk Lalla Nezha binti Mohd Khalil  
*Member*

### COMPANY SECRETARIES

Ms Tai Yit Chan (MAICSA 7009143)  
Ms Tan Ai Ning (MAICSA 7015852)

### REGISTERED OFFICE

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

### HEAD OFFICE

No. 17 & 19  
Jalan Bukit Permai Utama 3  
Taman Industri Bukit Permai, Cheras  
56100 Kuala Lumpur  
Tel : (03) 4295 1881  
Fax : (03) 4296 1881  
E-mail : contact@binagroup.com.my  
Website : www.binacom.com.my

### SHARE REGISTRAR

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

### AUDITORS

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

### SPONSOR

Kenanga Investment Bank Berhad  
Level 17, Kenanga Tower  
237, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : (03) 2172 2888  
Fax : (03) 2172 2999

### PRINCIPAL BANKER

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

### STOCK EXCHANGE LISTING

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



# CORPORATE STRUCTURE



## **BINASAT COMMUNICATIONS BERHAD**

(Company No: 1222656-D)  
(Incorporated in Malaysia under the Companies  
Act 2016)

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

**100%**  
**Binasat Sdn Bhd**  
(516089-U)

**70%**  
**Satellite NOC  
Sdn Bhd**  
(1025540-P)

Provision of support services for  
satellite telecommunications  
network.

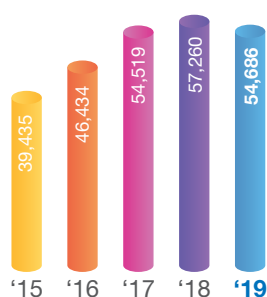
**100%**  
**Binasat (Sabah)  
Sdn Bhd**  
(1089166-U)

Dormant.

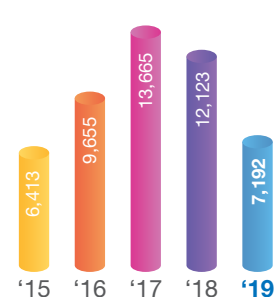
## 5 YEARS FINANCIAL HIGHLIGHTS

	FYE 2015*	FYE 2016*	FYE 2017	FYE 2018	FYE 2019
<b>PROFITABILITY</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	39,435	46,434	54,519	57,260	54,686
Profit Before Taxation ("PBT")	6,413	9,655	13,665	12,123	7,192
Profit After Taxation ("PAT")	4,729	7,167	10,023	9,105	4,599
Net Profit Attributable to Owners of the Company	4,730	7,168	10,027	9,071	4,874
<b>FINANCIAL POSITION</b>					
Total Assets	32,050	33,344	43,793	89,107	94,394
Equity Attributable to Owners of the Company	13,860	17,032	25,405	70,994	74,567
Total Borrowings	9,206	8,794	8,650	8,708	8,229
Number of Ordinary Shares ('000)	174,021 <sup>#</sup>	174,021 <sup>#</sup>	174,021	260,000	260,000
Weighted Average Number of Ordinary Shares in Issue ('000)	174,021 <sup>#</sup>	174,021 <sup>#</sup>	174,021	217,050	260,000
<b>SHARE INFORMATION</b>					
Earnings Per Share (Sen) ("EPS")	2.72	4.12	5.76	4.18	1.87
Net Assets Per Share Attributable to Owners of the Company (Sen)	7.96	9.79	14.60	27.31	28.64
Gross Gearing Ratio (Times)	0.66	0.52	0.34	0.12	0.11
Return on equity (%)	34	42	39	13	6

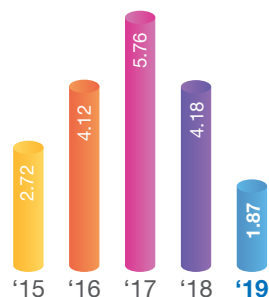
### REVENUE RM'000



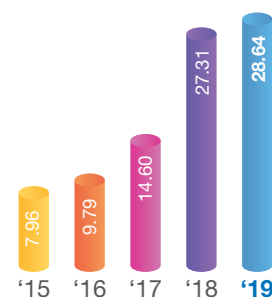
### PBT RM'000



### EPS (Sen)



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



### Notes

\* The financial results for the financial year ended 30 June 2015 ("FYE 2015") and 30 June 2016 ("FYE 2016") were based on audited combined financial statements as disclosed in Prospectus of the Company dated 13 December 2017.

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

## MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued **Shareholders,**

On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of Binasat Communications Berhad (“Binacom” or “the Group”) for the financial year ended 30 June 2019 (“FYE 2019”).



### CORPORATE DEVELOPMENT

As at 30 June 2019, RM20.40 million of the gross proceeds from Public Issue of RM39.55 million has been utilised. The increase was RM8.35 million as compared with RM12.05 million utilised as at 30 June 2018, the details as stated belows:

- Purchase of 1 unit of new four-wheel drive vehicle to complete the existing fleet in deploying technicians to customers’ sites. The total purchase value was RM0.09 million;
- Deployment of operation team members managing telecommunications projects, payments for materials and sub-contractors and other ancillary projects related costs, totalling RM0.78 million;
- RM2.45 million was utilised in setting up a teleport;
- RM4.50 million as general working capital; and
- RM0.53 million used in enhancing operations and maintenance and fiber optic network installation and commissioning services capabilities.

### FINANCIAL REVIEW

FYE 2019 has been a consolidation year for performance and progress, despite increased economic challenges, the Group continued to pose respectable results and margins if not for a prudent net allowance for impairment losses of RM1.44 million on financial assets and contract assets. The Group’s revenue of RM54.69 million was slightly lower by 4.5% as compared to RM57.26 million in the financial year ended 30 June 2018 (“FYE 2018”) resulting from slower activities in engineering, installations, migrations and equipment supplies. The recurring revenue contracts decreased slightly to 50.3% of total revenue in FYE 2019 (FYE 2018: 54.6%).

The Group reported a lower profit after taxation (“PAT”) of RM4.60 million in FYE 2019 (FYE 2018: RM9.11 million), translated to PAT margin of 8.41% (FYE 2018: 15.91%), mainly due to net allowance for impairment losses on financial assets and contract assets of RM1.44 million.

Total assets have increased to RM94.39 million from RM89.11 million as recorded in FYE 2018, while shareholders’ funds amounted to RM74.46 million (FYE 2018: RM71.17million), resulting in net assets per share of 28.64 sen, (FYE 2018: 27.31 sen)

# MANAGEMENT DISCUSSION & ANALYSIS

cont'd



## OPERATIONS REVIEW

Notwithstanding the challenging economic conditions, the Group continued to source new contracts. The Group focusing on business expansion in line with the government plan of expanding the national internet coverage to 98% via Fiber, 4G and 5G LTE as well as VSAT.

The focus is on expanding the maintenance services and NFP tower infrastructure including the involvement with mass 4G development next year.

Currently, the Group is building Satellite Teleport to cater the need of VSAT and broadcasting demand and improve group portfolio.

The Group also continue to growth its fiber segment and started to support most of Service Provider for the delivery of fiber connecting project as part of NFCP plan which was recently launched by government.

## DIVIDEND

There is no dividend declared and/or paid for the financial year ended 30 June 2019.



## PROSPECTS

The Group will continue to grow its recurring revenue business with new sources of revenue and business opportunities, both in Malaysia and in other ASEAN countries. The Group is expected to benefit from the new satellite teleport facility, our mobile network operations and maintenance service and fiber optic network installation and commissioning capability. The construction of the new teleport facility is on-going and upon completion, the Group expects to provide new services to customers, such as satellite downlink and uplink services, network operations center, internet services and equipments hosting, all known as a gateway for regional business growth.

## APPRECIATION

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

With the prospects of the Group's growth plan, I am confident that the Group will be able to deliver an encouraging performance for the financial year ending 30 June 2020.

**Na Boon Aik**

Group Managing Director



## CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors strongly believes in sustainability and is continuously enhancing, reviewing, and adopting sustainable best practices throughout the value chain. The Group believes that economic, environmental and social responsibility (“EES”) and corporate governance are the core of a sustainable business, and has always been mindful of the way while ensuring the sustainability and operational success of the Group.

### I) Economic

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

#### Investor relations sections in corporate website

The Group’s website at [www.binacom.com.my](http://www.binacom.com.my) provides the public with convenient and timely access to business updates, financial and non-financial information. Furthermore, the Company has created “Investor Relations” section/notices to ensure more effective dissemination of information is provided to the investors.

### II) Environmental

The Group recognizes the effect of its day-to-day business on the environment. As such, the Group is committed by promoting environmental friendly work processes while educating the environmental awareness among the staff in their business functions. The Group’s “Save Green” initiatives, such as reuse of re-cycled papers, paperless environment, reduce usage of the electricity and water.

### III) Workplace

#### Healthy and safe working environment

The Group continuously strive to provide a healthy and safe working environment for our employees. Regular workplace examination is one of the main responsibilities of the management to ensure work places are organised, neat, tidy and safe. Fire and safety drills, as well as risk awareness briefing and workplace safety awareness campaign are held to increase employees awareness and knowledge for the safety issues and to respond in the event of an emergency.

#### Training

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





## PROFILE OF DIRECTORS



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

*Independent Non-Executive Chairman  
Malaysian, Male, aged 78*

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

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

In 2009, he was elected as the Chairman of the Selangor Turf Club and he assumes the position of Chairman till to date. In 2012, he was appointed as the Chairman of Lembaga Totalisator Malaysia by the Minister of Finance, and continued his serving till 2016. He is actively involved in the motor vehicle industry and served as the Chairman for several companies including Atiara Otomobil Pte Ltd, Advant Speed Motors Sdn Bhd, Atika Enterprise Pte Ltd and Affluent Centre Pte Ltd.

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

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

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

Tan Sri Datuk Cham Hak Lim attended all the five (5) Board of Directors' Meetings held during the financial year ended 30 June 2019 since his appointment on 13 September 2018.

## PROFILE OF DIRECTORS

cont'd



**NA BOON AIK**  
*Managing Director*  
*Malaysian, Male, aged 55*

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

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

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

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

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

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

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

Mr. Na Boon Aik attended all the six (6) Board of Directors' Meetings held during the financial year ended 30 June 2019.

## PROFILE OF DIRECTORS

cont'd



### **NA BON TIAM**

*Executive Director*

*Malaysian, Male, aged 47*

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

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

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

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

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

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

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

Mr. Na Bon Tiam attended all the six (6) Board of Directors' Meetings held during the financial year ended 30 June 2019.



## PROFILE OF DIRECTORS

cont'd



### ZULAMRAN BIN HAMAT

*Executive Director cum Chief Executive Officer  
Malaysian, Male, aged 48*

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

He obtained his Diploma in Electrical Engineering in 1993 from Universiti Teknologi Malaysia and his Certificate of Competency as Chargeman in 1998.

From 1994 to 1998, he was employed as an electrical engineer in Southern Wire Industries (Malaysia) Sdn Bhd where he was involved in managing the electrical division and supporting the operations and maintenance of the company's electrical equipment and system. He left the company in 1998 to join Communications & Satellite Services Sdn Bhd ("CSS") as a Technical Engineer and was promoted in 2006 as the head of the Operations and Engineering Department where he was responsible for managing the company's day-to-day operations. During his tenure with CSS, he was involved in the setting up of a system for the provision of broadcasting services to a Malaysian turf club and dataline service which involves the design, installation and service of telephone systems, structured cabling and high speed fibre and network communication to CSS' customers. He left CSS in 2013.

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

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

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

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

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

Encik Zulamran bin Hamat attended all the six (6) Board of Directors' Meetings held during the financial year ended 30 June 2019.

## PROFILE OF DIRECTORS

cont'd



### **DATO' SEOW THIAM FATT**

*Senior Independent Non-Executive Director  
Malaysian, Male, aged 78*

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

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

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

He is currently an Independent Non-Executive Director of AmMetLife Insurance Berhad.

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

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

Dato' Seow Thiam Fatt attended all the six (6) Board of Directors' Meetings held during the financial year ended 30 June 2019.

## PROFILE OF DIRECTORS

cont'd



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

*Independent Non-Executive Director  
Malaysian, Male, aged 44*

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

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

Dato' Tan Yee Boon currently sits as an Independent Non-Executive Director of Protasco Berhad and Central Global Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

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

He attended five (5) out of six (6) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2019.



## PROFILE OF DIRECTORS

cont'd



### **DATUK LALLA NEZHA BINTI MOHD KHALIL**

*Independent Non-Executive Director  
Malaysian, Female, aged 48*

Datuk Lalla Nezha binti Mohd Khalil was appointed as an Independent Non-Executive Director of the Company on 6 June 2017. She is a member of the Nomination Committee and Remuneration Committee.

In 2005, she was appointed as a Director of Gelombang Makmur Sdn Bhd, a sand mining company located in Melaka where she is currently responsible for administering day-to-day business operations. She sits on the board of private companies in various industries such as property investment, information technology, and construction.

She has been a director of Yayasan Toh Puan Zurina since 2010, a non-profit charitable organisation set up to foster, improve, assist and aid those requiring haemodialysis. She is also a member of the Society for the Prevention of Cruelty to Animals Selangor, PAWS Animal Welfare Society, Malacca Shooting Association and the Selangor Shooting Association.

Datuk Lalla Nezha binti Mohd Khalil, brings to our Group her knowledge and experience from having served as a member of the board of a number of companies from various industries.

She does not hold any directorship in listed issuers in Malaysia.

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

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

Datuk Lalla Nezha binti Mohd Khalil attended five (5) out of six (6) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2019.

## PROFILE OF KEY SENIOR MANAGEMENT



**Nor Azimuddin bin Arifin**

Nor Azimuddin bin Arifin, aged 37, is our Senior Hub Manager. He obtained his Bachelor of Engineering (Honours) Degree in Telecommunications from University of Malaya in 2007. He is currently pursuing a Master of Science in Telecommunication and Information Engineering at Universiti Teknologi MARA.

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

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 30 June 2019.



**Muhammad Safwan bin Aman**

Muhammad Safwan bin Aman, aged 31, is our Fiber Project Manager whose career as OSP/ISP Engineer began in 2009 with Huawei (M) Sdn Bhd. During his 2 years stay, he was responsible for coordination, supervision, quality standard during implementation of Maxis's mobile telecommunications projects namely Next Generation Broadband and Fiber To The Home.

With new gained of experiences, he progressed in 2011 as Digi Telecommunication Sdn Bhd's Outside Plant Project Manager, and rose in ranks from 2015, as a Senior Associate for special collaboration project - FCT (Fiber Collaboration Team DiGi & Celcom), a fibre infrastructure planning project, to 2018, where he was appointed as a Senior Project Manager.

He was with Ericsson (M) Sdn Bhd as a Project Manager under DiGi Managed Service Project briefly before joining Binasat Sdn Bhd in 2019 as Fiber Project Manager, managing telecommunications customers whilst also responsible for managing technical support team within the Group.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 30 June 2019.

## PROFILE OF KEY SENIOR MANAGEMENT

cont'd



**Chee Boon Shyan**

Chee Boon Shyan, aged 46, as our present Technical Operation Manager for Very Small Aperture Terminal (“VSAT”), he is responsible for managing the Group’s Teleport Facilities and Network Operations Center including technical support.

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

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

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 30 June 2019.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of Directors (“the Board”) of Binasat Communications Berhad (“Binacom” or “the Company”) recognises the importance of maintaining good corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

The Corporate Governance Overview Statement have been prepared in accordance with Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and it provides an insight on how the Company has applied the three (3) principles prescribed in Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 30 June 2019.

Details application for each practice of the MCCG during the financial year ended 30 June 2019 is disclosed in the Corporate Governance Report which is available on the Company’s website at [www.binacom.com.my](http://www.binacom.com.my) as well as announcement on the website of Bursa Malaysia Berhad.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### 1. Establishing clear roles and responsibilities of the Board

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

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

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

In order to ensure effective discharge of its stewardship role, the Board delegates specific responsibilities to the Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. Each of the Board Committees operates within its respective Terms of Reference approved by the Board.

Although specific powers are delegated to the Board Committee, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reports made by Chairman or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board. The ultimate responsibility for decision making, however, lies with the Board.

#### 2. Separation of positions of the Chairman and Managing Director

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### 1. BOARD RESPONSIBILITIES *(cont'd)*

#### 2. Separation of positions of the Chairman and Managing Director *(cont'd)*

There is a clear division of roles and responsibilities between the Chairman and Managing Director ensuring balance of power and authority in the Company. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. Whilst, the Managing Director is the conduit between the Board and the Management in ensuring the success of the governance and management functions of the Company.

#### 3. Company Secretaries

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

#### 4. Access to Information and Advice

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

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

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

#### 5. Board Charter

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

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

#### 6. Code of Ethics and Conduct

The Board has formalised a Code of Conduct for the Directors and adheres to the Code of Conduct expected for Directors as set out in the Company's Directors' Code of Ethics promulgated by the Companies Commission of Malaysia which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility. The Code of Ethics and Conduct of Directors are available at the Company's website at [www.binacom.com.my](http://www.binacom.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### I. BOARD RESPONSIBILITIES *(cont'd)*

#### 7. Whistleblowing Policy

The Company has put in place a Whistleblowing Policy to inculcate the culture of high standards of business and personal ethics within the Group and provides employees with an accessible avenue to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders.

### II. BOARD COMPOSITION

#### 1. Board Composition and Balance

During the financial year under review, the Board has seven (7) Directors, comprising one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Managing Director and two (2) Executive Directors. The Independent Directors make up the majority of the composition of the Board. The composition of the Board complies with Rule 15.02(1) of the ACE Market Listing Requirements of Bursa Securities and the recommended Practice 4.1 of MCCG.

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

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

#### 2. Board Independence

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

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. BOARD COMPOSITION *(cont'd)*

#### 3. Boardroom Diversity

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

At present, the Board has one (1) female Director. The Board does not have a specific policy for gender composition of the Board. Nevertheless, the Board is mindful of the benefit of a gender diverse Board and will place emphasis to female candidates during their search for candidate to serve as a Board member.

#### 4. Appointment of Directors

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

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

In identifying candidates for appointment as Directors, the Nomination Committee would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.

#### 5. Re-election of Directors

According to the Constitution of the Company, all Directors shall retire at least once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Any Director appointed by the Board during the financial year is to retire at the next AGM held following their appointments, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

At the forthcoming 3rd AGM, Dato' Seow Thiam Fatt and Dato' Tan Yee Boon are due to retire by rotation pursuant to Clause 96 of the Constitution of the Company and being eligible, have offered themselves for re-election. The Nomination Committee had made recommendations to the Board on re-election of Dato' Seow Thiam Fatt and Dato' Tan Yee Boon. The Board is satisfied with their skills and contribution of these retiring Directors and recommends their re-election as Directors of the Company which is to be tabled at the forthcoming 3rd AGM.

#### 6. Directors' Commitment

The Board meets at least quarterly basis with additional meetings convened where necessary to deal with urgent and important matters that required attention of the Board. All pertinent issues discussed at the Board meetings in arriving the decision and conclusions are properly recorded by the Company Secretaries. The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company as most of the Directors had attended all the Board Meetings held on the financial year under review.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. BOARD COMPOSITION (cont'd)

#### 6. Directors' Commitment (cont'd)

During the financial year ended 30 June 2019, a total of six (6) Board meetings were held.

The attendance of the Board members are set out below:-

	No. of Board Meetings attended
<b>Current Directors</b>	
Tan Sri Datuk Cham Hak Lim (Appointed on 13 September 2018)*	5/5*
Dato' Seow Thiam Fatt	6/6
Dato' Tan Yee Boon	5/6
Datuk Lalla Nezha binti Mohd Khalil	5/6
Na Boon Aik	6/6
Na Bon Tiam	6/6
Zulamran bin Hamat	6/6
<b>Former Director</b>	
Tan Sri Datuk Seri Ahmad Fuad bin Ismail (Resigned on 13 September 2018)#	0/1#

#### 7. Directors' Training

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

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

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

Name of Directors	Training Programmes
Tan Sri Datuk Cham Hak Lim	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Na Boon Aik	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Na Bon Tiam	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Zulamran bin Hamat	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. BOARD COMPOSITION (cont'd)

#### 7. Directors' Training (cont'd)

Name of Directors	Training Programmes
Dato' Seow Thiam Fatt	MICPA Commemorative Lecture 2018 MIA International Accountants Conference 2018 Bursa Talk – Non-Financials-Does it Matter? ICDM Seminar – Would a Business Judgement Rule Help Directors Sleep Better at Night? IciiF Talk – CG Watch – How Does Malaysia Rank? MICPA Commemorative Lecture 2019 Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Dato' Tan Yee Boon	Detecting Financial Frauds
Datuk Lalla Nezha binti Mohd Khalil	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018

#### 8. Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These Board Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with its recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board as a whole.

##### a. Audit and Risk Management Committee (“ARMC”)

The ARMC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group.

A copy of the Term of Reference of ARMC is available for viewing at the Company's website at [www.binacom.com.my](http://www.binacom.com.my).

The composition and activities of the Audit Committee during the financial year under review are set out in the Audit and Risk Management Committee Report of this Annual Report.

##### b. Nomination Committee (“NC”)

The NC comprises exclusively of Independent Non-Executive Directors as follows:-

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. BOARD COMPOSITION *(cont'd)*

#### 8. Board Committees *(cont'd)*

##### b. Nomination Committee ("NC") *(cont'd)*

The NC assists the Board in carrying out the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution or performance of each individual Director. The NC also assists the Board in assessing the level of independence of the Independent Directors annually. The principal duties and responsibilities of the NC as defined in the Terms of Reference of NC, including but not limited to the following:-

- i. To recommend to the Board, candidates for all directorships. The NC should consider the candidates' skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence and number of directorships, and in the case of candidates for the position of Independent Non-Executive Director, the NC should ensure the candidate meets the requirements as an Independent Non-Executive Director;
- ii. To assist the Board in carrying out annual assessment on the effectiveness of the Board and Board Committees and the performance of each Director;
- iii. To carry out annual assessment on the independence of the Independent Directors;
- iv. To carry out annual review on the mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board; and
- v. To make recommendation to the Board concerning the re-election and re-appointment at each AGM.

The duties and responsibilities of NC are set out in the Terms of Reference of NC, which is published and available for viewing at the Company's website at [www.binacom.com.my](http://www.binacom.com.my).

#### Summary of Works

The key activities undertaken by the NC during the financial year ended 30 June 2019 are as follows:-

- i. Assessed the performance of individual Directors and the Board as a whole as part of the Annual Assessment, which covered performance of the Board, Board Committee and individual Directors;
- ii. Reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC has carried out their duties in accordance with their terms of reference;
- iii. Reviewed the independence of the Independent Directors;
- iv. Reviewed and recommended to the Board for re-election of retiring directors in AGM;
- v. Recommended to the Board on the proposed appointment of a Chief Financial Officer; and
- vi. Assisted the Board in assessing the training needs of the Directors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. BOARD COMPOSITION *(cont'd)*

#### 8. Board Committees *(cont'd)*

##### c. Remuneration Committee ("RC")

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

Name	Designation	Directorate
Dato' Tan Yee Boon	Chairman	Independent Non-Executive Director
Tan Sri Datuk Cham Hak Lim	Member	Independent Non-Executive Chairman
Datuk Lalla Nezha binti Mohd Khalil	Member	Independent Non-Executive Director

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

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

- i. To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals;
- ii. To recommend to the Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and Key Senior Management;
- iii. To review the performance of the Executive Directors and the Managing Director/Chief Executive Officer and recommend to the Board specific adjustments in remuneration and/or rewards payments if any reflecting their contribution for the year;
- iv. To ensure that the level of remuneration be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities and reflects the experience and level of responsibilities undertaken by the Directors and key senior management; and
- v. To review the fees of the Directors and benefits payable to Directors and recommend to the Board of Directors and thereafter to be approved at a general meeting of the Company.

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

#### Summary of Works

Below is the summary of key activities undertaken by the RC:

- i) Reviewed the directors' fee and benefit payable for the financial year ended 30 June 2019 and recommend the same for the for the Board of Directors for approval; and
- ii) Reviewed the remuneration package of the Executive Directors and Senior Management of the Company and recommended the same to the Board for approval.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. BOARD COMPOSITION *(cont'd)*

#### 9. Annual Assessment on Effectiveness of Board and Individual Directors

The NC has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, contribution and performance of each director and performance of audit committee members on an annual basis.

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

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

The NC undertakes annual assessment on the independence of directors. When assessing independence, the NC focuses on whether the Independent Director is able to bring independent and objective judgement and act in the best interest of the Group.

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

The NC had upon its annual assessment conducted in August 2019, concluded that the Directors have discharged their duties more than satisfactory. The NC was also satisfied with the performance of the Board and Board Committee. As for the balance and composition of the Board, the NC concluded that the Directors have appropriate mix of skills, experience, knowledge and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.

### III. REMUNERATION

#### Directors' Remuneration Policy and Procedures

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### III. REMUNERATION (cont'd)

#### Remuneration of Directors

The details of the Directors' remuneration of the Company and the Group on the named basis for the financial year ended 30 June 2019 are tabulated as follows:

#### The Company

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Other emoluments RM'000	Total RM'000
<b>Executive Directors</b>						
Na Boon Aik	-	-	-	-	-	-
Na Bon Tiam	-	-	-	-	-	-
Zulamran bin Hamat	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
Tan Sri Datuk Cham Hak Lim (Appointed on 13 September 2018)	66	-	-	-	-	66
Dato' Seow Thiam Fatt	60	-	-	-	-	60
Dato' Tan Yee Boon	30	-	-	-	-	30
Datuk Lalla Nezha binti Mohd Khalil	30	-	-	-	-	30
Tan Sri Datuk Seri Ahmad Fuad bin Ismail (Resigned on 13 September 2018)	10	-	-	-	-	10
<b>Total</b>	<b>196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196</b>

#### The Group

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Other emoluments RM'000	Total RM'000
<b>Executive Directors</b>						
Na Boon Aik	-	900	-	-	164	1,064
Na Bon Tiam	-	80	-	-	38	118
Zulamran bin Hamat	-	395	51	-	48	494
<b>Non-Executive Directors</b>						
Tan Sri Datuk Cham Hak Lim (Appointed on 13 September 2018)	66	-	-	-	-	66
Dato' Seow Thiam Fatt	60	-	-	-	-	60
Dato' Tan Yee Boon	30	-	-	-	-	30
Datuk Lalla Nezha binti Mohd Khalil	30	-	-	-	-	30
Tan Sri Datuk Seri Ahmad Fuad bin Ismail (Resigned on 13 September 2018)	10	-	-	-	-	10
<b>Total</b>	<b>196</b>	<b>1,375</b>	<b>51</b>	<b>-</b>	<b>250</b>	<b>1,872</b>



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### III. REMUNERATION *(cont'd)*

#### Remuneration of Key Senior Management

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

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

The disclosure of the remuneration of Key Senior Management was made on an aggregate basis in bands of RM50,000.00. Details of the remuneration of the Key Senior Management during the financial year ended 30 June 2019 are as follows:-

Range of Remuneration	No. of Key Senior Management
RM50,000 – RM100,000	1
RM100,000 – RM150,000	1

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

#### Composition

The ARMC is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's management of its financial risk processes, accounting and financial reporting practices, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions.

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The ARMC Chairman, Dato' Seow Thiam Fatt, is the Senior Independent Non-Executive Director and is not the Chairman of the Board. Dato' Seow is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA), Fellow of CPA Australia and Fellow of the Institute of Chartered Secretaries and Administrators.

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of the Company recognises as essential for an effective and independent ARMC. None of the members of the ARMC is a former key audit partner. The ARMC has institute a policy by way of inclusion in the Terms of Reference of the ARMC that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

More information on the ARMC and its activities during the financial year is set out in the Audit and Risk Management Committee Report of this Annual Report.

#### Financial Reporting

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### I. AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”) *(cont'd)*

#### Financial Reporting *(cont'd)*

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

#### Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the external and internal auditors through the ARMC by discussing with them their audit plans, audit findings and financial statements. The ARMC invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the ARMC also met with the external auditors during the Financial Year Ended 30 June 2019 without the presence of the Executive Directors, Chief Executive and Senior Management of the Company.

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

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

The ARMC is satisfied with the suitability and independence of Messrs Crowe Malaysia PLT based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 30 June 2019 and has recommended their re-appointment for the financial year ending 30 June 2020.

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### Risk Management and Internal Controls

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

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

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

#### Internal Audit Function

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK *(cont'd)*

#### Internal Audit Function *(cont'd)*

The Group has outsourced its internal audit functions to Cheng & Co Global Advisory Sdn Bhd (“C&C Global”). C&C Global is an independent professional internal audit services provider to provide supports to the ARMC by extension, to the Board and providing an independent assurance on the adequacy and effectiveness of the Group’s internal control systems. The results of the audits and the recommendations for improvement or actions needed to be taken by the management to rectify highlighted issues were presented in the Audit and Risk Management Committee Meeting.

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

The further details of Internal Audit Function are set out in the Audit and Risk Management Committee Report of this Annual Report.

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

### I. Communication with Stakeholders

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

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

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

### II. Conduct of General Meeting

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

In line with Practice 12.1 of MCCG, the notice convening the Second AGM held on 29 November 2018 was given to the shareholders at least twenty-eight (28) days before AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxy to attend and vote on their behalf. Each item of special business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

The Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors passed on 18 October 2019.

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

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

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards approved by the Malaysian Accounting Standards Board in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of the results and cash flows of the Group and of the Company for the financial year then ended.

During the preparation of the financial statements for the financial year ended 30 June 2019, the Directors have:

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

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

The Statement is made in accordance with a resolution of the Board of Directors dated 18 October 2019.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance stipulates that the Board of Directors (“the Board”) of listed companies is to maintain a sound risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets.

The Board is pleased to set out below the Board’s Statement on Risk Management and Internal Control which has been prepared in compliance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## THE BOARD’S RESPONSIBILITIES

The Board is responsible for the adequacy and effectiveness of Binasat Communications Berhad and its subsidiaries (“the Group”) system of risk management and internal controls. The system is designed to manage the Group’s key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives. Accordingly, the system of risk management and internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating, managing and monitoring the significant risks faced by the Group, and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

## THE GROUP’S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

### Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Managing Director (“MD”) and his Management team. The MD and his Management team receive timely information pertaining to the performance and profitability of the Group through timely reports which include quantitative and qualitative trends, and analyses through its fully computerised information system.

The MD plays a pivotal role in communicating the Board’s expectations of the system of risk management and internal controls to Management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as his attendance at various scheduled meetings of the Management Committee. The Management Committee, which comprise Heads of Department, meets on a regular basis, to discuss on Project Management, Delivery & Logistics, Sales & Marketing, Finance, Information Technology (“IT”) and Human Resource issues.

These meetings represent the platform by which the Group’s activities are monitored to ensure timely identification and resolution of any critical issues. The MD closely monitors the progress of these issues through regular interaction with the various Heads of Department and the reviews of the Minutes of Meetings of the Management Committee.

The Group practises an “open door” policy whereby Executive Directors, Senior Management and Executives are encouraged to voice out any matters to the MD for prompt response. This culture provides opportunity for every employee of the Group to solve matters quickly and efficiently by drawing the experience and knowledge from all levels of staff within the Group.

### Risk Management Framework

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

The Group has implemented a formal approach to the risk management framework whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritised, owners identified with proper response time set and allowed for continuous improvement.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL *(cont'd)*

### Risk Management Process

To carry out an effective risk management framework, the Board has oversight the risk management through the Audit and Risk Management Committee ("ARMC"). Management reports to the ARMC on the processes, findings and remedial actions taken by the Management. The new risks will be identified by taking into consideration the Group's business objectives, strategies and targets, and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the system of risk management and internal controls.

The Management also reports to the ARMC its review of risk management model used to monitor the risk exposures and the Management's views on the acceptable and appropriate level of risks faced by the Group.

The key risk categories which have been reviewed by the respective risk owners during the financial year under review encompassed:

- Regulatory;
- Legal;
- Corporate Governance;
- Financial;
- Customers;
- Suppliers;
- Human Capital;
- Operations; and
- External Environmental Risks.

The Board considers that the risk management framework is effective, but the framework will be subjected to continuous improvement, taking into consideration better practices and the changing business environment.

### Summary of Work of ARMC

The ARMC meeting was held on 8 October 2019 to review the Risk Management Report to identify, evaluate, manage and monitor significant risks. There were 9 key risks identified and it was noted that the respective risk owners had performed an assessment of the key risks and its mitigation plans.

The Management had informed that with adequate existing controls in place, all the key risks which had been identified are manageable. The Management will continue to revisit and update the existing risks of the Risk Register to identify any relevant inherent and emerging new risks and assess the adequacy of actions to mitigate the risks.

The Management also engaged constructively to implement an effective risk monitoring and reporting, which will highlight to the ARMC any new risks and changes to the existing risk profile to facilitate their holistic review on any major risk areas of concern and whether the mitigating factors were undertaken within the appropriate timeframe.

### Internal Audit Function

The Group has outsourced its internal audit function to an independent professional service provider to assist the ARMC as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations by considering:

- The existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- The adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- Risk awareness and the value and nature of an effective internal control system;
- Compliance with applicable laws, regulations, corporate policies and procedures; and
- The effectiveness of risk management, control and governance processes within the Group's operations.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL *(cont'd)*

### Internal Audit Function *(cont'd)*

The internal audit function has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the Group, and in accordance with the internal audit plan approved by the ARMC. The internal auditor independently reviews the system of risk management and internal controls implemented by Management within the Group and reports to the ARMC on the outcome of the internal audit thereof.

During the financial year under review, the internal auditor carried out four (4) cycles of internal audit review on the operations of the Group, covering operations and financial management, focusing on the key risks associated with the operating processes therein.

The ARMC holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors on the status of the Group's system of risk management and internal controls. The Minutes of the ARMC meetings are subsequently tabled to the Board for notation and further action, where necessary.

### Other Internal Control Processes

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

- Group Organisation Structure and Authorisation Procedures

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

- Management Committee

The Management Committee comprising Heads of Department meet on a regular basis to monitor the business development and resolve key operational and management issues. Periodic meetings of the Management Committee represent the fundamental platform by which the Group's operations, project management, delivery & logistics, sales achievement, financial performance, IT and human resource matters are monitored. Under the purview of the MD and Executive Directors, the heads of the respective operational units of the Group are empowered with the responsibilities of managing their respective operations and business.

- Board Committees

Board Committees, namely Audit and Risk Management Committee, Nominating and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope of work.

- Annual Budget

A budgetary process is in place where the major management monitor results against budget with major variances followed up and actions taken, where necessary. The Board reviews reports from the Management on the key operating statistics, significant changes in the business and external environment, which affect the operations of the Group at large.

- Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include manuals and handbooks which are updated, reviewed and revised periodically to meet changing business and operational requirements, and statutory reporting needs.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

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

- Code of Conduct and Whistle Blowing Channel

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

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

- Employees' Competency

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

- Quality Management System

The Group has implemented a comprehensive Quality Management System which fully complies with ISO 9001:2015 Quality Management Systems – Requirements. As part of the requirements of the ISO 9001:2015 certification accredited to the Group, a scheduled internal quality audit is conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the MD and Senior Management where prompt actions are taken on areas requiring further improvement.

## THE BOARD'S COMMITMENT

To ensure that the Group achieves its corporate objectives successfully, the Board is determined to establish an effective risk management framework and a proactive internal control environment, and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognisant of this fact, the Board, in striving for continuous improvement, will put in place appropriate measures, when necessary, to further enhance the Group's system of risk management and internal controls.

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

For the financial year under review, the Board confirms that it has reviewed the effectiveness of the system of risk management and internal controls, and there is no occurrence of fundamental deficiency or material losses incurred during the financial year under review as a result of weaknesses in the risk management framework or internal control system.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (Revised) issued by the Malaysian Institute of Accountants ("MIA"), the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 30 June 2019.

AAPG 3 (Revised) does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls of the Group.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

For the financial year ended 30 June 2019, the main activities undertaken by the ARMC were as follows:-

### 1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial results of the Company and the Group prior to recommend to the Board for approval and release the same to Bursa Malaysia Securities Berhad.
- (b) Reviewed the draft audited financial statements of the Company and the Group for the financial year ended 30 June 2019 prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia.

### 2. External Audit

- (a) Reviewed the Group's Audit Planning Memorandum for the Financial Year Ended 30 June 2019, entailing mainly the overview of audit approach and areas of audit emphasis of the Group.
- (b) Reviewed the Audit Review Memorandum for the Financial Year Ended 30 June 2019 presented by the External Auditors on 28 August 2019, entailing the significant audit findings, deficiencies in internal control, status of audit, compliance with the ethical requirements of independence, communication with the ARMC and summary of audit adjustments.
- (c) Reviewed the independence, suitability, objectivity and effectiveness of the External Auditors before recommending their re-appointment and remuneration to the Board.
- (d) Reviewed the annual audited financial statements of the Group and the Company prior to submission to the Board for approval and release the same to Bursa Malaysia Securities Berhad.
- (e) Met with external auditors in private sessions without the presence of the Executive Directors and Management to discuss further with them on other issues of concern, if any, arising from the audit.

### 3. Internal Audit

- (a) Reviewed the Internal Audit Plan presented by the Internal Auditors.
- (b) Reviewed the reports from the Internal Auditors and assessed the Internal Auditors' findings and the Management's responses and the necessary recommendations.
- (c) Reviewed and discussed the Risk Management Reports which identified high and key risks as well as new and emerging risks and control mechanism.
- (d) Reviewed and discussed the effective implementation of the action plans taken by Management in response to audit findings and weaknesses identified during the audit review.
- (e) Monitored and follow-up Audit Report on the internal audit finding(s) and the implementation status based on the Internal Auditors recommendations.
- (f) Reviewed and assessed the competency of the internal audit function.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 *(cont'd)*

### 4. Others

- (a) Reviewed the Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report and Corporate Governance Overview Statement prior to recommend the same to the Board for approval and inclusion in the Annual Report.
- (b) Reviewed the Circular to Shareholders in respect of Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature before submission to the Board for consideration and approval.
- (c) Reviewed the Terms of Reference of the Committee.

### INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential in ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The internal audit function of the Group was carried out by Cheng & Co Global Advisory Sdn Bhd, an independent professional internal audit services provider.

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

#### (1) Summary of Works

The summary of works that were carried out by the internal audit function during the financial year ended 30 June 2019 encompassed the following:-

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

#### (2) Total costs incurred for financial year ended 30 June 2019

The total costs incurred for the outsourcing of the internal audit function of the Group during the financial year ended 30 June 2019 amounted to RM48,000.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

### (3) Review of Internal Audit Function

The ARMC and the Board were satisfied with the performance of the Internal Auditors for the financial year ended 30 June 2019.

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

This Report is made in accordance with the resolution of the Board dated 18 October 2019.

## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)

The entire enlarged issued share capital of the Company comprising 260,000,000 ordinary shares was listed on the ACE Market of Bursa Securities on 8 January 2018. Pursuant to the said listing, the Company had successfully raised gross proceeds of RM39.55 million from the issuance of 85,979,000 new ordinary shares in the Company at an issue price of RM0.46 per share. The gross proceeds of RM39.55 million raised from the IPO have been utilised in the following manner as at 30 June 2019:-

No.	Purpose of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Estimated Timeframe for Utilisation <sup>(1)</sup>
1.	Setting up a teleport	14,360	9,926	4,434	Within 24 months
2.	Enhancing operations and maintenance services capability	4,900	1,425	3,475	Within 36 months <sup>(2)</sup>
3.	Enhancing fiber optic network installation and commissioning services capability	4,800	55	4,745	Within 36 months <sup>(2)</sup>
4.	Regional business expansion in ASEAN countries	1,500	8	1,492	Within 36 months <sup>(2)</sup>
5.	Working capital	10,790	5,787	5,003	Within 24 months
6.	Estimated listing expenses	3,200	3,200	-	Within 3 months
TOTAL		39,550	20,401	19,149	

Notes:

(1) From the date of listing of the Company on the ACE market on 8 January 2018. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 13 December 2017.

(2) Revised estimated timeframe as per Company's announcement dated on 10 April 2019.

### AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors by the Group and the Company for the financial year ended 30 June 2019 are as follows:-

	The Company (RM'000)	The Group (RM'000)
Audit Fees	30	88
Non-audit fees	28	28
Total	58	116

### MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group involving the interest of the Directors and major shareholders either subsisting as at 30 June 2019 or entered into since the end of the previous financial year.

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

During the financial year ended 30 June 2019, the Group had not entered into any recurrent related party transactions which are of revenue or trading nature, which requires shareholders' mandate.

## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	4,598,565	1,251,423
Attributable to:-		
Owners of the Company	4,873,700	1,251,423
Non-controlling interests	(275,135)	-
	4,598,565	1,251,423

### DIVIDENDS

Dividends paid or declared by the Company since 30 June 2018 are as follows:-

	RM
In respect of the financial year 30 June 2018:-	
A second interim single-tier dividend of 0.5 sen per ordinary share, paid on 8 October 2018	1,300,000

The directors do not recommend the payment of any dividend for the financial year ended 30 June 2019.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

# DIRECTORS' REPORT

cont'd

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 34 to the financial statements. At the date of this report, there does not exist:-

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

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

## CHANGES OF CIRCUMSTANCES

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

# DIRECTORS' REPORT

cont'd

## ITEMS OF AN UNUSUAL NATURE

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

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

## DIRECTORS

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

Tan Sri Datuk Seri Ahmad Fuad bin Ismail (Resigned on 13 September 2018)

Tan Sri Datuk Cham Hak Lim (Appointed on 13 September 2018)

Dato' Seow Thiam Fatt

Dato' Tan Yee Boon

Datuk Lalla Nezha binti Mohd Khalil

Na Boon Aik

Na Bon Tiam

Zulamran bin Hamat

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

Limus bin Ibal



# DIRECTORS' REPORT

cont'd

## DIRECTORS' INTERESTS

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

	←----- Number of Ordinary Shares -----→			
	At 1.7.2018	Bought	Sold	At 30.6.2019
<b>The Company</b>				
<i>Direct Interests</i>				
Dato' Seow Thiam Fatt	500,000	-	-	500,000
Na Boon Aik	67,439,051	5,997,700	-	73,436,751
Na Bon Tiam	67,010,451	-	-	67,010,451
Zulamran bin Hamat	3,227,700	-	(727,700)	2,500,000

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

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

## DIRECTORS' BENEFITS

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

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

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 30(a) to the financial statements.

## INDEMNITY AND INSURANCE COST

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

## SUBSIDIARIES

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

## **DIRECTORS' REPORT**

cont'd

### **AUDITORS**

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

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

Signed in accordance with a resolution of the directors dated 18 October 2019

**Na Boon Aik**

**Na Bon Tiam**

## STATEMENT BY DIRECTORS

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

We, Na Boon Aik and Na Bon Tiam, being two of the directors of Binasat Communications Berhad, state that, in the opinion of the directors, the financial statements set out on pages 49 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 18 October 2019

**Na Boon Aik**

**Na Bon Tiam**

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Raymond Ng Kuan Wai, MIA Membership Number: CA/11460, being the officer primarily responsible for the financial management of Binasat Communications Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 105 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Raymond Ng Kuan Wai, NRIC Number: 690418-10-6031  
at Melaka  
in the state of Melaka  
on this 18 October 2019

Before me

**Raymond Ng Kuan Wai**

**Shahrizah binti Yahya (M084)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

To the Members of Binasat Communications Berhad  
(Incorporated in Malaysia) (Company No: 1222656-D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Binasat Communications Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

We have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue Recognition Refer to Note 4.20 and Note 22 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
Consolidated revenue recorded by the Group during the year amounted to RM54.686 million. In view of the Group's large volume of transactions, we considered revenue recognition for the work performed to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regarded revenue recognition to be a key audit matter.	To address this risk, our audit procedures involved the following by:- <ul style="list-style-type: none"> <li>• testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements;</li> <li>• reviewing the terms of sales contracts to determine the point of transfer of risk and rewards on a sample basis;</li> <li>• testing the recording of sales transactions, revenue cut-off and review of credit notes after year end; and</li> <li>• obtaining confirmations and reviewing collections relating to material trade receivables as at financial year end.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

To the Members of Binasat Communications Berhad  
(Incorporated in Malaysia) (Company No: 1222656-D)  
cont'd

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

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

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

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

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

## Responsibilities of Directors for the Financial Statements

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

To the Members of Binasat Communications Berhad

(Incorporated in Malaysia) (Company No: 1222656-D)

cont'd

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

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

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

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

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

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

## OTHER MATTERS

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

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

Melaka

18 October 2019

**Piong Yew Peng**  
03070/06/2021 J  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	Note	The Group		The Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	17,402,100	17,402,100
Property, plant and equipment	6	12,354,310	9,100,468	1,530,527	8,685
Investment properties	7	4,343,384	4,439,317	-	-
Prepaid lease payments	8	522,720	627,264	522,720	627,264
Deferred tax assets	9	128,100	40,100	-	-
		17,348,514	14,207,149	19,455,347	18,038,049
<b>CURRENT ASSETS</b>					
Contract costs	10	2,618,013	868,475	-	-
Trade receivables and contract assets	11	27,300,169	23,034,318	-	-
Other receivables, deposits and prepayments	13	1,027,990	910,310	4,500	17,500
Amount owing by a subsidiary	14	-	-	5,283,682	1,200,000
Current tax assets		1,680,899	-	-	-
Short-term investments	15	34,858,394	38,639,860	31,661,530	35,557,666
Cash and bank balances		9,559,968	11,446,644	1,249,905	1,775,349
		77,045,433	74,899,607	38,199,617	38,550,515
<b>TOTAL ASSETS</b>		<b>94,393,947</b>	<b>89,106,756</b>	<b>57,654,964</b>	<b>56,588,564</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	16	55,219,251	55,219,251	55,219,251	55,219,251
Merger deficit	17	(16,052,000)	(16,052,000)	-	-
Retained profits		35,400,073	31,826,373	181,310	229,887
Equity attributable to owners of the Company		74,567,324	70,993,624	55,400,561	55,449,138
Non-controlling interests	5	(102,097)	173,038	-	-
<b>TOTAL EQUITY</b>		<b>74,465,227</b>	<b>71,166,662</b>	<b>55,400,561</b>	<b>55,449,138</b>
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables	18	1,016,720	1,057,750	-	-
Term loans	19	6,335,429	6,896,705	-	-
		7,352,149	7,954,455	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables and contract liabilities	20	8,221,577	6,267,406	-	-
Other payables, deposits and accruals	21	3,478,434	2,807,722	1,246,916	154,845
Amount owing to a subsidiary	14	-	-	1,007,487	984,581
Hire purchase payables	18	406,480	329,892	-	-
Term loans	19	470,080	424,000	-	-
Current tax liabilities		-	156,619	-	-
		12,576,571	9,985,639	2,254,403	1,139,426
<b>TOTAL LIABILITIES</b>		<b>19,928,720</b>	<b>17,940,094</b>	<b>2,254,403</b>	<b>1,139,426</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>94,393,947</b>	<b>89,106,756</b>	<b>57,654,964</b>	<b>56,588,564</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	22	54,686,355	57,260,247	1,100,000	1,384,958
COST OF SERVICES RENDERED AND CONTRACT EXPENDITURE		(39,971,904)	(37,426,079)	-	-
GROSS PROFIT		14,714,451	19,834,168	1,100,000	1,384,958
OTHER INCOME		1,872,435	1,073,081	1,203,865	585,947
		16,586,886	20,907,249	2,303,865	1,970,905
ADMINISTRATIVE EXPENSES		(6,402,874)	(6,978,287)	(1,050,137)	(405,103)
OTHER OPERATING EXPENSES		(1,279,576)	(1,293,337)	(2,305)	(2,332)
FINANCE COSTS		(272,616)	(215,863)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	23	(1,439,891)	(297,241)	-	-
PROFIT BEFORE TAXATION	24	7,191,929	12,122,521	1,251,423	1,563,470
INCOME TAX EXPENSE	25	(2,593,364)	(3,017,069)	-	-
PROFIT AFTER TAXATION		4,598,565	9,105,452	1,251,423	1,563,470
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		4,598,565	9,105,452	1,251,423	1,563,470
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		4,873,700	9,071,327	1,251,423	1,563,470
Non-controlling interests		(275,135)	34,125	-	-
		4,598,565	9,105,452	1,251,423	1,563,470
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		4,873,700	9,071,327	1,251,423	1,563,470
Non-controlling interests		(275,135)	34,125	-	-
		4,598,565	9,105,452	1,251,423	1,563,470
EARNINGS PER SHARE (SEN)					
Basic	26	1.87	4.18		
Diluted	26	1.87	4.18		

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

The Group	Note	<Non-Distributable>		<Distributable>		Non-controlling Interests	Total Equity
		Share Capital	Merger Deficit	Retained Profits	Attributable to Owners of the Company		
		RM	RM	RM	RM	RM	RM
Balance at 1.7.2017		17,402,102	(16,052,000)	24,055,046	25,405,148	138,913	25,544,061
Profit after taxation/Total comprehensive income for the financial year		-	-	9,071,327	9,071,327	34,125	9,105,452
Contributions by and distributions to owners of the Company:							
- Issuance of shares	16	39,550,340	-	-	39,550,340	-	39,550,340
- Listing expenses	16	(1,733,191)	-	-	(1,733,191)	-	(1,733,191)
- Dividend:							
- by the Company	27	-	-	(1,300,000)	(1,300,000)	-	(1,300,000)
Total transactions with owners		37,817,149	-	(1,300,000)	36,517,149	-	36,517,149
Balance at 30.6.2018/1.7.2018		55,219,251	(16,052,000)	31,826,373	70,993,624	173,038	71,166,662
Profit after taxation/Total comprehensive income for the financial year		-	-	4,873,700	4,873,700	(275,135)	4,598,565
Contributions by and distributions to owners of the Company:							
- Dividend:							
- by the Company	27	-	-	(1,300,000)	(1,300,000)	-	(1,300,000)
Total transactions with owners		-	-	(1,300,000)	(1,300,000)	-	(1,300,000)
Balance at 30.6.2019		55,219,251	(16,052,000)	35,400,073	74,567,324	(102,097)	74,465,227

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

## STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2019  
cont'd

The Company	Note	<Non-Distributable>	<Distributable>	Total Equity RM
		Share Capital RM	Retained Profits/ (Accumulated Losses) RM	
Balance at 1.7.2017		17,402,102	(33,583)	17,368,519
Profit after taxation/Total comprehensive income for the financial year		-	1,563,470	1,563,470
Contributions by and distributions to owners of the Company:				
- Issuance of shares	16	39,550,340	-	39,550,340
- Listing expenses	16	(1,733,191)	-	(1,733,191)
- Dividends	27	-	(1,300,000)	(1,300,000)
Total transactions with owners		37,817,149	(1,300,000)	36,517,149
Balance at 30.6.2018/1.7.2018		55,219,251	229,887	55,449,138
Profit after taxation/Total comprehensive income for the financial year		-	1,251,423	1,251,423
Contributions by and distributions to owners of the Company:				
- Dividends	27	-	(1,300,000)	(1,300,000)
Total transactions with owners		-	(1,300,000)	(1,300,000)
Balance at 30.6.2019		55,219,251	181,310	55,400,561

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

## STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2019

	The Group		The Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	7,191,929	12,122,521	1,251,423	1,563,470
Adjustments for:-				
Allowance for impairment losses on trade and other receivables	1,487,919	347,437	-	-
Amortisation of prepaid lease payments	104,544	-	104,544	-
Depreciation of property, plant and equipment	1,173,220	1,144,364	2,305	2,332
Depreciation of investment properties	95,933	89,152	-	-
Gain on disposal of property, plant and equipment	(151,000)	(67,759)	-	-
Gain on disposal of low value assets	(1,500)	-	-	-
Gain on foreign exchange - unrealised	(39,160)	-	-	-
Interest expenses	272,616	215,863	-	-
Interest income	(1,322,472)	(690,165)	(1,203,865)	(585,947)
Reversal of impairment losses on trade and other receivables	(48,028)	(50,196)	-	-
Operating profit before working capital changes	8,764,001	13,111,217	154,407	979,855
Increase in contract costs	(1,749,538)	(868,475)	-	-
(Increase)/Decrease in trade and other receivables	(5,784,262)	(4,320,079)	13,000	(217,500)
Increase in trade and other payables	2,624,883	39,069	1,092,071	334,845
<b>CASH FROM OPERATIONS</b>	<b>3,855,084</b>	<b>7,961,732</b>	<b>1,259,478</b>	<b>1,097,200</b>
Interest paid	(272,616)	(215,863)	-	-
Interest received	1,322,472	690,165	1,203,865	585,947
Tax paid	(4,518,882)	(3,208,580)	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>386,058</b>	<b>5,227,454</b>	<b>2,463,343</b>	<b>1,683,147</b>

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

## STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2019  
cont'd

	Note	The Group		The Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>					
Additions to prepaid lease payments		-	(627,264)	-	(627,264)
Purchase of property, plant and equipment	28(a)	(4,031,362)	(1,376,448)	(1,524,147)	-
Purchase of investment properties		-	(67,810)	-	-
Proceeds from disposal of property, plant and equipment		157,300	120,103	-	-
Proceed from disposal of low value assets		1,500	-	-	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>		<b>(3,872,562)</b>	<b>(1,951,419)</b>	<b>(1,524,147)</b>	<b>(627,264)</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>					
Dividends paid	27	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
Drawdown of term loan	28(b)	-	67,810	-	-
Net repayment to director		-	(202,039)	-	-
Net repayment to a subsidiary		-	-	(4,060,776)	(240,019)
Payment of share issue expenses		-	(1,733,191)	-	(1,733,191)
Proceeds from issuance of shares		-	39,550,340	-	39,550,340
Repayment of hire purchase obligations	28(b)	(366,442)	(360,997)	-	-
Repayment of term loans	28(b)	(515,196)	(508,002)	-	-
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>		<b>(2,181,638)</b>	<b>35,513,921</b>	<b>(5,360,776)</b>	<b>36,277,130</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,668,142)</b>	<b>38,789,956</b>	<b>(4,421,580)</b>	<b>37,333,013</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>50,086,504</b>	<b>11,296,548</b>	<b>37,333,015</b>	<b>2</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	28(c)	<b>44,418,362</b>	<b>50,086,504</b>	<b>32,911,435</b>	<b>37,333,015</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	: 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan
Principal place of business	: No. 17 & 19, Jalan Bukit Permai Utama 3 Taman Industri Bukit Permai, Cheras 56100 Kuala Lumpur

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 October 2019.

## 2. PRINCIPAL ACTIVITIES

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

## 3. BASIS OF PREPARATION

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

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

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

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

### **MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)**

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The impacts on the financial statements upon initial application of this accounting standard are disclosed in Notes 11 and 12 to the financial statements.

### **MFRS 15 and related Amendments**

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios. There were no material financial impact arising from the adoption of MFRS 15.

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

3.2 The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

### **MFRS 16: Leases**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### *Key Sources of Estimation Uncertainty*

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

cont'd

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

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

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

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

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

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

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 13 and 14 to the financial statements.

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

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

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

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

#### **(g) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

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

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

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

#### **(a) Classification of Leasehold Land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

### 4.2 BASIS OF CONSOLIDATION

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

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

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

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

#### **(a) Business Combinations**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

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

#### (a) Business Combinations *(cont'd)*

However, a business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

An acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties.

Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from a bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of the Group.

#### (b) Non-controlling Interests

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

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

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

#### (d) Loss of Control

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

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

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

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

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

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

### 4.4 FINANCIAL INSTRUMENTS

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.4 FINANCIAL INSTRUMENTS (cont'd)

#### (a) Financial Assets

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

##### *Debt Instruments*

#### (i) Amortised Cost

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

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

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

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

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

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

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

##### *Equity Instruments*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.4 FINANCIAL INSTRUMENTS (cont'd)

#### (b) Financial Liabilities

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

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

##### (ii) Other Financial Liabilities

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

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

#### (c) Equity Instruments

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

##### *Ordinary shares*

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

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

#### (d) Derecognition

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

cont'd

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

### 4.4 FINANCIAL INSTRUMENTS *(cont'd)*

#### (e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group and the Company designates performance bond granted in favour of third parties for contract work undertaken by the Group and corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group and the Company recognises these performance bonds and corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Accounting Policies Applied Until 30 June 2018

The Company has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with its previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial assets was either held for trading or was designated to eliminate or significant reduce a measurement or recognition inconsistency that would otherwise arise. Financial assets at fair value through profit or loss were stated at fair value of each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- Trade and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### 4.5 INVESTMENTS IN SUBSIDIARIES

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

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

### 4.6 PROPERTY, PLANT AND EQUIPMENT

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.6 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Leasehold land and buildings	Over the lease period of 54 years
Computers	20%
Furniture, fittings and equipment	20%
Motor vehicles	20%
Telecommunication tower	12 years
Renovation	20%
Signboard	20%
Tools and equipment	20%

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

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

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

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

### 4.7 INVESTMENT PROPERTIES

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

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.8 LEASED ASSETS

#### (a) Finance Lease

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

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

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

#### (b) Operating Leases

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

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

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

### 4.9 CONTRACT COSTS

#### Costs to Fulfil A Contract

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

The contract costs are initially measured at cost and recognised in profit or loss in consistent with the pattern of revenue recognition to which the asset relates.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.10 CONTRACT ASSET AND CONTRACT LIABILITY

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

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

### 4.11 CASH AND CASH EQUIVALENTS

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

### 4.12 IMPAIRMENT

#### (a) Impairment of Financial Assets

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

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

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

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

#### Accounting Policy Applied Until 30 June 2018

The comparative information on the impairment of the Group's financial assets continues to be accounted for in accordance with the previous accounting policies as summarised below:-

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.12 IMPAIRMENT (cont'd)

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

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

An impairment loss is recognised in profit or loss.

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

### 4.13 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

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

#### (b) Defined Contribution Plans

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

### 4.14 INCOME TAXES

#### (a) Current Tax

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

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

#### (b) Deferred Tax

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.14 INCOME TAXES (cont'd)

#### (b) Deferred Tax (cont'd)

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

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

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

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

### 4.15 CONTINGENT LIABILITIES

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

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

### 4.16 OPERATING SEGMENTS

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

### 4.17 EARNINGS PER ORDINARY SHARE

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.18 BORROWING COSTS

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

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

### 4.19 FAIR VALUE MEASUREMENTS

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

### 4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

### 4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

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

#### (a) Rendering of Services

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

#### (b) Construction Services

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

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

### 4.21 OTHER OPERATING INCOME

#### (a) Interest Income

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

#### (b) Rental Income

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

#### (c) Dividend Income

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Unquoted shares, at cost	17,402,100	17,402,100

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
<i>Subsidiaries of the Company</i>				
Binasat Sdn. Bhd.	Malaysia	100	100	Provision of support services for satellite, mobile and fibre optic telecommunications networks.
Binasat (Sabah) Sdn. Bhd.	Malaysia	100	100	Dormant.
Satellite NOC Sdn. Bhd.	Malaysia	70	70	Provision of support services for satellite telecommunications network.

(a) The non-controlling interests at the end of the financial year comprise the following:-

	Effective Equity Interest		2019 RM	2018 RM
	2019 %	2018 %		
Satellite NOC Sdn. Bhd.	30	30	(102,097)	173,038

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

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

	<b>Satellite NOC Sdn. Bhd.</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<u>At 30 June</u>		
Non-current asset	3,204,684	1,094,373
Current assets	5,235,899	2,591,151
Non-current liability	-	(34,000)
Current liabilities	(8,780,906)	(3,074,730)
<b>Net (liabilities)/assets</b>	<b>(340,323)</b>	<b>576,794</b>
<u>Financial Year Ended 30 June</u>		
Revenue	2,953,871	2,524,658
(Loss)/Profit after taxation	(917,117)	113,750
<b>Total comprehensive (expenses)/income</b>	<b>(917,117)</b>	<b>113,750</b>
Total comprehensive (expenses)/income attributable to non-controlling interests	(275,135)	34,125
Net cash flows for operating activities	(1,507,097)	(1,590,344)
Net cash flows for investing activity	(2,350,567)	(1,132,076)
Net cash flows from financing activities	5,366,183	2,628,716

### 6. PROPERTY, PLANT AND EQUIPMENT

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

	At 1.7.2017	Additions	Disposal	Depreciation Charges	At 30.6.2018
	RM	RM	RM	RM	RM
<b>2018</b>					
Carrying Amount					
Leasehold land and buildings	6,001,475	-	-	(128,000)	5,873,475
Computers	66,987	12,788	-	(30,411)	49,364
Furniture, fittings and equipment	238,809	33,996	-	(99,719)	173,086
Motor vehicles	1,041,648	1,021,853	(52,344)	(492,270)	1,518,887
Renovation	355,609	-	-	(165,268)	190,341
Signboard	11,017	-	-	(2,332)	8,685
Tools and equipment	345,183	1,167,811	-	(226,364)	1,286,630
	8,060,728	2,236,448	(52,344)	(1,144,364)	9,100,468

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

The Group	At Cost	Accumulated Depreciation	Carrying Amount
	RM	RM	RM
<b>2018</b>			
Leasehold land and buildings	6,612,733	(739,258)	5,873,475
Computers	409,018	(359,654)	49,364
Furniture, fittings and equipment	665,931	(492,845)	173,086
Motor vehicles	3,655,654	(2,136,767)	1,518,887
Renovation	1,032,921	(842,580)	190,341
Signboard	23,050	(14,365)	8,685
Tools and equipment	2,516,744	(1,230,114)	1,286,630
	14,916,051	(5,815,583)	9,100,468



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

- (a) Included in the property, plant and equipment of the Group at the end of the financial year were motor vehicles with a total carrying amounts of RM1,434,446 (2018 – RM1,428,760), which were acquired under hire purchase terms. The leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 18 to the financial statements.
- (b) The leasehold land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.

	At 1.7.2018 RM	Additions RM	Depreciation Charges RM	At 30.6.2019 RM
<b>The Company</b>				
<b>2019</b>				
Carrying Amount				
Signboard	8,685	-	(2,305)	6,380
Construction work-in-progress	-	1,524,147	-	1,524,147
	8,685	1,524,147	(2,305)	1,530,527
	At 1.7.2017 RM	At 30.6.2018 RM	Depreciation Charges RM	At 30.6.2018 RM
<b>2018</b>				
Carrying Amount				
Signboard		11,017	(2,332)	8,685
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM	Carrying Amount RM
<b>The Company</b>				
<b>2019</b>				
Signboard	11,600	(5,220)	6,380	6,380
Construction work-in-progress	1,524,147	-	1,524,147	1,524,147
	1,535,747	(5,220)	1,530,527	1,530,527
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM	Carrying Amount RM
<b>2018</b>				
Signboard	11,600	(2,915)	8,685	8,685

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 7. INVESTMENT PROPERTIES

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

	At 1.7.2017 RM	Additions RM	Reclassification RM	Depreciation Charges RM	At 30.6.2018 RM
<b>2018</b>					
Carrying Amount					
Freehold land and buildings	3,172,268	-	1,356,201	(89,152)	4,439,317
Building-in-progress	1,288,391	67,810	(1,356,201)	-	-
	4,460,659	67,810	-	(89,152)	4,439,317

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2019</b>			
Freehold land and buildings	4,796,643	(453,259)	4,343,384

	At Cost RM	Reclassification RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2018</b>				
Freehold land and buildings	3,440,442	1,356,201	(357,326)	4,439,317
Building-in-progress	1,356,201	(1,356,201)	-	-
	4,796,643	-	(357,326)	4,439,317

Investment properties of the Company comprise factory, shop office and terrace house.

- (a) The investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.
- (b) As at the date of this report, the fair value of the investment properties amounting to RM5,018,000 (2018 – RM4,942,000) which were determined based on information available through internet search and directors' best estimate.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 8. PREPAID LEASE PAYMENTS

The Group/The Company	At 1.7.2018 RM	Additions RM	Amortisation Charges RM	At 30.6.2019 RM
<b>2019</b>				
<i>Carrying Amount</i>				
Leasehold land	627,264	-	(104,544)	522,720
<hr/>				
2018	At 1.7.2017 RM	Additions RM	Amortisation Charges RM	At 30.6.2018 RM
<i>Carrying Amount</i>				
Leasehold land	-	627,264	-	627,264
<hr/>				

### 9. DEFERRED TAX (ASSETS)/LIABILITIES

The Group	At 1.7.2018 RM	Recognised In Profit or Loss (Note 25) RM	At 30.6.2019 RM
<b>2019</b>			
<i>Deferred Tax Assets</i>			
Provisions	(26,000)	24,200	(1,800)
Others	(222,900)	(11,100)	(234,000)
	(248,900)	13,100	(235,800)
<hr/>			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	208,800	(101,100)	107,700
	(40,100)	(88,000)	(128,100)
<hr/>			

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 9. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The Group	At 1.7.2017 RM	Recognised In Profit or Loss (Note 25) RM	At 30.6.2018 RM
<b>2018</b>			
<b>Deferred Tax Assets</b>			
Provisions	(34,700)	8,700	(26,000)
Others	(133,000)	(89,900)	(222,900)
	(167,700)	(81,200)	(248,900)
<b>Deferred Tax Liabilities</b>			
Property, plant and equipment	114,700	94,100	208,800
	(53,000)	12,900	(40,100)

At the end of the financial year, one of the subsidiaries has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM357,441 (2018 – RM Nil) and RM420,007 (2018 – RM127,981) respectively that are available for offset against future taxable profits of the subsidiary in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiary will be available against which the deductible temporary differences can be utilised.

With effect from year of assessment 2019, unused tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment immediately following that year of assessment. The unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the company.

### 10. CONTRACT COSTS

	The Group	
	2019 RM	2018 RM
Costs to fulfil contracts	2,618,013	868,475

The costs to fulfil contracts represent costs incurred for providing support services for satellite telecommunication network, designing and constructing assets to be transferred under contracts that have not been approved. The costs are to be recognised in profit or loss in consistent with the pattern of recognition of the associate revenue.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

## 11. TRADE RECEIVABLES AND CONTRACT ASSETS

	The Group	
	2019 RM	2018 RM
Trade receivables	22,843,666	20,258,332
Allowance for impairment losses	(2,140,857)	(702,644)
	20,702,809	19,555,688
Contract assets (Note 12)	6,597,360	3,478,630
	27,300,169	23,034,318
Allowance for impairment losses:-		
At 1 July	702,644	973,818
Addition during the financial year (Note 23)	1,483,841	341,857
Reversal during the financial year (Note 23)	(45,628)	(50,196)
Written off during the financial year	-	(562,835)
At 30 June	2,140,857	702,644

The Group's trade credit terms range from 30 to 90 (2018 – 30 to 90) days.

## 12. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2019 RM	2018 RM
Contract assets (Note 11)	6,601,438	3,478,630
Allowance for impairment losses	(4,078)	-
	6,597,360	3,478,630
Contract liabilities (Note 20)	(51,758)	-
	6,545,602	3,478,630
Allowance for impairment losses:-		
At 1 July	-	-
Addition during the financial year (Note 23)	4,078	-
At 30 June	4,078	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

cont'd

### 12. CONTRACT ASSETS/(LIABILITIES) (cont'd)

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

The contract assets were presented as 'amount due by customers on contract' and as part of other receivables and prepayments as 'accrued sales' in the last financial year.

- (b) The contract liabilities primarily relate to advance considerations receivable from a customer for services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.
- (c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group	
	2019 RM	2018 RM
At 1 July	3,478,630	872,602
Revenue recognised in profit or loss during the financial year	8,384,555	4,081,561
Billings to customers during the financial year	(5,313,505)	(1,475,533)
Impairment loss on contract assets	(4,078)	-
At 30 June	6,545,602	3,478,630
Represented by:-		
Contract assets	6,597,360	3,478,630
Contract liabilities	(51,758)	-
At 30 June	6,545,602	3,478,630

- (d) As at the end of the financial year, the transaction price allocated to the unsatisfied and partially unsatisfied performance obligations of long term contracts are RM207,033 and RM296,906 (2018 – RM Nil and RM2,658,967) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	86,686	254,845	-	-
Allowance for impairment losses	(3,180)	(5,580)	-	-
	83,506	249,265	-	-
Deposits	780,393	588,776	4,500	4,500
Prepayments	36,046	68,000	-	-
Goods and services tax receivable	128,045	4,269	-	13,000
	1,027,990	910,310	4,500	17,500

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Allowance for impairment losses:-				
At 1 July	5,580	-	-	-
Addition during the financial year (Note 23)	-	5,580	-	-
Reversal during the financial year (Note 23)	(2,400)	-	-	-
At 30 June	3,180	5,580	-	-

### 14. AMOUNT OWING BY/(TO) A SUBSIDIARY

	The Company	
	2019 RM	2018 RM
<b>Amount owing by a subsidiary</b>		
Non-trade balances	5,283,682	1,200,000
<b>Amount owing to a subsidiary</b>		
Non-trade balances	(1,007,487)	(984,581)
Net amount owing by a subsidiary	4,276,195	215,419

- (a) The amount owing by a subsidiary represents unsecured interest-free advances which are repayable on demand. The amount owing is to be settled in cash.
- (b) The amount owing to a subsidiary represents unsecured payments made on behalf and are interest-free and repayable on demand. The amount owing is to be settled in cash.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 15. SHORT-TERM INVESTMENTS

	The Group			
	2019		2018	
	Carrying Amount	Market Value	Carrying Amount	Market Value
	RM	RM	RM	RM
Fair value through profit or loss financial assets - Money market funds (Note 28(c))	34,858,394	34,858,394	38,639,860	38,639,860

	The Company			
	2019		2018	
	Carrying Amount	Market Value	Carrying Amount	Market Value
	RM	RM	RM	RM
Fair value through profit or loss financial assets - Money market funds (Note 28(c))	31,661,530	31,661,530	35,557,666	35,557,666

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

The money market funds of the Group and of the Company are carried at fair value. The fair value hierarchy for money market funds are classified as Level 1.

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date were 3.65% (2018 – 3.59%) and 3.65% (2018 – 3.59%) per annum respectively.

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

### 16. SHARE CAPITAL

	The Group/The Company			
	2019	2018	2019	2018
	Number Of Shares		RM	RM
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 July	260,000,000	174,021,000	55,219,251	17,402,102
Issuance of shares:				
- for cash	-	85,979,000	-	39,550,340
Listing expenses	-	-	-	(1,733,191)
At 30 June	260,000,000	260,000,000	55,219,251	55,219,251

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 17. MERGER DEFICIT

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

### 18. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2019 RM	2018 RM
Minimum hire purchase payments:		
- not later than 1 year	466,672	393,032
- later than 1 year and not later than 5 years	1,084,781	1,166,370
	1,551,453	1,559,402
Less: Future finance charges	(128,253)	(171,760)
Present value of hire purchase payables	1,423,200	1,387,642
Analysed by:-		
Current liabilities	406,480	329,892
Non-current liabilities	1,016,720	1,057,750
	1,423,200	1,387,642

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 6(a) to the financial statements.
- (b) The remaining hire purchase payables of the Group at the end of the financial year bore effective interest rates ranging from 4.41% to 6.34% (2018 – 3.59% to 6.34%). The interest rates are fixed at the inception of the hire purchase arrangements.

### 19. TERM LOANS (SECURED)

	The Group	
	2019 RM	2018 RM
Current liabilities	470,080	424,000
Non-current liabilities	6,335,429	6,896,705
	6,805,509	7,320,705

The term loans are repayable over 240 to 300 (2018 – 240 to 300) monthly instalments from the date of drawdown for the Group.

The weighted average effective interest rates at the end of the financial year was 4.58% (2018 – 4.82%) per annum.

The term loans are secured by the following:-

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 20. TRADE PAYABLES AND CONTRACT LIABILITIES

	The Group	
	2019 RM	2018 RM
Trade payables	8,169,819	6,267,406
Contract liabilities (Note 12)	51,758	-
	8,221,577	6,267,406

The trade credit terms granted to the Group is range from 30 to 90 days (2018 – 30 to 90 days).

### 21. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	1,313,476	552,338	1,193,416	118,345
Accruals	1,732,580	1,942,155	53,500	36,500
Deposits	307,629	313,229	-	-
Services tax payable	124,749	-	-	-
	3,478,434	2,807,722	1,246,916	154,845

### 22. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Revenue recognised at a point in time</u>				
Dividend income	-	-	1,100,000	1,384,958
<u>Revenue recognised over time</u>				
Contract revenue	2,649,553	821,431	-	-
Services rendered	52,036,802	56,438,816	-	-
	54,686,355	57,260,247	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

Impairment losses during the financial year:

	Trade Receivables (Note 11) RM	Contract Assets (Note 12) RM	Other Receivables (Note 13) RM	Total RM
<b>The Group</b>				
<b>2019</b>				
Additions under MFRS 9	1,483,841	4,078	-	1,487,919
Reversal of impairment losses	(45,628)	-	(2,400)	(48,028)
	1,438,213	4,078	(2,400)	1,439,891
<b>2018</b>				
Individually impaired under MFRS 139	341,857	-	5,580	347,437
Reversal of impairment losses	(50,196)	-	-	(50,196)
	291,661	-	5,580	297,241

### 24. PROFIT BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Amortisation of prepaid lease payments	104,544	-	104,544	-
Auditors' remuneration:				
- current financial year	88,000	81,000	30,000	30,000
- non-audit fees	27,500	5,000	27,500	5,000
Depreciation of property, plant and equipment	1,173,220	1,144,364	2,305	2,332
Depreciation of investment properties	95,933	89,152	-	-
Direct operating expenses on investment properties:				
- non-rental generating properties	1,550	2,850	-	-
- rental generating properties	2,660	8,250	-	-
	4,210	11,100	-	-
Directors' remuneration (Note 30(a))	1,871,488	1,726,341	196,033	176,842

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging/ (crediting) (cont'd):-				
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- hire purchase	93,663	36,625	-	-
- term loans	178,953	179,238	-	-
	272,616	215,863	-	-
Listing expenses	-	1,042,394	-	20,810
Loss on foreign exchange – realised	9,252	8,785	-	-
Rental expense on:				
- equipment	866,429	993,860	-	-
- premises	154,408	358,177	-	-
Staff costs (including other key management personnel as disclosed in Note 30(b)):				
- short-term employee benefits	16,505,818	14,435,057	-	-
- defined contribution benefits	1,343,094	1,192,446	-	-
- others	394,068	477,640	-	-
	18,242,980	16,105,143	-	-
Fire insurance claim	(224,586)	(126,588)	-	-
Gain on disposal of property, plant and equipment	(151,000)	(67,759)	-	-
Gain on disposal of low value assets	(1,500)	-	-	-
Interest income on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	(1,318,535)	(659,796)	(1,203,865)	(557,666)
Interest income on financial assets measured at amortised cost	(3,937)	(30,369)	-	(28,281)
	(1,322,472)	(690,165)	(1,203,865)	(585,947)
Rental income from investment properties	(66,000)	(56,150)	-	-
Gain on foreign exchange-unrealised	(39,160)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 25. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax expense	2,400,013	3,147,056	-	-
Under/(Over) provision in the previous financial year	281,351	(142,887)	-	-
	2,681,364	3,004,169	-	-
Deferred tax (Note 9):				
- origination and reversal of temporary differences	(39,800)	(6,000)	-	-
- (over)/under provision in the previous financial year	(48,200)	18,900	-	-
	(88,000)	12,900	-	-
	2,593,364	3,017,069	-	-

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation	7,191,929	12,122,521	1,251,423	1,563,470
Tax at the statutory tax rate of 24% (2018 – 24%)	1,726,063	2,909,405	300,342	375,233
Tax effects of:-				
Non-deductible expenses	834,567	390,002	252,585	90,997
Non-taxable income	(343,864)	(158,351)	(552,927)	(466,230)
Deferred tax assets not recognised during the financial year	143,447	-	-	-
Under/(Over) provision of current tax in the previous financial year	281,351	(142,887)	-	-
(Over)/Under provision of deferred taxation in the previous financial year	(48,200)	18,900	-	-
Income tax expense for the financial year	2,593,364	3,017,069	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 26. EARNINGS PER SHARE

	The Group	
	2019	2018
Profit attributable to owners of the Company (RM)	4,873,700	9,071,327
Weighted average number of ordinary shares in issue	260,000,000	217,010,500
Basic earnings per share (Sen)	1.87	4.18

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

### 27. DIVIDENDS

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

### 28. CASH FLOW INFORMATION

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

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cost of property, plant and equipment purchased (Note 6)	4,433,362	2,236,448	1,524,147	-
Less: Amount financed through hire purchase (Note (b) below)	(402,000)	(860,000)	-	-
Cash disbursed for purchase of property, plant and equipment	4,031,362	1,376,448	1,524,147	-



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

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

The Group	Term Loans RM	Hire Purchase RM	Total RM
<b>2019</b>			
At 1 July	7,320,705	1,387,642	8,708,347
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(515,196)	(366,442)	(881,638)
Repayment of borrowing interests	(178,953)	(93,663)	(272,616)
	(694,149)	(460,105)	(1,154,254)
<u>Non-cash Changes</u>			
New hire purchase (Note (a) above)	-	402,000	402,000
Finance charges recognised in profit or loss (Note 24)	178,953	93,663	272,616
	178,953	495,663	674,616
At 30 June	6,805,509	1,423,200	8,228,709
<b>2018</b>			
At 1 July	7,760,897	888,639	8,649,536
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	67,810	-	67,810
Repayment of borrowing principal	(508,002)	(360,997)	(868,999)
Repayment of borrowing interests	(179,238)	(36,625)	(215,863)
	(619,430)	(397,622)	(1,017,052)
<u>Non-cash Changes</u>			
New hire purchase (Note (a) above)	-	860,000	860,000
Finance charges recognised in profit or loss (Note 24)	179,238	36,625	215,863
	179,238	896,625	1,075,863
At 30 June	7,320,705	1,387,642	8,708,347

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

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

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

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	9,559,968	11,446,644	1,249,905	1,775,349
Short-term investments (Note 15)	34,858,394	38,639,860	31,661,530	35,557,666
	44,418,362	50,086,504	32,911,435	37,333,015

### 29. RELATED PARTY DISCLOSURES

#### (a) Identities of Related Parties

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

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

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

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

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Subsidiary</b>				
Dividend income	-	-	1,100,000	1,384,958
<b>Companies in which certain directors have significant financial interests</b>				
Sales	-	3,413	-	-
Sales return	(3,413)	-	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

## 30. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>(a) Directors</b>				
<b>Directors of the Company</b>				
<u>Executive directors</u>				
Short-term benefits:				
- salaries, bonuses and other benefits	1,510,455	1,396,459	-	-
Defined contribution benefits	165,000	153,040	-	-
	1,675,455	1,549,499	-	-
<u>Non-executive directors</u>				
- fees	196,033	176,842	196,033	176,842
Total directors' remuneration (Note 24)	1,871,488	1,726,341	196,033	176,842
<b>(b) Other Key Management Personnel</b>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	199,033	526,616	-	-
Defined contribution benefits	23,736	58,320	-	-
Total compensation for other key management personnel (Note 24)	222,769	584,936	-	-

## 31. OPERATING SEGMENTS

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

### MAJOR CUSTOMERS

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

	The Group	
	2019 RM	2018 RM
Customer A	16,913,364	19,454,401
Customer B	15,265,372	20,539,869
Customer C	10,837,701	5,126,712

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 32. CAPITAL COMMITMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Construction of teleport	324,496	92,062	-	-
Construction of office building	12,586,534	-	12,586,534	-
	12,911,030	92,062	12,586,534	-

### 33. OPERATING LEASE COMMITMENTS

The Group leases a leasehold land under non-cancellable operating lease. The lease period is 60 (2018 - 60) years. The Group is restricted from sub-leasing the leased assets to third parties without lessor's consent.

	The Group/ The Company	
	2019 RM	2018 RM
Later than 1 year and not later than 5 years	509,150	509,150
Later than 5 years	5,136,226	5,136,226
	5,645,376	5,645,376

### 34. CONTINGENT LIABILITIES

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

	The Group	
	2019 RM	2018 RM
Performance guarantee extended by subsidiaries to customers	451,959	3,776,673

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

## 35. FINANCIAL INSTRUMENTS

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

### 35.1 FINANCIAL RISK MANAGEMENT POLICIES

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

#### (a) Market Risk

##### (i) Foreign Currency Risk

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

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

#### *Foreign Currency Exposure*

	The Group	
	2019	2018
	United States Dollar	United States Dollar
	RM	RM
<b>Financial Assets</b>		
Trade receivables	749,306	183,978
Cash and bank balances	227,674	526,949
	976,980	710,927
<b>Financial Liabilities</b>		
Trade payables	-	701
Other payables	-	19,105
	-	19,806
Net financial assets	976,980	691,121
<b>Currency exposure</b>	976,980	691,121

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

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

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

	The Group	
	2019 RM	2018 RM
<b>Effects on Profit After Taxation</b>		
USD/RM – strengthened by 2% (2018 – 6%)	+14,850	+31,515
– weakened by 2% (2018 – 6%)	-14,850	-31,515

##### (ii) Interest Rate Risk

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the financial year is disclosed in Note 19 to the financial statements.

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

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

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. Any reasonably possible change in the prices of quoted investments at the end of the financial year does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

##### (b) Credit Risk

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

## 35. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

The Group's major concentration of credit risk relates to the amounts owing by 3 (2018 – 3) customers which constituted approximately 71% (2018 – 57%) of its trade receivables at the end of the financial year.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related companies) at the end of the financial year is as follows:-

	The Group	
	2019 RM	2018 RM
Malaysia	19,926,287	19,370,709
Hong Kong	749,306	183,741
Others	27,216	1,238
	20,702,809	19,555,688

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

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

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

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

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

#### *Trade Receivables and Contract Assets*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

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

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

The expected loss rates are based on the historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

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

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>2019</b>			
Current (not past due)	9,090,478	(1,201)	9,089,277
1 to 30 days past due	4,647,710	(2,542)	4,645,168
31 to 60 days past due	1,936,850	(3,537)	1,933,313
61 to 90 days past due	1,846,474	(5,132)	1,841,342
	17,521,512	(12,412)	17,509,100
Credit impaired			
- more than 90 days past due	3,264,477	(70,768)	3,193,709
- individually impaired	2,057,677	(2,057,677)	-
Trade receivables	22,843,666	(2,140,857)	20,702,809
Contract assets	6,601,438	(4,078)	6,597,360
	29,445,104	(2,144,935)	27,300,169



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

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

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
<b>2018</b>			
Not past due	13,738,614	-	13,738,614
Past due:			
- less than 3 months	4,640,221	-	4,640,221
- 3 to 6 months	522,309	-	522,309
- More than 6 months	586,380	-	586,380
- More than 1 year	770,808	(702,644)	68,164
Trade receivables	20,258,332	(702,644)	19,555,688

The movements in the loss allowances in respect of trade receivables is disclosed in Note 11 to the financial statements.

##### *Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### *Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

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

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

In the last financial year, the loss allowance on amount owing by subsidiaries was calculated under MFRS 139.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

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

##### (c) Liquidity Risk

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

##### Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
<b>2019</b>						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	8,221,577	8,221,577	8,221,577	-	-
Other payables and accruals	-	3,046,056	3,046,056	3,046,056	-	-
Hire purchase payables	4.41 – 6.34	1,423,200	1,551,453	466,672	1,084,781	-
Term loans	4.58	6,805,509	10,308,235	717,876	2,871,504	6,718,855
		19,496,342	23,127,321	12,452,181	3,956,285	6,718,855
<b>2018</b>						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	6,267,406	6,267,406	6,267,406	-	-
Other payables and accruals	-	2,494,493	2,494,493	2,494,493	-	-
Hire purchase payables	3.59 – 6.34	1,387,642	1,559,402	393,032	1,166,370	-
Term loans	4.82	7,320,705	11,083,153	641,820	2,871,504	7,569,829
		17,470,246	21,404,454	9,796,751	4,037,874	7,569,829

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

## 35. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

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

<b>The Company</b>	<b>Carrying Amount RM</b>	<b>Contractual Undiscounted Cash Flows RM</b>	<b>Within 1 Year RM</b>
<b>2019</b>			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	1,246,916	1,246,916	1,246,916
Amount owing to a subsidiary	1,007,487	1,007,487	1,007,487
	<b>2,254,403</b>	<b>2,254,403</b>	<b>2,254,403</b>
<b>2018</b>			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	154,845	154,845	154,845
Amount owing to a subsidiary	984,581	984,581	984,581
	<b>1,139,426</b>	<b>1,139,426</b>	<b>1,139,426</b>

### 35.2 CAPITAL RISK MANAGEMENT

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

#### 35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments (Note 15)	34,858,394	31,661,530
<u>Amortised Cost</u>		
Trade receivables (Note 11)	20,702,809	-
Other receivables (Note 13)	83,506	-
Amount owing by a subsidiary (Note 14)	-	5,283,682
Cash and bank balances	9,559,968	1,249,905
	<b>30,346,283</b>	<b>6,533,587</b>
<b>Financial Liabilities</b>		
<u>Amortised Cost</u>		
Trade payables (Note 20)	8,221,577	-
Other payables and accruals (Note 21)	3,046,056	1,246,916
Amount owing to a subsidiary (Note 14)	-	1,007,487
Hire purchase payables (Note 18)	1,423,200	-
Term loans (Note 19)	6,805,509	-
	<b>19,496,342</b>	<b>2,254,403</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS *(cont'd)*

#### 35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS *(cont'd)*

	2018	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Loans and Receivables Financial Assets</u>		
Trade receivables (Note 11)	19,555,688	-
Other receivables (Note 13)	249,265	-
Amount owing by a subsidiary (Note 14)	-	1,200,000
Cash and bank balances	11,446,644	1,775,349
	31,251,597	2,975,349
 <u>Fair Value through Profit or Loss: Held-for-trading</u>		
Short-term investments (Note 15)	38,639,860	35,557,666
 <b>Financial Liabilities</b>		
<u>Other Financial Liabilities</u>		
Trade payables (Note 20)	6,267,406	-
Other payables and accruals (Note 21)	2,494,493	154,845
Amount owing to a subsidiary (Note 14)	-	984,581
Hire purchase payables (Note 18)	1,387,642	-
Term loans (Note 19)	7,320,705	-
	17,470,246	1,139,426

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

#### 35.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Fair Value through Profit or Loss</u>		
Net gains recognised in profit or loss	1,318,536	1,203,865
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(1,406,046)	-
<b>Financial Liabilities</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(272,616)	-
<b>2018</b>		
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Loans and Receivables Financial Assets</u>		
Net (losses)/gains recognised in profit or loss	(275,657)	28,281
<u>Fair Value through Profit or Loss: Held-for-trading</u>		
Net gains recognised in profit or loss	659,796	557,666
<b>Financial Liabilities</b>		
<u>Other Financial Liabilities</u>		
Net losses recognised in profit or loss	(215,863)	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

#### 35.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of financial year:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
<b>2019</b>								
<u>Financial Asset</u>								
Short-term investments	34,858,394	-	-	-	-	-	34,858,394	34,858,394
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,398,865	-	1,398,865	1,423,200
Term loans	-	-	-	-	6,805,509	-	6,805,509	6,805,509

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
<b>2018</b>								
<u>Financial Asset</u>								
Short-term investments	38,639,860	-	-	-	-	-	38,639,860	38,639,860
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,402,078	-	1,402,078	1,387,642
Term loans	-	-	-	-	7,320,705	-	7,320,705	7,320,705

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 35. FINANCIAL INSTRUMENTS (cont'd)

#### 35.5 FAIR VALUE INFORMATION (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of financial year (cont'd):-

The Company	Fair Value of Financial Instruments Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2019</b>					
<u>Financial Asset</u>					
Short-term Investments	31,661,530	-	-	31,661,530	31,661,530
<b>2018</b>					
<u>Financial Asset</u>					
Short-term investments	35,557,666	-	-	35,557,666	35,557,666

#### (i) Fair Value of Financial Instruments Carried at Fair Value

The fair value above have been determined using the following basis:-

- The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- There were no transfer between level 1 and level 2 during the financial year.

#### (ii) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rate on or near the reporting date.
- The fair value of hire purchase payables that carry fixed interest rate are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of financial year. The interest rates used to discount the estimated cash flows are as follow:-

	2019 %	2018 %
Hire purchase payables	4.41 – 7.38	4.44 – 4.73



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019  
cont'd

### 36. COMPARATIVE FIGURES

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

	<b>As Restated</b>	<b>As Previously Reported</b>
	<b>RM</b>	<b>RM</b>
<hr/>		
Consolidated Statement of Financial Position (Extract):-		
<b>Non-current Assets</b>		
Prepaid lease payments	627,264	-
<hr/>		
<b>Current Assets</b>		
Contract costs	868,475	-
Trade receivables and contract assets	23,034,318	19,555,688
Amount owing by customers on contract	-	499,625
Other receivables, deposits and prepayments	910,310	5,385,054
<hr/>		
Consolidated Cash Flow (Extract):-		
<b>Net Cash From Operating Activities</b>		
Increase in contract costs	(868,475)	-
Increase in amount owing by customers on contract	-	(499,625)
Increase in trade and other receivables	(4,320,079)	(5,316,193)
<hr/>		
<b>Net Cash For Investing Activities</b>		
Additions to prepaid lease payment	(627,264)	-
<hr/>		

## LIST OF PROPERTIES

Address	Descriptions/ Existing use	Land area / Built-up area (sq.ft.)	Tenure	Approximate age of building (years)	Audited net book value as at 30 June 2019 (RM)	Date of acquisition
H.S.(D) 150067, PT 14455, and H.S.(D) 150068, PT 14456, Seksyen 15, Mukim Bandar Ampang, Daerah Ulu Langat, Negeri Selangor / No. 17 & 19, Jalan Bukit Permai Utama 3, Taman Industri Bukit Permai, Cheras 56100 Kuala Lumpur.	Two storey corporate office and storage facility  Existing use: Office	Total land area: 14,400  Total built up area:16,960	47 Years lease expiring on 9 October 2066	11	5,745,475	31.1.2013
HS (D) 550747, PTD 170968, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor. / No.5 Jalan Kempas Lama 1, Off Jalan Kempas Lama, 81300 Skudai, Johor ("Kempas Lama Property")	Three storey cluster corporate factory  Existing Use: Rented out for office purposes	Total land area: 6,491  Total built up area: 7,398	Freehold	5	2,756,221	28.5.2014
HS (D) 560747, PTD 8688, Mukim Jelutong, Tempat Taman Nusantara Daerah Johor Bahru, Negeri Johor / Lot 24, Tiong Nam Business Park @ SiLC7Johor Bahru, Johor ("SiLC7 Property")	Three storey shop office  Existing Use: Vacant	Total land area: 1,540  Total built up area: 4,620	Freehold	2	1,308,733	30.3.2014

## LIST OF PROPERTIES

cont'd

Address	Descriptions/ Existing use	Land area / Built-up area (sq.ft.)	Tenure	Approximate age of building (years)	Audited net book value as at 30 June 2019 (RM)	Date of acquisition
Parcel No. TKP3/DS-114 erected on land held under HS(D) 40768, PT 56152, Mukim Dengkil, Daerah Sepang, Negeri Selangor./ No. 85, Jalan SP 3/4 Salak Perdana, 43900 Sepang, Selangor ("Salak Perdana Property")	Two and half storey terrace house  Existing Use: Vacant and to be rented out	Total land area: 1,400  Total built up area: 1,558	Freehold	5	278,430	22.9.2014

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019

## ORDINARY SHARES

Total Number of Issued Shares	:	260,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Number of Shareholders	:	2,284

## DISTRIBUTION OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2019

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 100	5	0.22	115	0.00
100 to 1,000	258	11.30	155,483	0.06
1,001 to 10,000	1,096	47.99	6,619,500	2.54
10,001 to 100,000	795	34.80	28,151,300	10.83
100,001 to 12,999,999 (*)	128	5.60	84,626,400	32.55
13,000,000 and above (**)	2	0.09	140,447,202	54.02
<b>TOTAL</b>	<b>2,284</b>	<b>100.00</b>	<b>260,000,000</b>	<b>100.00</b>

Remarks: \* - Less than 5% of issued shares

\*\* - 5% and above of issued shares

## SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2019

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Na Boon Aik	73,436,751	28.25	-	-
Na Bon Tiam	67,010,451	25.77	-	-

## DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2019

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Datuk Cham Hak Lim	-	-	-	-
Na Boon Aik	73,436,751	28.25	-	-
Na Bon Tiam	67,010,451	25.77	-	-
Zulamran bin Hamat	2,500,000	0.96	-	-
Dato' Seow Thiam Fatt	600,000	0.23	-	-
Dato' Tan Yee Boon	-	-	-	-
Datuk Lalla Nezha binti Mohd Khalil	-	-	-	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019  
cont'd

## THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2019

Name of Shareholders	Holdings	
	No. of Shares	% of Issued Capital
1. Na Boon Aik	73,436,751	28.25
2. Na Bon Tiam	67,010,451	25.77
3. Maybank Nominees (Tempatan) Sdn Bhd <i>(Maybank Trustees Berhad for CIMB-Principal Small Cap Fund)</i>	5,305,300	2.04
4. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Hon Pansy)</i>	4,820,000	1.85
5. Citigroup Nominees (Tempatan) Sdn Bhd <i>(Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund)</i>	4,776,200	1.84
6. Fong Ah Chai	4,600,000	1.77
7. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Lim Chai Beng)</i>	3,903,800	1.50
8. Citigroup Nominees (Tempatan) Sdn Bhd <i>(Great Eastern Life Assurance (Malaysia) Berhad (LBF))</i>	3,508,500	1.35
9. Kenanga Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Chong Fut Ling (001))</i>	2,705,000	1.04
10. Tan Pooi Fan	2,500,000	0.96
11. Zulamran bin Hamat	2,500,000	0.96
12. Lau Sam Siong	2,374,000	0.91
13. Lau Sam Siong	2,307,000	0.89
14. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Yii Teck Sing)</i>	2,109,400	0.81
15. Sek Set Guan	2,050,000	0.79
16. Margarte Yuen	1,741,000	0.67
17. He Swee Hong	1,690,100	0.65
18. Liew Tat Yang	1,400,000	0.54
19. Chew Soon Ping @ David Chew	1,300,000	0.50
20. Amanahraya Trustees Berhad <i>(CIMB Islamic Equity Aggressive Fund)</i>	1,249,300	0.48
21. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>(Exempt AN for Affin Hwang Asset Management Berhad)</i>	1,200,000	0.46
22. Citigroup Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Lim Chai Beng)</i>	1,100,000	0.42
23. Public Invest Nominees (Tempatan) Sdn Bhd <i>(Exempt AN for Phillip Securities Pte Ltd)</i>	1,056,600	0.41
24. Wong Siaw Mee	1,000,000	0.39
25. Amanahraya Trustees Berhad <i>(CIMB Islamic Al-Azzam Equity Fund)</i>	994,200	0.38
26. Ong Keng Seng	959,000	0.37
27. CIMSEC Nominees (Tempatan) Sdn Bhd <i>(CIMB for Kong Chong Soon @ Chi Suim)</i>	800,000	0.31
28. Wong Yet Hoong	791,600	0.30
29. Ahmad Fuad Bin Ismail	600,000	0.23
30. Lau Chet Khai	600,000	0.23

# NOTICE OF THE THIRD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Third Annual General Meeting of BINASAT COMMUNICATIONS BERHAD (“the Company”) will be held at Meeting Room 1, Level 3A, Vivatel Hotel, 85, Jalan Loke Yew, 55200 Kuala Lumpur on Friday, 29 November 2019 at 9.30 a.m. for the following purposes:-

## AGENDA

### As Ordinary Business

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.  | <b>(Please refer to<br/>Note 1 of the<br/>Explanatory Notes)</b> |
| 2. | To approve the payment of Directors’ Fees and benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM235,000 for the financial year ending 30 June 2020. | <b>Ordinary Resolution 1</b>                                     |
| 3. | To re-elect the following Directors of the Company who are retiring pursuant to Clause 96 of the Constitution of the Company:-  |  |
|    | i) Dato’ Seow Thiam Fatt  | <b>Ordinary Resolution 2</b>                                     |
|    | ii) Dato’ Tan Yee Boon  | <b>Ordinary Resolution 3</b>                                     |
| 4. | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Ordinary Resolution 4</b>                                     |

### As Special Business

To consider and if thought fit, to pass the following resolutions:-

- |    |  |                              |
|----|--|------------------------------|
| 5. | <b>Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares</b>   | <b>Ordinary Resolution 5</b> |
|    | <p>“<b>THAT</b> pursuant to Section 75 and Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued share of the Company at the time of issue and <b>THAT</b> the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and <b>THAT</b> such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”</p> |                              |
| 6. | <b>Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed New Shareholders’ Mandate”)</b>   | <b>Ordinary Resolution 6</b> |
|    | <p>“<b>THAT</b> approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as “Recurrent Transactions”) with the related parties as stated in the Circular to Shareholders dated 31 October 2019 which are necessary for the Company’s day-to-day operations subject further to the following:</p> <p>(i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related party than those generally available to the public, and are not to the detriment of the minority shareholders;</p>  |                              |

# NOTICE OF THE THIRD ANNUAL GENERAL MEETING

cont'd

- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting of the Company at which the Proposed New Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the Annual General Meeting the mandate is again renewed;
  - (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier; and

- (iii) the disclosure of value of the Recurrent Transactions conducted pursuant to the Proposed New Shareholders' Mandate in the Annual Report of the Company based on the following information:
  - (a) the type of Recurrent Transactions entered into; and
  - (b) the name of the related party involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

- 7. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

**TAI YIT CHAN (MAICSA 7009143)**  
**TAN AI NING (MAICSA 7015852)**  
 Company Secretaries

Selangor Darul Ehsan

Date: 31 October 2019

# NOTICE OF THE THIRD ANNUAL GENERAL MEETING

cont'd

## NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power of attorney or authority, shall be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on **21 November 2019** (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

## EXPLANATORY NOTES

1. Item 1 of the Agenda

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

2. Item 2 of the Agenda

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. The Directors' Benefits payable to the Independent Non-Executive Directors comprises meeting allowances.

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees and benefits on a current year basis based on the current board size and the number of scheduled meetings. In the event that the amount proposed is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next Annual General Meeting for the shortfall.

3. Item 5 of the Agenda

The Company had, at its Second AGM held on 29 November 2018, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 75 and Section 76 of the Companies Act 2016 ("the Act"). As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 5 proposed under item 5 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 75 and Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purposes of funding investment project(s), working capital and/or acquisition.



# NOTICE OF THE THIRD ANNUAL GENERAL MEETING

cont'd

#### 4. Item 6 of the Agenda

*Ordinary Resolution 6 proposed under item 6 of this Agenda is to seek the shareholders' approval for a mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. The Ordinary Resolution 6 proposed, if passed, will empower the Directors from the date of the Third Annual General Meeting, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operation. These recurrent related party transactions are in the ordinary course of business and are on terms not more favorable to the related party than those generally available to the public and not to the detriment of the minority shareholders. The authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders, which is dispatched together with this Annual Report.*

#### **Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

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# PROXY FORM



CDS account number of holder

## BINASAT COMMUNICATIONS BERHAD

(Company No. 1222656-D)  
Incorporated in Malaysia

I/We, \_\_\_\_\_ (name of shareholder as per NRIC, in capital letters) NRIC No./Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) of \_\_\_\_\_ (full address)

being a member of **BINASAT COMMUNICATIONS BERHAD**, hereby appoint \_\_\_\_\_ (name of proxy as per NRIC, in capital letters) NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) of \_\_\_\_\_ (full address)

or failing him/her \_\_\_\_\_ (name of proxy as per NRIC, in capital letters) NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) of \_\_\_\_\_ (full address)

or failing him/her, the \*Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held at Meeting Room 1, Level 3A, Vivatel Hotel, 85, Jalan Loke Yew, 55200 Kuala Lumpur on Friday, 29 November 2019 at 9.30 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below:

	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' fees and benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM235,000 for the financial year ending 30 June 2020	Ordinary Resolution 1		
2.	Re-election of Dato' Seow Thiam Fatt as Director	Ordinary Resolution 2		
3.	Re-election of Dato' Tan Yee Boon as Director	Ordinary Resolution 3		
4.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company	Ordinary Resolution 4		
5.	Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	Ordinary Resolution 5		
6.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 6		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

\_\_\_\_\_  
Signature/Common Seal

Number of shares held: \_\_\_\_\_

Date: \_\_\_\_\_

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Fold This Flap For Sealing

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AFFIX  
STAMP

The Share Registrar  
**Binasat Communications Berhad**  
**Boardroom Share Registrars Sdn Bhd**  
*(Formerly known as Symphony Share Registrars Sdn Bhd)*  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan

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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.  
*An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
4. The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power of attorney or authority, shall be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 November 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 October 2019.



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

**BINASAT COMMUNICATIONS BERHAD**

(Company No: 1222656-D)

(Incorporated in Malaysia under the Companies  
Act 2016)

No.17 & 19, Jalan Bukit Permai Utama 3,  
Taman Industri Bukit Permai,  
Cheras 56100 Kuala Lumpur, Malaysia

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E [contact@binagroup.com.my](mailto:contact@binagroup.com.my)

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0195  
**COMPANY NAME** : Binasat Communications Berhad  
**FINANCIAL YEAR** : June 30, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board collectively leads and is responsible for the business affairs and overall performance of the Company and its subsidiaries. For the Board to assume responsibility for the Company's leadership and collectively responsible for meeting the objectives and goals of the Company, the Board has put in place the necessary framework and structure in which the Board Charter, which is available on the Company's website at <a href="http://www.binacom.com.my">www.binacom.com.my</a>, constitutes and forms an integral guide on the role for the Directors in discharging their fiduciary duties and responsibilities.</p> <p>The Board plays an important role in determining the long term and strategic direction of the Group for the purpose of enhancing shareholders' value and to ensure long term sustainability of the Group. The Board retains full and effective control of the Group's strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group's system of internal control.</p> <p>In order to ensure effective discharge of its stewardship role, the Board delegates specific responsibilities to the Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. Each of the Board Committees operates within its respective Terms of Reference approved by the Board.</p> <p>Although specific powers are delegated to the Board Committee, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reports made by Chairman or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board. The ultimate responsibility for decision making, however, lies with the Board.</p>

	<p>The Board is committed in maintaining a corporate culture which ensures ethical standards, proper conduct and its compliance through the internal control and policies within the Group. Ethical standards are formalised through the Code of Conduct for Company Directors which governs the ethics and conduct of the Directors, Management and employees of the Group. The Board members are required to observe the Code of Ethics for Company Directors including compliance at all times with this Code of Ethics and the Board Charter as well as to observe high standards of corporate governance at all times. The Board members are required to declare any personal, professional or business interest that may conflict with directors' responsibilities.</p> <p>The salient features of the Code of Ethics and Code of Conduct are published at the Company's corporate website <a href="http://www.binacom.com.my">www.binacom.com.my</a></p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		



## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The key responsibilities of the Chairman, amongst others, include but not limited to the following:-</p> <ul style="list-style-type: none"> <li>• Lead the Board and ensure its effectiveness of all aspects.</li> <li>• Preside at Board and shareholders meeting and ensuring the proceedings thereof comply with good conduct and practices.</li> <li>• Facilitate the deliberation and discussion to enable the Board to arrive at clear and quality decisions on issues discussed.</li> <li>• Manages the interface between Board and management.</li> <li>• Ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li> <li>• Undertaking any responsibility assigned by the Board from time to time</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company's Chairman and Managing Director are held by different individuals.</p> <p>There is a clear division of roles and responsibilities between the Chairman and Managing Director to ensure there is a balance of power and authority in the Company. The Chairman is primarily responsible for orderly conduct and working of the Board whilst the Managing Director has the overall responsibility for the day-to-day running of the business and implementation of Board's policies and decision.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	Not applicable	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) outsourced and qualified Company Secretaries, namely Ms. Tai Yit Chan (MAICSA 7009143) and Ms Tan Ai Ning (MAICSA 7015852). Both Company Secretaries have the requisite credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 and undertake continuous professional development.</p> <p>The Company Secretaries perform an advisory role in supporting the Board and provides information, guidance and advice on matters relating to procedural and regulatory requirements to enable them to discharge their duties effectively and adhere to the board policies and procedures at all times. The Company Secretaries ensure that all Board and Board Committee deliberations and resolutions are properly minuted and will update the Board on any changes on statutory and regulatory requirements as well as good practices of corporate governance.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board members have full and timely access to all information within the Group and the Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.</p> <p>The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.</p> <p>Board proceedings, deliberations and conclusions of the Board at every board meeting are duly recorded in board minutes. Minutes of meetings are circulated and confirmed as a correct record by the Board at the following meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Charter adopted by the Board serves as a source of reference and primary guide to the Board as it sets out the role, functions, composition, operation and processes of the Board. There is a schedule of matters specifically reserved for the Board's decision set out in the Board Charter.</p> <p>The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board. The Board Charter is accessible on the Company's website at <a href="http://www.binacom.com.my">www.binacom.com.my</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has formalised a Code of Conduct for the Directors and adheres to the Code of Conduct expected for Directors as set out in the Company's Directors' Code of Ethics promulgated by the Companies Commission of Malaysia which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility. The Code of Conduct and Code of Ethics of Directors are available at the Company's website at <a href="http://www.binacom.com.my">www.binacom.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has a formalised Whistleblowing Policy which is available on the Company's website at <a href="http://www.binacom.com.my">www.binacom.com.my</a>  The Whistleblowing Policy provides an avenue for raising concerns related to possible improprieties in matters of financial reporting compliance and other malpractice at the earliest opportunity, in an appropriate manner and without fear of retaliation.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Board has seven (7) Directors, comprising one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Managing Director and two (2) Executive Directors. The Independent Directors make up the majority of the composition of the Board. The composition of the Board complies with Rule 15.02(1) of the ACE Market Listing Requirements of Bursa Securities and the recommended Practice 4.1 of MCGG.</p> <p>The Board members are from different backgrounds with diverse perspectives. Such make-up is fundamental to the strategic success of the Group, as each Director has an in-depth knowledge and experience in a variety of areas providing valuable direction to the Group. With more than half of the Board composed of Independent Director, the Company is able to facilitate greater check and balances during boardroom deliberations and decision making. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations or the ability to provide independent judgement in the best interest of the Company.</p> <p>A brief profile of each Director is presented in the Profile of Directors section of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3- Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of providing fair and equal opportunities and nurturing diversity within the Group. The Board is committed to ensure diversity (including diversity in skills, experience, age, cultural background and gender) in its composition.</p> <p>The Nomination Committee is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the Nomination Committee in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors. The Nomination Committee shall, prior to the appointment by the Board, evaluate the balance and composition including mix of skills, independence, experience and diversity (including diversity in gender, ethnicity and age) of the Board.</p> <p>The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee. All nominees and candidates to the Board are first considered by the Nomination Committee taking into consideration, inter-alia, the competency, knowledge, expertise and experience, professionalism, integrity, time commitment of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.5**

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not have a formalised policy on gender diversity. Nevertheless, the Board is supportive of gender diversity in Board composition and senior management. Presently, there is one female Director.	
		The Board will take steps towards formalising a Board gender diversity policy, targets and measures to reflect the Company’s commitment towards gender diversity.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board was of the view that although the candidates are recommended by directors or nominated by major shareholder, procedures are in place to assess the suitability of the candidates based on criteria set out. In the case of appointment of Independent Directors, the Board is guided by the criteria set out in the ACR Market Listing Requirements.	
		<p>The Board has delegated to the Nomination Committee the assessment and recommendation of candidate for appointment as Director.</p> <p>In making its recommendations to the Board, the Committee has to consider the candidates on the following criteria:</p> <ul style="list-style-type: none"> <li>a) skills, knowledge, expertise and experience;</li> <li>b) professionalism;</li> <li>c) integrity;</li> <li>d) time commitment; and</li> <li>e) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall evaluate the candidate's ability to discharge such responsibilities / functions as expected from Independent Non-Executive Directors</li> </ul>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Nomination Committee, Dato' Tan Yee Boon is the Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, contribution and performance of each director and performance of audit committee members on an annual basis.</p> <p>The evaluation involves individual Directors and Committee members completing Board Evaluation Forms, Board Committee Evaluation Forms and Board Skills Matrix Form. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter.</p> <p>The NC reviews the effectiveness of the Board by taking into account the composition of the Board, time commitment, boardroom activities and the overall performance of the Board.</p> <p>The NC undertakes annual assessment on the independence of directors. When assessing independence, the NC focuses whether the Independent Director is able to bring independent and objective judgement and act in the best interest of the Group.</p> <p>Pursuant to Rule 15.20 of the ACE Marketing Listing Requirement of Bursa Securities, the Nominating Committee of a listed issuer must review the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and Members have carried out their duties in accordance with their terms of reference. The NC had reviewed and assessed the performance of each of the members of the Audit Committee through and was satisfied with the performance and effectiveness of the Audit Committee and each of its members.</p> <p>The NC had upon its annual assessment conducted in August 2019, concluded that the Directors have discharged their duties more than</p>

	satisfactory. The NC was also satisfied with the performance of the Board and Board Committee. As for the balance and composition of the Board, the NC concluded that the Directors have appropriate mix of skills, experience, knowledge and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised and adopted policies and procedures to determine the remuneration for Directors' and Key Senior Management. The policies and procedures are premised on the need for the remuneration practices of the Company to be competitive, ensuring the Company is able to attract and retain high-calibre Directors.</p> <p>The Remuneration Committee is responsible for recommending to the Board for approval the remuneration packages of the Executive Directors, Chief Executive and Senior Management, taking into consideration individual performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and market conditions.</p> <p>As for Non-Executive Directors, the level of fee should reflect the experience and level of responsibilities undertaken by the said Non-Executive Directors. With the recommendation from the NC, the Board as a whole determines the fee for the Non-Executive Directors and seek approval from the Shareholders at the AGM. All individual Directors shall abstain from making decisions in respect of his own remuneration.</p> <p>The Directors and Senior Management's Remuneration Policy and Procedures is published on the Company's website at <a href="http://www.binacom.com.my">www.binacom.com.my</a></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied																		
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee that consists exclusively of Independent Non-Executive Directors. The composition of the Remuneration Committee is as follows:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th colspan="2">Directorate</th> </tr> </thead> <tbody> <tr> <td>Dato' Tan Yee Boon</td> <td>Chairman</td> <td>Independent</td> <td>Non-Executive Director</td> </tr> <tr> <td>Tan Sri Datuk Cham Hak Lim</td> <td>Member</td> <td>Independent</td> <td>Non-Executive Chairman</td> </tr> <tr> <td>Datuk Lalla Nezha Binti Tun Mohd Khalil</td> <td>Member</td> <td>Independent</td> <td>Non-Executive Member</td> </tr> </tbody> </table> <p>The Remuneration Committee is responsible to recommend the remuneration framework for Non-Executive Directors as well as remuneration packages of Executive Directors and Senior Management.</p> <p>The Terms of Reference of the Remuneration Committee is made available on the Company's website at <a href="http://www.binacom.com.my">www.binacom.com.my</a>.</p>			Name	Designation	Directorate		Dato' Tan Yee Boon	Chairman	Independent	Non-Executive Director	Tan Sri Datuk Cham Hak Lim	Member	Independent	Non-Executive Chairman	Datuk Lalla Nezha Binti Tun Mohd Khalil	Member	Independent	Non-Executive Member
Name	Designation	Directorate																		
Dato' Tan Yee Boon	Chairman	Independent	Non-Executive Director																	
Tan Sri Datuk Cham Hak Lim	Member	Independent	Non-Executive Chairman																	
Datuk Lalla Nezha Binti Tun Mohd Khalil	Member	Independent	Non-Executive Member																	
<b>Explanation for departure</b>	:																			

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual directors is set out in Corporate Governance Overview Statement in the Annual Report 2019.	
<b>Explanation for departure</b>	:	None	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	None	
<b>Explanation for departure</b>	:	The Company is of the view that it would not be in its best interest to make such disclosure on a named basis in view of the competitive nature of human resource market and the Company should maintain confidentiality on employees' remuneration packages.	
		The disclosure of the remuneration of Key Senior Management was made on an aggregate basis in bands of RM50,000.00. The remuneration was disclosed in the Corporate Governance Overview Statement in Annual Report 2019.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit and Risk Management Committee is Dato' Seow Thiam Fatt, the Senior Independent Non-Executive Director of the Company. The Chairman of the Board is Tan Sri Datuk Cham Hak Lim.  Having the position of Board Chairman and Chairman of the Audit and Risk Management Committee assumed by different individuals allows the Board to objectively review the Audit and Risk Management Committee's findings and recommendations.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	None of the members of the Board or the Audit and Risk Management Committee are former key audit partner. The Audit and Risk Management Committee has included in its Terms of Reference that a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit and Risk Management Committee.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Management Committee ("ARMC") is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company.</p> <p>During the financial year, the ARMC has monitored and reviewed the performance and independence of the external auditors, namely, Messrs Crowe Malaysia and satisfied itself that the external auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the ARMC and the Group.</p> <p>Messrs Crowe Malaysia, the External Auditors of the Company have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### **Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee of the Company comprises solely of Independent Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit and Risk Management Committee collectively have the necessary skills and a wide range of experience and expertise to fulfil its duties and responsibilities. The profile of the Audit and Risk Management Committee members are provided in the Annual Report 2019.</p> <p>Based on the outcome of the performance assessment on the Audit and Risk Management Committee by the Nomination Committee, the Nomination Committee and Board is satisfied with the performance of the Audit and Risk Management Committee.</p> <p>The training programs that the members of the Audit and Risk Management Committee have attended during the financial year ended 30 June 2019 are disclosed in the Annual Report 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that not limiting to financial aspects of the business but also operational and regulatory compliance. The Audit and Risk Management Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.</p> <p>The Board acknowledges that while the internal control system is devised to cater for particular needs of the Company and risk management to provide reasonable assurance against material misstatements or loss.</p> <p>The Statement on Risk Management and Internal Control as set out in this Annual Reports provides an overview of the state of risk management and internal controls within the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 9.2**

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The key features of the risk management and internal control system together with its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control in the Company’s Annual Report 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Internal Audit Function of the Group is outsourced to a professional services firm which reviews and evaluates the adequacy and effectiveness of the Group's risk management and internal control system and report directly to the Audit and Risk Management Committee.  The Internal Auditors conducted independent audit within the Group and reported their findings directly to the Audit and Risk Management Committee. Private session with the Internal Auditors without the presence of the Management is also carried out to ensure the Internal Audit function can freely report any concern they have directly to the Audit and Risk Management Committee.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Group is outsourced to Cheng &amp; Co Global Advisory Sdn. Bhd, an independent professional service provider. The internal audit personnel do not have any personal ties nor relationships or conflict of interest with Board members or management staff of the Group which could impair its objectivity and independence.</p> <p>The internal audit function is headed by Ms Su Mei Yen who is assisted by ten (10) professional internal auditors. She is a Certified Internal Auditor, member of Malaysian Institute of Accountant and member of Association of Chartered Certified Accountants.</p> <p>In performing the internal audit review, Cheng &amp; Co Global Advisory Sdn. Bhd. refers to and is guided by the Internal Professional Practices Framework (“IPPF”).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of effective, transparent, regular and timely communication with shareholders and other stakeholders to keep them informed on the Group's latest financial performance, business and corporate developments.</p> <p>Shareholders and stakeholders can access the Company's website at <a href="http://www.binacom.com.my">www.binacom.com.my</a> for latest information on the operations, financial and market information of the Company.</p> <p>The Board has established the Corporate Disclosure Policy for the purpose of reinforcing the Company's commitment on the continuous disclosure obligations with an aim of ensuring that all communications to the stakeholders about the business and affairs of the Company are informative, timely, factual, accurate, consistent and broadly disseminated in accordance with all applicable legal and regulatory requirements.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not under the category of large companies as defined in the Malaysian Code of Corporate Governance (MCCG) to adopt integrated reporting. MCCG defines a "Large Company" as a company included on the FTSE Bursa Malaysia Top 100 Index or a company with market capitalisation of RM2 billion and above at the start of the company's financial year.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Notice for Annual General Meeting (“AGM”) has been given to the shareholders at least 28 days prior to the meeting to ensure that shareholders were given sufficient time to read and consider the resolutions to be resolved.</p> <p>The notice of Company’s 2<sup>nd</sup> AGM was issued on 31 October 2018 for the AGM held on 29 November 2018.</p> <p>In order to facilitate informed decision making by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the Directors were present at the 2<sup>nd</sup> AGM of the Company held in 2018 to engage directly with shareholders.</p> <p>The Board will ensure that all Board members, particularly the chairman of each Board committee will make their endeavours to attend general meeting to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the shareholders.</p> <p>The external auditors will be present at the AGM to respond to any queries from shareholders on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Prior to implementing the voting in absentia and remote shareholders' participation at general meeting(s), the Board noted several factors/ conditions need to be fulfilled prior to making such consideration:-</p> <ul style="list-style-type: none"> <li>• Relevant amendments to the Constitution of the Company to outline the procedures for enabling such Voting/ Participation;</li> <li>• Availability of technology and infrastructure;</li> <li>• Affordability of the technology and infrastructure;</li> <li>• Sufficient number of shareholders residing/locating at particular remote location(s);</li> <li>• Age profile of the shareholders.</li> </ul> <p>In view thereof, the Board will not be recommending the adoption such Voting/ Participation at the forthcoming Annual General Meeting of the Company.</p> <p>For shareholders who are not able to make the journey to the general meeting(s) venue, they are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at the general meeting(s).</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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