

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

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This Circular has been reviewed by TA Securities Holdings Berhad, the Principal Adviser to Binaset Communications Berhad.



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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- (I) **PROPOSED ACQUISITION BY BINASAT COMMUNICATIONS BERHAD ("BINASAT") OF 255,000 ORDINARY SHARES IN BORDERLESS CONNECTION SDN. BHD. ("BCSB"), REPRESENTING 51% EQUITY INTEREST IN BCSB FOR A PURCHASE CONSIDERATION OF RM18,360,000 TO BE SATISFIED VIA A COMBINATION OF RM5,360,000 IN CASH AND RM13,000,000 VIA THE ISSUANCE OF 37,142,856 NEW ORDINARY SHARES IN BINASAT AT AN ISSUE PRICE OF RM0.35 EACH ("PROPOSED ACQUISITION"); AND**
- (II) **PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF BINASAT AND ITS SUBSIDIARIES TO INCLUDE PROVISION OF UTILITIES INFRASTRUCTURE SERVICES INCLUDING TRANSMISSION AND DISTRIBUTION NETWORK UTILITY SERVICES AS WELL AS ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING OF SOLAR PHOTOVOLTAIC FACILITIES ("PROPOSED DIVERSIFICATION")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*

**TA SECURITIES**

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD (14948-M)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolutions in respect of the Proposed Acquisition and Proposed Diversification will be tabled at the Extraordinary General Meeting ("EGM") of the Company which will be held on Friday, 24 September 2021 at 11.00 a.m. or any adjournment thereof, as a fully virtual meeting via the online meeting platform at <https://agm.omesti.com> provided by Red Ape Solutions Sdn Bhd. The Notice of the EGM together with the Proxy Form are enclosed in this Circular.

You are encouraged to attend, participate, speak (in the form of real time submission typed texts) and vote remotely at the forthcoming EGM using the remote participation and electronic voting facilities. If you are unable to participate in the online EGM, you may appoint proxy or proxies to participate and vote on your behalf. The Proxy Form may be submitted by hand or by post to the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. You may also submit the Proxy Form electronically via the portal at <https://agm.omesti.com> no later than on Wednesday, 22 September 2021 at 11.00 a.m.. The lodging of the Proxy Form will not preclude you from participating in the online EGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the EGM.

Please follow the procedures provided in the Administrative Guide for the EGM which is available on the Company's website at <https://www.binacom.com.my/investor-relations/>.

Last day, date and time for lodging the Proxy Form	:	Wednesday, 22 September 2021 at 11.00 a.m.
Date and time of the EGM	:	Friday, 24 September 2021 at 11.00 a.m.

This Circular is dated 7 September 2021

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## DEFINITIONS

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

<b>18M-FPE</b>	:	18-month financial period ended
<b>Act</b>	:	Companies Act 2016, as may be amended, supplemented or modified from time to time
<b>Announcement</b>	:	Announcement in relation to the Proposals dated 23 June 2021
<b>Announcement LPD</b>	:	21 June 2021, being the latest practicable date prior to the Announcement
<b>Average Profit Guarantee</b>	:	Average profit guarantee of RM4,000,000 per financial year throughout the Profit Guarantee Period
<b>BCSB</b>	:	Borderless Connection Sdn Bhd
<b>BCSB Share(s)</b>	:	Ordinary share(s) in BCSB
<b>Binasat or Company</b>	:	Binasat Communications Berhad
<b>Binasat Group or Group</b>	:	Binasat and its subsidiaries, collectively
<b>Binasat Share(s) or Share(s)</b>	:	Ordinary share(s) in Binasat
<b>Board</b>	:	Board of Directors of Binasat
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad
<b>Cash Consideration</b>	:	Cash payment of RM5,360,000 by the Company to the Vendors as part of the Purchase Consideration for the Proposed Acquisition
<b>CIDB</b>	:	Construction Industry Development Board
<b>Circular</b>	:	This circular to the shareholders of Binasat in relation to the Proposals dated 7 September 2021
<b>CMSA</b>	:	Capital Markets and Services Act 2007, as may be amended, supplemented or modified from time to time
<b>Completion Date</b>	:	The date that is 14 business days after the last of the Conditions Precedent which is capable of being satisfied before completion is satisfied or waived
<b>Consideration Shares</b>	:	37,142,856 new Binasat Shares to be issued at an issue price of RM0.35 each, amounting to RM13,000,000, as part of the Purchase Consideration for the Proposed Acquisition
<b>Conditions Precedent</b>	:	Conditions precedent of the SSA as set out in <b>Section 3 of Appendix I</b> of this Circular
<b>COVID-19</b>	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and is a global pandemic
<b>Director</b>	:	A natural person who holds a directorship in the Company for the time being, whether in an executive or non-executive capacity falling within the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA

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**DEFINITIONS (Cont'd)**

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<b>DPSB</b>	:	Dynamic Paradigm Sdn Bhd
<b>EGM</b>	:	Extraordinary general meeting
<b>EPCC</b>	:	Engineering, procurement, construction and commissioning
<b>EPS</b>	:	Earnings per share
<b>FYE</b>	:	Financial year ended/ ending, as the case may be
<b>HDD</b>	:	Horizontal directional drilling
<b>IMR or Providence</b>	:	Providence Strategic Partners Sdn Bhd, the Independent Market Researcher
<b>IMR Report</b>	:	Independent market research report on the power utilities infrastructure services and telecommunication industries in Malaysia dated 24 August 2021 prepared by Providence
<b>Issue Price</b>	:	Issue price of RM0.35 per Consideration Share
<b>LAT</b>	:	Loss after tax
<b>Listing Requirements</b>	:	ACE Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	9 August 2021, being the latest practicable date prior to the printing of this Circular
<b>LPS</b>	:	Loss per share
<b>LTD</b>	:	22 June 2021, being the last trading date prior to the Announcement
<b>MCO(s)</b>	:	Movement control order(s)
<b>NA</b>	:	Net assets
<b>Parties</b>	:	Binasat and the Vendors, collectively
<b>PAT</b>	:	Profit after tax
<b>PBT</b>	:	Profit before tax
<b>PER</b>	:	Price-to-earnings ratio(s)
<b>Power Utilities Business</b>	:	Provision of utilities infrastructure services including transmission and distribution network utility services as well as EPCC of solar PV facilities
<b>Profit Guarantee</b>	:	Aggregate audited PAT of at least RM8,000,000 for the Profit Guarantee Period comprising audited PAT of at least RM4,000,000 for the FYE 28 February 2022 and audited PAT of at least RM4,000,000 for the FYE 28 February 2023
<b>Profit Guarantee Period</b>	:	FYE 28 February 2022 and FYE 28 February 2023, collectively
<b>Proposals</b>	:	Proposed Acquisition and Proposed Diversification, collectively
<b>Proposed Acquisition</b>	:	Proposed acquisition of 51% equity interest in BCSB comprising 255,000 BCSB Shares for a purchase consideration of RM18,360,000 to be satisfied via a combination of the Cash Consideration and issuance of the Consideration Shares

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**DEFINITIONS (Cont'd)**

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<b>Proposed Diversification</b>	:	Proposed diversification of the principal activities of Binasat Group to include provision of utilities infrastructure services including transmission and distribution network utility services as well as EPCC of solar PV facilities
<b>Purchase Consideration</b>	:	Purchase consideration of RM18,360,000 pursuant to the Proposed Acquisition
<b>PV</b>	:	Photovoltaic
<b>Record of Depositors</b>	:	A record of securities holders established by Bursa Malaysia Depository Sdn Bhd
<b>Retained Consideration Shares</b>	:	11,428,570 Consideration Shares to be placed with Stakeholder as security for the Profit Guarantee
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
<b>Sale Share(s)</b>	:	255,000 BCSB Shares, representing 51% equity interest in BCSB, to be acquired by Binasat from the Vendors pursuant to the Proposed Acquisition
<b>Shareholders Agreement</b>	:	A Shareholders Agreement to be executed between Binasat, BCSB and DPSB pursuant to the SSA, by 5.00 p.m. on the Stop Date
<b>SSA</b>	:	Conditional share sale agreement dated 23 June 2021 entered into by Binasat and the Vendors for the Proposed Acquisition
<b>Stakeholder</b>	:	A stakeholder to be appointed by Binasat pursuant to the SSA
<b>Stakeholder Agreement</b>	:	A Stakeholder agreement to be entered into between the Stakeholder, Binasat and the Vendors pursuant to the SSA by 5.00 p.m. on the Stop Date
<b>Stop Date</b>	:	The date that is 6 months after the date of the SSA
<b>TA Securities or Principal Adviser</b>	:	TA Securities Holdings Berhad
<b>Vendors</b>	:	Nik Abdul Hakim Bin Abd Razak and Mohd Solehuddin Bin Yahya, collectively
<b>VWAP</b>	:	Volume weighted average market price

All references to “**you**” in this Circular are references to shareholders of Binasat.

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

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

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

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## EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY REPRESENTS ONLY A SUMMARY OF THE PERTINENT INFORMATION ON THE PROPOSALS AS SET OUT IN THIS CIRCULAR. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

Key information	Description	Reference to the Circular																									
Details of the Proposals	<p><b><u>Proposed Acquisition</u></b></p> <ul style="list-style-type: none"><li>The Proposed Acquisition entails the acquisition by Binasat of 51% equity interest in BCSB from the Vendors for the purchase consideration of RM18,360,000, to be satisfied via a combination of RM5,360,000 in cash and RM13,000,000 via the issuance of 37,142,856 new Binasat Shares at RM0.35 each.</li><li>BCSB is principally involved in the provision of utilities infrastructure services where it undertakes transmission and distribution network utility services as well as EPCC of solar PV facilities.</li><li>The key financial information of BCSB for the past 3 financial years/ period are as follows:</li></ul> <table><tr><th rowspan="4"></th><th colspan="3">Audited</th></tr><tr><th colspan="2">FYE 31 August</th><th>18M-FPE 28 February</th></tr><tr><th>2018</th><th>2019</th><th>2021</th></tr><tr><th>RM'000</th><th>RM'000</th><th>RM'000</th></tr><tr><td>Revenue</td><td>100</td><td>430</td><td>25,804</td></tr><tr><td>PAT/(LAT)</td><td>10</td><td>Negligible*</td><td>4,089</td></tr><tr><td>NA</td><td>469</td><td>469</td><td>4,558</td></tr></table> <p>Note:</p> <p>* Negligible being a LAT of RM367.</p> <ul style="list-style-type: none"><li>The Proposed Acquisition includes the Profit Guarantee provided by the Vendors. The Vendors provided the Profit Guarantee where the audited PAT for FYE 28 February 2022 will be at least RM4,000,000 and the audited PAT for FYE 28 February 2023 will be at least RM4,000,000, in arriving at an aggregate profit guarantee of RM8,000,000.</li><li>The Proposed Acquisition is not a related party transaction.</li></ul>		Audited			FYE 31 August		18M-FPE 28 February	2018	2019	2021	RM'000	RM'000	RM'000	Revenue	100	430	25,804	PAT/(LAT)	10	Negligible*	4,089	NA	469	469	4,558	Section 2
			Audited																								
FYE 31 August			18M-FPE 28 February																								
2018			2019	2021																							
RM'000		RM'000	RM'000																								
Revenue	100	430	25,804																								
PAT/(LAT)	10	Negligible*	4,089																								
NA	469	469	4,558																								
	<p><b><u>Proposed Diversification</u></b></p> <ul style="list-style-type: none"><li>Upon completion of the Proposed Acquisition, the new business activities i.e., the Power Utilities Business, may contribute 25% or more of the net profits of the Group and/ or result in diversion of 25% or more of the net assets of the Group.</li><li>As such, the Board proposes to seek the approval of Binasat's shareholders for the diversification of the principal activities of the Group to include the Power Utilities Business.</li></ul>	Section 3																									

Key information	Description	Reference to the Circular
Rationale for the Proposals	<b><u>Proposed Acquisition</u></b> <ul style="list-style-type: none"> <li>The Proposed Acquisition represents the Group's initiative to reduce its dependency on its existing business.</li> <li>The Proposed Acquisition represents an opportunity for the Group to diversify its business activities into the Power Utilities Business and hence an additional source of income to the Group.</li> </ul>	Section 4.1
	<b><u>Proposed Diversification</u></b> <ul style="list-style-type: none"> <li>The Proposed Diversification is expected to be beneficial to the Group's future prospects and is fundamental to the implementation of the Proposed Acquisition.</li> </ul>	Section 4.2
Risk factors	<p>The risk factors (which may not be exhaustive) pertaining to the Proposals include but are not limited to:</p> <ul style="list-style-type: none"> <li>Non-completion of the SSA;</li> <li>Acquisition risk;</li> <li>Business diversification risk;               <ul style="list-style-type: none"> <li>(i) dependency on the demand for electricity supply;</li> <li>(ii) project risk;</li> <li>(iii) inability to renew or maintain permits, approvals and licenses;</li> <li>(iv) dependency on key management personnel;</li> <li>(v) dependency on customers;</li> <li>(vi) dependency on subcontractors to perform certain works; and</li> <li>(vii) competition risk;</li> </ul> </li> <li>Risk of impairment on the goodwill arising from the Proposed Acquisition;</li> <li>Non-fulfillment of the Profit Guarantee; and</li> <li>Political, economic, social and regulatory risks.</li> </ul> <p>There can be no assurance that the Group and BCSB will be able to manage or effectively mitigate the aforementioned risks. Accordingly, developments in any of the risk factors could have a material adverse effect on Group's and/ or BCSB's operations and financial performance.</p>	Section 6

## EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to the Circular
<b>Approvals required</b>	<p>The Proposals are subject to and conditional upon the following approvals being obtained:</p> <ul style="list-style-type: none"> <li>(i) Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, in relation to the Proposed Acquisition;</li> <li>(ii) the shareholders of the Company at the EGM to be convened for the Proposals.</li> </ul> <p>The Proposed Acquisition is subject to the approval of the Company's shareholders given that the highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is approximately 71.28% computed based on 51% of BCSB's net profits (excluding extraordinary items) of RM2.09 million for the 18M-FPE 28 February 2021 over Binasat's net profits attributable to the owners of the Company of RM2.93 million for the FYE 30 June 2020; and</p> <ul style="list-style-type: none"> <li>(iii) the approvals/ consents of any other relevant authorities/ parties, if required.</li> </ul>	Section 8
<b>Inter-conditionality of the Proposals</b>	The Proposed Acquisition and Proposed Diversification are inter-conditional. However, the Proposals are not conditional upon any other corporate exercise/ scheme being or proposed to be undertaken by the Company.	Section 10
<b>Interests of directors, major shareholders, chief executive and/ or persons connected with them</b>	None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them has any interest, either direct or indirect, in the Proposals.	Section 11
<b>Board's recommendation</b>	<p>The Board, after having considered all aspects of the Proposals including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.</p> <p>The Board recommends that you vote IN FAVOUR of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 12

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

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

7 September 2021

**Board of Directors**

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

**To: Shareholders of Binasat Communications Berhad**

Dear Sir/Madam,

- (i) **PROPOSED ACQUISITION; AND**
  - (ii) **PROPOSED DIVERSIFICATION**
- 

**1. INTRODUCTION**

On 23 June 2021, TA Securities on behalf of the Board, announced that the Company had on even date entered into the SSA with the Vendors for the proposed acquisition of 255,000 BCSB Shares, representing 51% equity interest in BCSB, for a purchase consideration of RM18,360,000, to be satisfied via a combination of RM5,360,000 in cash and RM13,000,000 via the issuance of 37,142,856 Consideration Shares at an issue price of RM0.35 each.

In conjunction with the Proposed Acquisition, the Company proposes to undertake the proposed diversification of the principal activities of Binasat Group to include provision of utilities infrastructure services including transmission and distribution network utility services as well as EPCC of solar PV facilities as the Company envisages that the eventual contribution arising from the Proposed Acquisition will contribute 25% or more of the net profits of the Group and/ or result in diversion of 25% or more of the NA of the Group. As such, this would result in a diversification of the Group's existing business.

On 18 August 2021, Bursa Securities had vide its letter dated 18 August 2021, approved the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, subject to the conditions as stated in **Section 8** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED ACQUISITION**

### **2.1 Background information on the Proposed Acquisition**

The Company had on 23 June 2021 entered into the SSA with the Vendors for the Proposed Acquisition for the Purchase Consideration to be satisfied via a combination of the Cash Consideration and issuance of the Consideration Shares.

Subject to the terms and conditions of the SSA, the Sale Shares shall be acquired free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto at the completion of the SSA. The salient terms of the SSA are set out in **Appendix I** of this Circular.

BCSB was incorporated in Malaysia under the Companies Act, 1965 (deemed registered under the Act) on 27 August 2013 as a private limited company. BCSB is principally engaged in the provision of utilities infrastructure services where it undertakes transmission and distribution network utility services as well as EPCC of solar PV facilities. As at the LPD, BCSB has an issued share capital of RM500,000 comprising 500,000 BCSB Shares. Further information on BCSB is set out in **Appendix II** of this Circular.

The details of the Vendors' direct shareholdings in BCSB as at the Announcement LPD is set out as follows:

<b>Names</b>	<b>Nationality</b>	<b>No. of BCSB Shares</b>	<b>%</b>
Nik Abdul Hakim Bin Abd Razak <sup>(1)</sup>	Malaysian	250,000	50.00
Mohd Solehuddin Bin Yahya <sup>(1)</sup>	Malaysian	250,000	50.00
<b>Total</b>		<b>500,000</b>	<b>100.00</b>

*Note:*

- (1) *Nik Abdul Hakim Bin Abd Razak and Mohd Solehuddin Bin Yahya are the directors of BCSB as at the Announcement LPD.*

Pursuant to the SSA, prior to the completion of the Proposed Acquisition, the Vendors will transfer 245,000 BCSB Shares, representing 49% equity interest in BCSB ("**49% BCSB Shares**") to DPSB, a company owned equally by each Vendor ("**Reorganisation**"). Accordingly, the Vendors will be deemed interested in the 49% BCSB Shares held by DPSB following completion of the Reorganisation and Proposed Acquisition. The Reorganisation was completed on 8 July 2021 and the details of the Vendors' shareholdings in BCSB as at the LPD is set out below:

<b>Names</b>	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of BCSB Shares</b>	<b>%</b>	<b>No. of BCSB Shares</b>	<b>%</b>
Nik Abdul Hakim Bin Abd Razak <sup>(1)</sup>	127,500	25.50	<sup>(2)</sup> 245,000	49.00
Mohd Solehuddin Bin Yahya <sup>(1)</sup>	127,500	25.50	<sup>(2)</sup> 245,000	49.00
DPSB	245,000	49.00	-	-

*Notes:*

- (1) *Nik Abdul Hakim Bin Abd Razak and Mohd Solehuddin Bin Yahya remain as the directors of BCSB as at the LPD.*
- (2) *Deemed interest through his interests in DPSB pursuant to Section 8 of the Act.*

The Purchase Consideration is to be satisfied via a combination of the Cash Consideration and the Consideration Shares as follows:

Vendors	No. of Sale Shares	% of equity interest in BCSB	Cash Consideration (RM'000)	No. Consideration Shares to be issued	Value of the Consideration Shares (RM'000)	Total (RM'000)
Nik Abdul Hakim Bin Abd Razak *	127,500	25.50	2,680	18,571,428	6,500	9,180
Mohd Solehuddin Bin Yahya *	127,500	25.50	2,680	18,571,428	6,500	9,180
<b>Total</b>	<b>255,000</b>	<b>51.00</b>	<b>5,360</b>	<b>37,142,856</b>	<b>13,000</b>	<b>18,360</b>

Note:

\* The Vendors intend to nominate DPSB to receive the Consideration Shares on their behalf. Pursuant to the SSA, any (a) payment to be made to the Vendors or (b) allotment and issuance of Consideration Shares to the Vendors shall be paid or (as the case may be) allotted and issued to the Vendors (or such person as the Vendors may direct in writing). Please refer to **Section 7.4** of this Circular for the pro forma effects of the Proposed Acquisition on the substantial shareholders' shareholdings and public shareholding spread.

The Purchase Consideration shall be paid in the following manner:

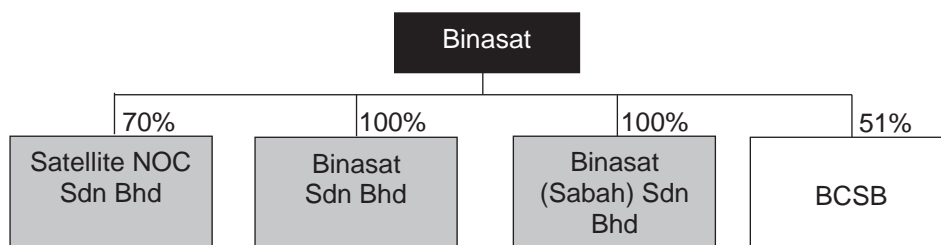
Purchase Consideration			Timeline for payments/ Remarks
Tranche	RM	%^	
1	5,360,000	29.19	Being the Cash Consideration payable to the Vendors on the date which is 14 business days after the last of the Conditions Precedent to the SSA which is capable of being satisfied before completion is satisfied or waived (" <b>Completion Date</b> ").
2	9,000,000	49.02	Being the allotment and issuance of 25,714,286 Consideration Shares to the Vendors on the Completion Date.
3	4,000,000	21.79	<p>Being the allotment and issuance of 11,428,570 Retained Consideration Shares to the Stakeholder on the Completion Date.</p> <p>The Retained Consideration Shares shall be released to the Vendors in 2 tranches by the Stakeholder in the manner below if the Profit Guarantee is achieved:</p> <p>(i) if BCSB achieves an audited PAT of at least RM4,000,000 for the FYE 28 February 2022, Binasat shall instruct the Stakeholder to transfer 50% of the Retained Consideration Shares to the Vendors in accordance with the Stakeholder Agreement;</p> <p>(ii) if BCSB achieves an aggregate audited PAT of at least RM8,000,000 for the Profit Guarantee Period, Binasat shall instruct the Stakeholder to transfer the balance Retained Consideration Shares to the Vendors in accordance with the Stakeholder Agreement.</p> <p>Further details on the Profit Guarantee are set out in <b>Section 2.2</b> of this Circular.</p>
<b>Total</b>	<b>18,360,000</b>	<b>100.00</b>	

Note:

^ Being the percentage of the Purchase Consideration.

Upon completion of the Proposed Acquisition, BCSB will become a 51%-owned subsidiary of the Company with DPSB (a company owned equally by each of the Vendors) holding the remaining 49% equity interest in BCSB.

#### Group structure after the Proposed Acquisition



In consideration of the Company agreeing to purchase 51% equity interest in BCSB from the Vendors, the Vendors have agreed to provide Binasat the Profit Guarantee.

## 2.2 Profit Guarantee

- (i) The Vendors have provided the following Profit Guarantee to the Company for the Profit Guarantee Period:

FYE	Audited PAT*	
28 February 2022	At least RM4,000,000	Aggregate audited PAT of RM8,000,000 for the Profit Guarantee Period
28 February 2023	At least RM4,000,000	

Note:

\* means audited PAT, without taking into account (a) any extraordinary items; (b) profits or losses of a capital nature arising, among others, from the disposal of fixed assets, investments, plant and equipment or any other assets or which are not in the ordinary course of business made on realisation of shares, intellectual property, goodwill or real property, and profits and losses attributable to businesses, if any acquired after the execution of the SSA; and (c) any financial grants, rebates and/ or tax incentives received from the relevant authorities.

- (ii) As security for the Profit Guarantee, the Vendors agree that part of the Purchase Consideration that is, the Retained Consideration Shares, be allotted and issued to the Stakeholder and be dealt with in accordance with the Stakeholder Agreement.
- (iii) If BCSB's aggregate audited PAT for the Profit Guarantee Period is less than RM8,000,000 ("**Profit Shortfall**"), the Vendors shall within 14 business days from the date of receipt of the shortfall notice, pay to Binasat:
- (a) an amount equal to 51% (being the equity interest to be purchased by Binasat) of the Profit Shortfall; and
  - (b) an amount equal to the aggregate LAT incurred by BCSB during the Profit Guarantee Period, if any,
- ("Binasat's Portion", collectively).

For avoidance of doubt, if BCSB incurs an aggregate LAT during the Profit Guarantee Period, Binasat's Portion shall be calculated as follows:

$$\text{Binasat's Portion} = \left[ \frac{51}{100} \times A \right] + B$$

where:

A = RM8,000,000 (being the Profit Guarantee amount)

B = the amount equal to the aggregate LAT incurred by BCSB during the Profit Guarantee Period

- (iv) In the event the Vendors:
- (a) pay to Binasat the Binasat's Portion within the stipulated timeframe, Binasat shall instruct the Stakeholder to transfer the Retained Consideration Shares held by it to the Vendors; or
  - (b) fail to pay Binasat the Binasat's Portion within the stipulated timeframe, Binasat shall instruct the Stakeholder to sell the Retained Consideration Shares held by it to a buyer identified by the Vendors or in the open market, in accordance with the Stakeholder Agreement.
- (v) The sale proceeds from the sale of the Retained Consideration Shares pursuant to **Section 2.2(iv)(b)** of this Circular ("**Sale Proceeds**") shall be utilised in the following order:
- (a) first, an amount equivalent to the Binasat's Portion shall be paid to Binasat; and
  - (b) second, the balance of the Sale Proceeds (if any), shall be paid to the Vendors.
- (vi) If the Sale Proceeds are not sufficient to satisfy the Vendors' liability under **Section 2.2(iii)** of this Circular, the Vendors shall pay the shortfall to Binasat in cash.

For illustrative purposes (not exhaustive), the Retained Consideration Shares shall be released/ sold by the Stakeholder in the following manner:

**Scenario 1 – Aggregate Profit Guarantee of RM8.00 million is achieved**

Illustration 1A:

Audited PAT for FYE 28 February 2022	Audited PAT for FYE 28 February 2023	Aggregate audited PAT for the Profit Guarantee Period
RM4.00 million or more	RM4.00 million or more	RM8.00 million or more

If BCSB achieves an audited PAT of at least RM4,000,000 for the FYE 28 February 2022, Binasat shall instruct the Stakeholder to transfer 50% of the Retained Consideration Shares (i.e., 5,714,285 Retained Consideration Shares) to the Vendors in accordance with the Stakeholder Agreement.

Subsequently, if BCSB achieves an audited PAT of at least RM4,000,000 for the FYE 28 February 2023, Binasat shall instruct the Stakeholder to transfer the balance Retained Consideration Shares (i.e., 5,714,285 Retained Consideration Shares) to the Vendors in accordance with the Stakeholder Agreement.

**Illustration 1B:**

<b>Audited PAT for FYE 28 February 2022</b>	<b>Audited PAT for FYE 28 February 2023</b>	<b>Aggregate audited PAT for the Profit Guarantee Period</b>
Less than RM4.00 million	More than RM4.00 million	RM8.00 million or more

If BCSB achieves an audited PAT of RM3,000,000 for the FYE 28 February 2022, the Retained Consideration Shares will not be released to the Vendors by the Stakeholder.

Subsequently, if BCSB achieves an audited PAT of RM5,100,000 for the FYE 28 February 2023, Binasat shall instruct the Stakeholder to transfer all the 11,428,570 Retained Consideration Shares to the Vendors in accordance with the Stakeholder Agreement.

**Illustration 1C:**

<b>Audited PAT for FYE 28 February 2022</b>	<b>Audited PAT for FYE 28 February 2023</b>	<b>Aggregate audited PAT for the Profit Guarantee Period</b>
Loss making	More than RM8.00 million	RM8.00 million or more

If BCSB achieves an audited LAT of RM50,000 for the FYE 28 February 2022, the Retained Consideration Shares will not be released to the Vendors by the Stakeholder.

Subsequently, if BCSB achieves an audited PAT of RM8,100,000 for the FYE 28 February 2023 (i.e., aggregate audited PAT of RM8,050,000), Binasat shall instruct the Stakeholder to transfer all the 11,428,570 Retained Consideration Shares to the Vendors in accordance with the Stakeholder Agreement.

**Scenario 2 – Aggregate Profit Guarantee of RM8.00 million is not achieved**

<b>Audited PAT for FYE 28 February 2022</b>	<b>Audited PAT for FYE 28 February 2023</b>	<b>Aggregate audited PAT for the Profit Guarantee Period</b>
Less than RM4.00 million	Less than RM4.00 million	Less than RM8.00 million

If BCSB achieves an audited PAT of RM3,000,000 for the FYE 28 February 2022, the Retained Consideration Shares will not be released to the Vendors by the Stakeholder.

Subsequently, if BCSB achieved an audited PAT of RM3,000,000 for the FYE 28 February 2023 (i.e., aggregate audited PAT of RM6,000,000), Vendors shall pay Binasat RM1,020,000 (i.e., 51% X (RM8,000,000 – RM6,000,000)), in the following manner:

- (a) pay RM1,020,000 in cash to Binasat. After receipt of the payment from the Vendors, Binasat shall instruct the Stakeholder to transfer all the 11,428,570 Retained Consideration Shares to the Vendors in accordance with the Stakeholder Agreement; or
- (b) if the Vendors fail to pay Binasat the RM1,020,000 in cash within the stipulated timeframe, Binasat shall instruct the Stakeholder to sell the Retained Consideration Shares held by it to a buyer identified by the Vendors or in the open market, in accordance with the Stakeholder Agreement. Assuming the Retained Consideration Shares are sold at RM0.35 (assuming at the issue price of the Consideration Shares), the Sale Proceeds of RM3,999,999.50 shall be first paid to Binasat towards the Binasat's Portion of RM1,020,000 and the balance of RM2,979,999.50 shall be paid to the Vendors.



**Scenario 3 - Aggregate Profit Guarantee of RM8.00 million is not achieved and BCSB is in net loss position after the end of Profit Guarantee Period**

<b>Audited PAT for FYE 28 February 2022</b>	<b>Audited PAT for FYE 28 February 2023</b>	<b>Aggregate audited PAT for the Profit Guarantee Period</b>
RM4.00 million	LAT of more than RM4.00 million	Loss making position

If BCSB achieves an audited PAT of RM4,000,000 for the FYE 28 February 2022, Binasat shall instruct Stakeholder to transfer 50% of the Retained Consideration Shares (i.e., 5,714,285 Retained Consideration Shares) to the Vendors in accordance with the Stakeholder Agreement.

Subsequently, if BCSB achieves an audited LAT of RM4,050,000 for the FYE 28 February 2023 (i.e., aggregate audited LAT of RM50,000 during the Profit Guarantee Period), the Vendors shall pay a total of RM4,130,000 (i.e., 51% x RM8,000,000 + RM50,000) (comprising RM4,080,000 (being the 51% of the Profit Shortfall) and RM50,000 (being the amount equal to the aggregate LAT incurred by BCSB during the Profit Guarantee Period)) to Binasat, in the following manner:

- (a) pay RM4,130,000 in cash to Binasat. After receipt of the payment from the Vendors, Binasat shall instruct the Stakeholder to transfer the balance Retained Consideration Shares (i.e., 5,714,285 Retained Consideration Shares) to the Vendors in accordance with the Stakeholder Agreement; or
- (b) if the Vendors fail to pay Binasat the RM4,130,000 in cash within the stipulated timeframe, Binasat shall instruct the Stakeholder to sell the balance Retained Consideration Shares (i.e., 5,714,285 Retained Consideration Shares) held by it to a buyer identified by the Vendors or in the open market, in accordance with the Stakeholder Agreement. Assuming the Retained Consideration Shares are sold at RM0.35 (assuming at the issue price of the Consideration Shares), the Sale Proceeds of RM2,000,000 shall all be paid to Binasat towards Binasat's Portion of RM4,130,000 and the balance of RM2,130,000 shall be paid by the Vendors to Binasat in cash.

**Reasonableness of the Profit Guarantee**

The Profit Guarantee amount as set out above was arrived at between Binasat and the Vendors in view that it approximated the highest PAT achieved by BCSB for the past 3 most recent FYE 31 August 2018 to 18M-FPE 28 February 2021 which was RM4.09 million (i.e., for 18M-FPE 28 February 2021). BCSB's annualised profit after tax for 18M-FPE 28 February 2021 would be RM2.73 million. After considering that most of the revenue of BCSB for 18M-FPE 28 February 2021 were from contracts secured and implemented from July 2020 onwards, Binasat and the Vendors mutually agreed on the Profit Guarantee amount.

The Board is of the opinion that the Profit Guarantee for the Profit Guarantee Period is reasonable and realistic after taking into consideration the following:

- (i) BCSB's historical financial performance as set out in **Section 7 of Appendix II** of this Circular. The Average Profit Guarantee of RM4.00 million for the Profit Guarantee Period approximated the highest PAT achieved by BCSB for the past 3 most recent FYE 31 August 2018 to the 18M-FPE 28 February 2021. For the 18-FPE 28 February 2021, BCSB recorded a PAT of RM4.09 million (annualised PAT of RM2.73 million). The Board took cognisance that the Profit Guarantee will be based on a 12-month period for each financial year for the Profit Guarantee Period;
- (ii) favourable growth and prospects of the solar PV sector and power utilities infrastructure services industry in Malaysia as set out in **Sections 5.2 and 5.3** of this Circular; and

- (iii) BCSB's prospects as set out in **Section 5.4** of this Circular. The Board also took cognisance of BCSB's on-going plans including continuing efforts to pursue for more opportunities in securing more contracts as well as plans to expand its range of services.

## 2.3 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a "willing-buyer willing-seller" basis between the Company and the Vendors, after taking into consideration:

- (i) the Profit Guarantee as set out in **Section 2.2** of this Circular;
- (ii) the rationale and benefits of the Proposed Acquisition including the earnings potential and prospects of BCSB (as set out in **Sections 4.1** and **5.4** of this Circular); and
- (iii) the outlook, favourable growth and prospects of the solar PV sector and power utilities infrastructure services industry in Malaysia as set out in **Sections 5.2** and **5.3** of this Circular.

The Purchase Consideration for 51% equity interest in BCSB of RM18.36 million represents an implied PER of 9.0 times of forward earnings based on the Average Profit Guarantee of RM4.00 million per annum as illustrated below:

	Based on 51% equity interest in BCSB
Purchase Consideration	RM18,360,000
Average Profit Guarantee	RM8,000,000/ 2 years X 51% = RM2,040,000
Implied PER (times)	9.0

To justify the reasonableness of the Purchase Consideration, a comparative analysis was carried out to benchmark the implied PER of the Purchase Consideration against the PER of selected comparable companies carrying out similar business activities as BCSB. For information purposes only, the table below sets out the PER of companies listed on Bursa Securities that the Board deems to be broadly comparable ("**Comparable Companies**") to BCSB by virtue of their involvement in the provision of power utilities infrastructure services. None of these companies or any other companies listed on Bursa Securities are exactly similar or directly comparable to BCSB in terms of, among others, composition of business, scale of operations, track record and future prospects. The PERs of the Comparable Companies as at the LTD and LPD are set out below solely for illustrative and comparison purposes only:

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Comparable Companies (latest financial year ended)	Principal activities	PAT attributable to the company (RM'000)	As at the LTD		As at the LPD	
			Market capitalisation <sup>(1)</sup> (RM'000)	PER (times)	Market capitalisation <sup>(1)</sup> (RM'000)	PER (times)
Pestech International Berhad (FYE 30 June 2020)	The group is principally involved in engineering, procurement, manufacturing, construction and commissioning (EPMCC) of power substations, transmission lines and rail electrifications.  The group is also engaged in investment and property holding.	51,451*	742,143	14.42 <sup>(2)</sup>	700,279	13.61 <sup>(2)</sup>
Samaiden Berhad (FYE 30 June 2020)	The group is principally involved in EPCC of solar PV systems and power plants. The group is also involved in provision of renewable energy and environmental consulting services, as well as operations and maintenance (O&M) services.	7,254*	304,500	41.98 <sup>(2)</sup>	252,005	34.74 <sup>(2)</sup>
Solarvest Berhad (FYE 31 March 2021)	The group is principally a solar engineering, procurement, construction and commissioning contractor that specialises in solar PV systems for (i) residential, commercial and industrial properties and (ii) large scale solar PV plants. The group's end-to-end solution covers the initial consultancy and feasibility to in-depth system designs and installation, procurement, project commissioning to project handover and supplemented by its operations and maintenance services that caters to all types of solar PV projects. In addition, the group also owns a solar PV plant.	16,139^	893,875	55.39 <sup>(3)</sup>	869,780	53.89 <sup>(3)</sup>
			<b>Lowest</b>	<b>14.42</b>		<b>13.61</b>
			<b>Average</b>	<b>37.26</b>		<b>34.08</b>
			<b>Highest</b>	<b>55.39</b>		<b>53.89</b>

Notes:

\* Based on the audited consolidated/ combined financial statements as reported in the company's latest annual report/ prospectus (as the case may be) prior to entering into the SSA.

^ Based on the latest unaudited financial statements with the full financial year results of the company prior to entering into the SSA.

(1) Computed based on the closing market prices of the respective companies as at the LTD/ LPD (as the case may be) multiplied by the number of issued shares outstanding (i.e., number of issued shares after excluding treasury shares).

(2) Computed based on market capitalisation as at the LTD/ LPD (as the case may be) over the latest audited PAT attributable to owners of the company.

For information purpose, the quarterly report of Pestech International Berhad for FYE 30 June 2021 was announced on 27 August 2021. The PER computed based on market capitalisation as at the LTD/ LPD over the latest unaudited PAT attributable to the owners of the company of RM66.38 million for the FYE 30 June 2021 was 11.18 times and 10.55 times, respectively which are higher than the implied PER for the Proposed Acquisition of 9.0 times (based on the average Profit Guarantee per annum).

(3)

Computed based on market capitalisation as at the LTD/ LPD (as the case may be) over the latest unaudited PAT attributable to owners of the company for the FYE 31 March 2021. The Board has considered the unaudited consolidated financial results of Solarvest Holdings Berhad ("Solarvest") after taking into consideration the following:

- (i) the unaudited consolidated financial results of Solarvest for the FYE 31 March 2021 represent the latest full financial year results of Solarvest group available as at the LTD/ LPD; and
- (ii) the share price of Solarvest as at the LTD/ LPD may have likely reflected the published unaudited consolidated financial results of Solarvest for the FYE 31 March 2021.

The Board views that by comparing the PER derived using the latest available unaudited consolidated full financial year financial results of Solarvest against other Comparable Companies' PERs which are derived from their respective latest full financial years results prior to entering into the SSA would be representative and comparable.

Furthermore, for information purposes only, the PER computed based on market capitalisation as at the LTD/ LPD over the audited PAT attributable to owners of the company of RM15.67 million for the FYE 31 March 2020 was 57.06 times and 55.52 times, respectively.

For information purposes only, the annual report of Solarvest for FYE 31 March 2021 was announced on 30 August 2021. The PER computed based on market capitalisation as at the LTD/ LPD over the audited PAT attributable to owners of the company of RM16.15 million for the FYE 31 March 2021 was 55.36 times and 53.87 times, respectively.

Based on the above, the implied PER for the Proposed Acquisition of 9.0 times (based on the average Profit Guarantee per annum) is:

- (i) less than the lowest and average PER of the Comparable Companies (based on comparative analysis as at the LTD) of 14.42 times and 37.26 times, respectively; and
- (ii) less than the lowest and average PER of the Comparable Companies (based on comparative analysis as at the LPD) of 13.61 times and 34.08 times, respectively.

As such, after taking all the above into consideration, the Board is of the view that the PER of 9.0 times (based on the Average Profit Guarantee) is justifiable and reasonable.

## 2.4 Basis and justification for the issue price for the Consideration Shares

The issue price of RM0.35 per Consideration Share was arrived at on a negotiated basis after taking into consideration the 5-day VWAP of Binasat Shares as well as market prices of Binasat Shares for the past 12 months up to and including the LTD:

	Share price	Premium/ (Discount) of the issue price to the VWAP	
	RM	RM	%
Last transacted price of Binasat Shares as at the LTD	0.3450	0.0050	1.45
<u>VWAP up to and including the LTD</u>			
5-day VWAP	0.3470	0.0030	0.86
1-month VWAP	0.3486	0.0014	0.40
3-month VWAP	0.4009	(0.0509)	(12.70)
6-month VWAP	0.4285	(0.0785)	(18.32)
12-month VWAP	0.4110	(0.0610)	(14.84)

The issue price of the Consideration Shares represents the following:

- (i) a premium of approximately 7.73% to the 5-day VWAP of Shares up to and including the LPD of RM0.3249;
- (ii) a premium of approximately 1.45% to the last transacted price of Shares as at the LTD;
- (iii) a premium of approximately 0.86% and 0.40% to the 5-day VWAP and 1-month VWAP of Shares up to and including the LTD respectively; and
- (iv) a discount ranging from approximately 12.70% to 18.32% to the 3-month, 6-month and 12-month VWAP of Shares up to and including the LTD.

The Board is of the view that the issue price, at the said discount of less than 20.00% to the historical VWAPs of Shares over a period of up to 1 year would entice the Vendors to align their interest with the existing shareholders of Binasat as the Company believes that the maximisation of the enlarged Binasat Group's shareholder value will be the core investment objective shared by the shareholders of Binasat, including the Vendors.

Premised on the above, the Board is of the view that the issue price for the Consideration Shares is reasonable.

For information purposes, the monthly highest and lowest prices of Binasat Shares as traded on Bursa Securities for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
<b>2020</b>		
September	0.4250	0.3300
October	0.3500	0.2900
November	0.3900	0.2850
December	0.4100	0.3550
<b>2021</b>		
January	0.4300	0.3450
February	0.5150	0.3700
March	0.4700	0.4000

	Highest (RM)	Lowest (RM)
April	0.4400	0.3900
May	0.4100	0.3100
June	0.3650	0.3300
July	0.3550	0.3000
August	0.3400	0.3100

Last transacted price of Binasat Share on 22 June 2021 (being the last trading date prior to the Announcement) RM0.3450

Last transacted price of Binasat Share on 9 August 2021 (being the LPD prior to the printing of this Circular) RM0.3200

(Source: Bloomberg)

## 2.5 Ranking of Consideration Shares

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

## 2.6 Listing and quotation for the Consideration Shares

Bursa Securities had, vide its letter dated 18 August 2021, given its approval for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities.

## 2.7 Source of funding

The Purchase Consideration will be satisfied via a combination of the Cash Consideration and Consideration Shares.

The Cash Consideration of RM5,360,000 will be funded via Binasat Group's internally-generated funds.

The remaining Purchase Consideration of RM13,000,000 will be satisfied via issuance of the Consideration Shares.

## 2.8 Liabilities to be assumed

Save for the Purchase Consideration and liabilities arising as consequence of consolidating BCSB as a subsidiary of Binasat, Binasat will not be assuming any additional liabilities (including contingent liabilities and/ or guarantees, if any), pursuant to the Proposed Acquisition.

## 2.9 Additional financial commitment required

Save for the Purchase Consideration, the Board does not foresee any additional financial commitment arising from the Proposed Acquisition to put the business of BCSB on-stream as BCSB is already in operations and is an on-going business.

### 3. DETAILS OF THE PROPOSED DIVERSIFICATION

Binasat Group is principally involved in the provision of support services for satellite, mobile and fibre optic telecommunications networks.

Through the Proposed Acquisition, the Group will diversify its business to include the Power Utilities Business. The Board believes that BCSB's business will provide the Group with an additional stream of income and diversify its earnings base. Going forward, the Board expects the Power Utilities Business, pursuant to the Proposed Acquisition, will contribute 25% or more of the net profits of the Group and/ or result in diversion of 25% or more of the net assets of the Group in the future. In this regard, in accordance with Rule 10.13 of the Listing Requirements, the Board proposes to seek the Company's shareholders' approval at the EGM for the Proposed Diversification. Notwithstanding the Proposed Diversification, the Board will continue with the existing business activities of the Binasat Group.

Although the Group does not possess direct experience and expertise in the Power Utilities Business, the Company envisages that leveraging on the experience of Mr. Na Boon Aik's (the Company's Managing Director) and Encik Zulamran Bin Hamat's (the Company's Executive Director cum Chief Executive Officer) in the electrical engineering industry will provide the Group with knowledge to comprehend and facilitate the operations of BCSB and the Power Utilities Business.

The profiles of Mr. Na Boon Aik and Encik Zulamran Bin Hamat are as follows:

**(i) Na Boon Aik, aged 57, the Company's Managing Director**

He left secondary school at the age of 13 in 1977 and started his career as a Mechanical and Electrical Trainee at Pan Asia Air-Cond & Electrical in 1978. He then left Pan Asia Air-Cond & Electrical and joined Engineering Foo Electrical Works (Perkhidmatan Letrik Foo) as a technician in 1978 whereby he was responsible for the installation of mechanical and electrical work. In 1980, he joined Advance Electrical Service as technician supervisor. In 1982, he left Advance Electrical Service and joined Kejuruteraan Letrik Song as a technician supervisor. Throughout his employment with Advance Electrical Service and Kejuruteraan Letrik Song, he was responsible for on-site supervision and coordinating the installation of mechanical and electrical works.

In 1987, he left Kejuruteraan Letrik Song and started Lam Electrical Work (a mechanical and electrical engineering sole proprietorship). To cater to the growth of his mechanical and electrical works business, he subsequently established Binalite Electrical Engineering Sdn Bhd (a private limited company principally involved in electrical works) in 1997. Since then, he started to provide electrical works under Binalite Electrical Engineering Sdn Bhd and the clients of Lam Electrical Work were gradually assumed by Binalite Electrical Engineering Sdn Bhd. Lam Electrical Work was terminated in 2005 as it had become dormant and the electrical works business was carried out through Binalite Electrical Engineering Sdn Bhd. He then ceased to be a shareholder and director of Binalite Electrical Engineering Sdn Bhd on 30 June 2016.

Mr. Na Boon Aik was appointed as Binasat's Managing Director on 6 June 2017 and holds the position until to-date. As the Company's Managing Director, he is principally responsible for providing the strategic direction of the Group. He also plays a key role in the planning and development of the Group's business strategies.

**(ii) Zulamran Bin Hamat, age 50, the Company's Executive Director cum Chief Executive Officer**

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

He began his career with Southern Wire Industries (Malaysia) Sdn Bhd in 1994 as an Electrical Engineer where he was involved in managing the electrical division and supporting the operations and maintenance of the company's electrical equipment and system. He left the company in 1998 to join Communications & Satellite Services Sdn Bhd ("CSS") as a Technical Engineer and was promoted in 2006 as the head of the Operations and Engineering Department where he was responsible for managing the company's day-to-day operations. During his tenure with CSS, he was involved in the setting up of a system for the provision of satellite broadcasting services to a Malaysian turf club and dataline service which involved in the design, installation and service of telephone systems, structured cabling and high speed fibre and network communications to CSS' customers. He left CSS in 2013. He has been with Binasat Group since 2013. He was also previously involved in the business of engineering works from 2014 till June 2017 as a director and shareholder of Binalite Electrical Engineering Sdn Bhd.

In 2017, he assumed the position of the Company's Chief Operating Officer. He was involved in developing the business of the Group and managing the Group's day-to-day business operations, with the primary responsibility of project management and overseeing the Company's in-house technical personnel. On 6 February 2018, he was appointed as an Executive Director cum Chief Operating Officer of the Company. On 21 September 2018, he was re-designated as the Executive Director cum Chief Executive Officer of the Company. As the Company's Executive Director cum Chief Executive Officer, he manages the Group's day-to-day business operations and is primarily responsible for project management as well as business expansion.

Notwithstanding the above, after completion of the Proposed Acquisition, the Group intends to leverage on the competency and experience of BCSB's existing management team, namely Mohd Solehuddin Bin Yahya, Gan Tseng Heng, and Mohd Ariff Bin Ibrahim, who will continue to be involved in its day-to-day operational and business activities of BCSB and to spearhead the Group's venture into the Power Utilities Business. Their profiles are as follows:

**(i) Mohd Solehuddin Bin Yahya, age 33, Director of BCSB**

Mohd Solehuddin Bin Yahya graduated with a Bachelor of Electrical Power Engineering from the Universiti Tenaga Nasional, Malaysia in 2014.

Upon graduation in 2014, Mohd Solehuddin Bin Yahya began his career in Syarikat Cahaya Terengganu Sdn Bhd as an Electrical Technician for electrical installation works undertaken by the company.

In July 2014, Mohd Solehuddin Bin Yahya joined Worktime Engineering Sdn Bhd as a Project Engineer, where he was responsible for coordinating projects relating to installation of underground and overhead transmission cables. He was also tasked to liaise with local authorities to obtain the requisite approvals and permits. He was subsequently promoted to Assistant Project Manager in March 2016 and Project Manager in March 2017. His role was expanded to include overseeing and managing the full project life cycle from project initiation to completion handover. During his tenure with Worktime Engineering Sdn Bhd, he had completed various underground transmission and distribution network utility projects. In December 2018, he left Worktime Engineering Sdn Bhd.

In January 2019, Mohd Solehuddin Bin Yahya joined Binalite Electrical Engineering Sdn Bhd as Project Manager. As Project Manager, he was tasked to manage the projects undertaken by the company both from a technical and administrative perspective where this involved budget and manpower allocation as well as project implementation support.



Mohd Solehuddin Bin Yahya was appointed as a director of BCSB in June 2020 while he was still in employment with Binalite Electrical Engineering Sdn Bhd. Subsequently, in October 2020, he joined BCSB after his resignation from Binalite Electrical Engineering Sdn Bhd. Leveraging on his technical knowledge in utility infrastructure, he is responsible for managing the projects undertaken by BCSB as well as providing leadership and direction to project engineers.

**(ii) Gan Tseng Heng, age 35, Chief Executive Officer of BCSB**

Gan Tseng Heng graduated with a Bachelor of Engineering (Electrical and Electronic Engineering) from the Nottingham Trent University, United Kingdom in 2008. In 2014, he obtained a Master of Business Administration from the Cardiff Metropolitan University at Westminster International College Malaysia. He has more than 13 years of experience within the electrical engineering and utility infrastructure industry.

Upon graduation in 2008, Gan Tseng Heng began his career at STE Synergy Sdn Bhd as a Project Engineer where he was responsible for the preparation of technical design drawings, site coordination, project management as well as testing and commissioning of extra-low voltage (“ELV”) systems such as building intercommunication systems, satellite master antenna television (SMATV) systems, closed-circuit television (CCTV) systems and public address (PA) systems in projects undertaken by the company.

In April 2010, Gan Tseng Heng left STE Synergy Sdn Bhd and joined Metronic Engineering Sdn Bhd as a Project Engineer, where he was tasked to design electrical engineering services for buildings, specifically for ELV systems. He was also responsible for site coordination, costing and management for the projects undertaken by the company. In May 2011, he was subsequently promoted to Senior Project Engineer, where his responsibilities expanded to include leading a team of engineers to implement and execute projects. In September 2012, he was promoted to Assistant Project Manager where, as part of project implementation, he was also responsible for liaising with main contractors, architects, consultants and customers of projects undertaken by the company. During his tenure with the company, he had completed various building control system projects for residential and commercial developments.

In February 2014, Gan Tseng Heng left Metronic Engineering Sdn Bhd and joined Tokai Engineering (M) Sdn Bhd as a Project Manager and was responsible for managing the projects undertaken by the company relating to the provision of lightning protection systems, earthing systems and ELV systems as well as touch voltage protection membrane systems for Mass Rapid Transit Line 1. In February 2017, he left Tokai Engineering(M) Sdn Bhd.

Gan Tseng Heng joined Jati Tinggi Sdn Bhd as a Project Manager in March 2017, where he was responsible for the overall planning, scheduling, coordination and execution of the utility infrastructure projects undertaken by the company. During his tenure with the company, he completed various utility infrastructure projects relating to transmission and distribution network utility for the power industry. In December 2018, he left Jati Tinggi Sdn Bhd.

In January 2019, Gan Tseng Heng joined Binalite Electrical Engineering Sdn Bhd as a Project Director. As a Project Director, he was responsible for overseeing the business operations of the company, managing and monitoring project cash flow according to the progress claims as well as initiate business development activities to secure new projects. In April 2021, he left Binalite Electrical Engineering Sdn Bhd.

Gan Tseng Heng joined BCSB as Chief Executive Officer in May 2021. Leveraging on his electrical engineering background as well as technical knowledge in utility infrastructure, he is responsible in overseeing the business operation of the company. As Chief Executive Officer, he is also responsible for the implementation of business strategies to drive BCSB's growth.

**(iii) Mohd Ariff Bin Ibrahim, age 32, Senior Project Engineer of BCSB**

Mohd Ariff Bin Ibrahim graduated with a Bachelor of Electrical Engineering (Communication) from Universiti Teknologi MARA Shah Alam, Malaysia in 2014.

Upon graduation in 2014, Mohd Ariff Bin Ibrahim joined Tokai Engineering (M) Sdn Bhd as a Project and Sales Engineer where he was responsible for the planning, organising and coordination of project delivery. During his tenure with the company, he completed various utility infrastructure projects, among others, installation works for lightning and earthing protection systems, touch voltage protection membrane systems and track earthing systems for public transportation systems.

In March 2017, Mohd Ariff Bin Ibrahim left Tokai Engineering (M) Sdn Bhd and joined Worktime Engineering Sdn Bhd as a Project Engineer, where he was involved in project tender document preparation, project planning as well as design of electrical engineering systems for projects undertaken by the company. While at this company, he was actively involved in projects relating to transmission installation works for the power sector. In October 2019, he left Worktime Engineering Sdn Bhd.

In November 2019, Mohd Ariff Bin Ibrahim joined Binalite Electrical Engineering Sdn Bhd as a Senior Project Engineer. He was responsible for overseeing and monitoring projects undertaken by the company. During his tenure with the company, he was involved in various utility infrastructure projects including transmission and distribution network utility services as well as EPCC of solar PV facilities. In October 2020, he left Binalite Electrical Engineering Sdn Bhd.

Mohd Ariff Bin Ibrahim joined BCSB as a Senior Project Engineer in November 2020. As Senior Project Engineer, he is responsible for providing guidance, project management as well as coordinating with various parties such as customers and subcontractors. He is also involved in the planning and forecasting of project budgets and timelines.

As at the LPD, BCSB has a total of 26 employees (including the 2 directors), out of which 18 employees are involved in project implementation and delivery (e.g., project engineers, site engineers and wiremen), 3 employees are involved in projects tendering and 3 employees are involved in accounting, human resource and administration. At this juncture, Binasat and BCSB do not have any plans to dismiss or make redundant any of the existing employees of BCSB as a direct consequence of the Proposed Acquisition. Nevertheless, there will be continuous measures being introduced to improve the efficiency of operations and to optimise the human resources of the enlarged Binasat Group, which may lead to rationalisation of staff employment to improve the overall efficiency of the enlarged Binasat Group's operations. Such actions, if required, will be carried out in accordance with relevant legislation and the terms of employment of the affected employees.

Currently, the Group has no immediate plan to employ additional personnel to oversee the Power Utilities Business. Notwithstanding the above, should the need arise in the future, the Group may recruit personnel with suitable qualification and experience and expand the management team of Binasat or BCSB to assist the Group to further expand its Power Utilities Business. In addition, the Group also plans to put in place a human resource programme which offers competitive remuneration packages and includes learning and development plans, and career advancement plans as well as succession plans for BCSB. The Board is of the view that the human resource programme to be put in place will attract, develop and retain talents in BCSB to contribute positively to its Power Utilities Business going forward.



In addition to the above, Mr. Na Boon Aik will be appointed as an additional director of BCSB after the completion of the Proposed Acquisition. His role will mainly be to oversee the day-to-day operations of BCSB as well as provide inputs for the formation of business and financial objectives of BCSB. In accordance with the terms of the Shareholders Agreement, Binasat shall have the right to nominate up to such number of directors in BCSB constituting the majority of the directors of BCSB from time to time. For the avoidance of doubt, the execution of the Shareholders Agreement between Binasat, DPSB and BCSB is one of the Conditions Precedent of the SSA. As such, the Shareholders Agreement will be executed prior to the completion of the Proposed Acquisition. The salient terms of the Shareholders Agreement are set out in **Appendix III** of this Circular.

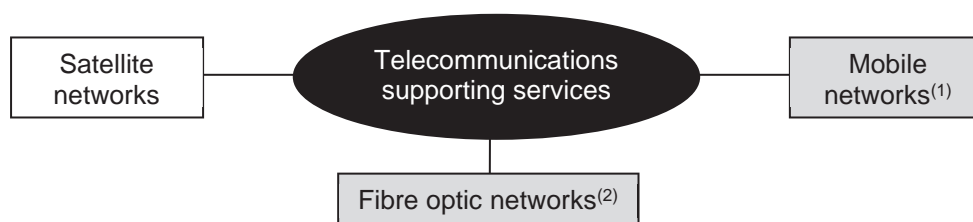
#### 4. RATIONALE FOR THE PROPOSALS

##### 4.1 Proposed Acquisition

###### Business and operational perspective

The Proposed Acquisition represents the Group's initiative to reduce its dependency on its existing business. The Proposed Acquisition represents an opportunity for the Group to diversify its business activities into the Power Utilities Business and hence an additional source of income to the Group. In light of the growth prospects of the solar PV sector and power utilities infrastructure services industry as set out in **Sections 5.2 and 5.3** of this Circular, the Board has identified provision of power utilities infrastructure services as an area of growth and the Proposed Acquisition will give the Group the opportunity to do so through BCSB.

The principal activities of Binasat Group are broadly categorised as follows:



Notes:

- (1) *In relation to the provision of support services under mobile networks, depending on the contractual arrangement with the project owner, the Group's installation and commissioning tasks work may include provision of civil, mechanical and electrical works as well as installing electric power generating equipment of which the Group usually sub-contracts to external parties to undertake those tasks.*
- (2) *In relation to the provision of support services under fibre optic networks, the Group uses a combination of in-house resources for tasks such as cable termination and connections, installing network equipment and testing and commissioning. The Group usually engages subcontractors to carry out civil works for underground and above ground installation and fibre optic cable splicing.*

Notwithstanding that the Binasat Group's and BCSB's principal business are different, certain works carried out by Binasat Group (under its mobile networks and fibre optic networks category) and BCSB (under its provision of transmission and distribution network utilities services category) in fulfilling certain scopes of the projects awarded to them are similar in nature such as the provision of electrical works and HDD works (*a drilling method where an operation above ground can steer the drilling mechanism to direct its depth and direction. As a result, this method can be used to lay cables or fibre optic cables under rivers, ground and other landscape obstructions. HDD machines are used to carry out the HDD drilling method*). As such, the Board believes that the Proposed Acquisition will enable the Group to realise some operational benefits, among others, the Group is envisaged to:

- (i) utilise BCSB's expertise in carrying out electrical works in relation to the provision of support services under mobile networks instead of sub-contracting such works to an external party; and
- (ii) share expertise, knowledge and equipment between Binasat Group and BCSB in carrying out HDD works. In the past, Binasat Group engaged third party/(ies) to undertake HDD works. Binasat had in May 2021 purchased a HDD machine to enable the Group to undertake a portion of the HDD works. The sharing of expertise, knowledge and equipment provides an avenue for the enlarged Group to improve its operational efficiency and reduce the enlarged Group's dependency external on sub-contractors.

Notwithstanding the above, BCSB engages subcontractors to perform selected works such as open trenching, HDD, cable pulling, cable jointing, road resurfacing, milling, paving, erection of steel poles as well as installation works. The Proposed Acquisition will allow Binasat Group to award its electrical installation contracts directly to BCSB and/ or BCSB may award contracts relating to telecommunication support services to Binasat Group directly.

Under such arrangements, Binasat Group is able to reduce its dependency on external subcontractors as BCSB has the relevant experience and will act as project manager to support the enlarged Group. In this regard, the overall management and coordination of the project may be undertaken by BCSB (as a subsidiary of Binasat), instead of sub-contracting in its entirety to external parties.

BCSB is also able to reduce its dependency on external parties as BCSB can engage Binasat Group to undertake selected work packages such as HDD works instead of sub-contracting such works to external parties. Therefore, the Proposed Acquisition will benefit the enlarged Group in terms of cost savings, better control in ensuring quality and timeliness as well as reducing dependency on external subcontractors.

The Board does not anticipate any major disruption in the Group's and BCSB's existing operations arising from the Proposed Acquisition. Notwithstanding that the Binasat Group currently does not have a team of personnel specialising in the Power Utilities Business, the Group intends to leverage on the competency and experience of BCSB's existing management team, namely Mohd Solehuddin Bin Yahya, Gan Tseng Heng and Mohd Ariff Bin Ibrahim, who will continue to be involved in its day-to-day operational and business activities of BCSB and to spearhead the Group's venture into the Power Utilities Business. The profiles of BCSB's management team are set out in **Section 3** of this Circular.

As set out in **Section 3** of this Circular, Mr. Na Boon Aik will be appointed as additional director of BCSB after the completion of the Proposed Acquisition. His role will mainly be to oversee the day-to-day operations of BCSB as well as provide inputs for the formation of business and financial objectives of BCSB.

#### Financial perspective

The Proposed Acquisition entails the acquisition of 51% equity interest in BCSB, a company principally involved in the Power Utilities Business which is expected to increase and diversify Binasat Group's earnings base to include the provision of the Power Utilities Business by BCSB, thereby reducing the reliance of Binasat Group's financial performance on its existing business segment.

The Proposed Acquisition would provide an additional income stream to Binasat Group moving forward, premised on the Profit Guarantee provided by the Vendors to Binasat for the Profit Guarantee Period, of which the total profit attributable to Binasat would be RM4,080,000 for the Profit Guarantee Period. The Profit Guarantee as set out under **Section 2.2** of this Circular will provide comfort of continued profitability for the next 2 financial years of BCSB setting the foundation for continued favourable performance, as a subsidiary of the Company.

Notwithstanding the historical financial performance of BCSB, the Board is optimistic that the Proposed Acquisition will contribute positively to the Group's earnings after taking into consideration BCSB's earnings and growth potential, the Profit Guarantee, and the favourable growth of the solar PV sector and power utilities infrastructure service industry in Malaysia as set out in **Sections 5.2 and 5.3** of this Circular.

In addition, the Board is of the view that the issuance of the Consideration Shares to part settle the Purchase Consideration is an appropriate avenue as it allows the Binasat Group to conserve its cash reserves which can be channelled instead towards operations and other working capital purposes.

#### **4.2 Proposed Diversification**

Binasat Group is principally involved in the provision of support services for satellite, mobile and fibre optic telecommunications networks. The Proposed Diversification is to facilitate the Group's plans to diversify its earnings base through its proposed involvement in the Power Utilities Business arising from the Proposed Acquisition.

The Board is of the view that the Proposed Diversification is fundamental to the implementation of the Proposed Acquisition as the Board believes that it is reasonably expected that the Proposed Acquisition would contribute 25% or more of the net profits of the Group and/ or result in diversion of 25% or more of the NA of the Group going forward.

### **5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF BCSB AND BINASAT GROUP**

#### **5.1 Overview and outlook of the Malaysian economy**

The Malaysian economy contracted by 5.6% in 2020 amid a highly challenging global and domestic operating environment. As with most countries globally, the unprecedented economic shocks emanating from the pandemic resulted in a sharp decline in Malaysia's gross domestic product ("**GDP**") growth, the lowest since 1998. Following a moderate start to the year, the escalating pandemic by mid-March 2020 dampened domestic economic growth. Adverse external spillovers and the introduction of stringent local containment measures to curb the rise in COVID-19 cases contributed to broad-based weaknesses in exports, production, and domestic demand. The largest impact was felt in the second quarter of 2020, with GDP contracting by 17.1%. Growth improved gradually thereafter from its trough towards the second half of the year as the economy was gradually re-opened, and economic and social activities partially resumed. In response, policymakers implemented sizeable and timely stimulus measures to mitigate the adverse economic impact at the onset of the crisis and support the growth recovery.

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Recovery in the domestic economy, which began in the second half of 2020, is expected to continue in 2021. The recovery, nevertheless, is expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spillovers, sector-specific developments, and the degree of improvement in labour market conditions. Amid a highly uncertain operating environment, continued and targeted policy measures will remain central in supporting growth going forward.

*(Source: Economic and Monetary Review 2020 by Bank Negara Malaysia)*

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order. For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

*(Source: Bank Negara Quarterly Report, second quarter 2021 by Bank Negara Malaysia)*

## **5.2 Overview and outlook of the solar PV sector**

At the 21<sup>st</sup> Conference of Parties (COP21) in 2015, Malaysia pledged to reduce its carbon emission intensity per GDP by 35% in 2030 relative to the 2005 levels, or 45% with support from developed countries. This nationally determined contribution was ratified at the 2015 Paris Agreement, overwhelmingly adopted by United Nations member states to counter the damaging impacts of climate change. To support the nationally determined contribution, the Eleventh Malaysia Plan (2016-2020) established more pathways for green growth in the country. In 2017, the Green Technology Master Plan (2017-2030) created the framework for mainstreaming green technologies into planned developments. It called for green technologies to be embedded in six carbon-intensive sectors, and by doing so, change the trajectory of the nation's growth. One of these sectors is energy.

Meanwhile, in 2018, the ambit of the Ministry of Energy, Green Technology and Water was expanded to include environment and climate change. With clean energy becoming a priority, the Malaysian Government targets to achieve renewable energy installed power capacity of 31% by 2025 and subsequently 40% by 2035. As at 2018, the capacity mix was dominated by fossil fuels comprising gas (48%) and coal (41%), and hydro at 10%. The contribution of renewable energy is 1%. This will also result in a diversified energy mix that will bode well for the establishment of a world-class sustainable energy system.

Renewable energy generation in Peninsular Malaysia covers solid waste, small hydro, biomass, biogas, geothermal and solar. The 31% renewable energy target by 2025 focuses on increasing solar energy generation capacity, and along the way creating new business opportunities for big companies, small and medium enterprises (SMEs), microbusinesses and households.

Based on latest available statistics from Energy Commission Malaysia, the installed capacity for renewable energy in Malaysia grew from 33,022.7 megawatts ("**MW**") in 2016 to 36,182.8MW in 2019 at a compound annual growth rate ("**CAGR**") of 3.1%. From 2016 to 2019, the installed capacity for solar PV rose from 289.6MW to 1,056.3MW at a CAGR of 53.9%.

Large Scale Solar ("**LSS**") projects are solar PV plants that generate between 1MW to 50MW worth of electricity. LSS projects have been capped at 1,000MW over four years from 2017 to 2020, which works out to 200MW per annum in Peninsular Malaysia and 50MW in Sabah. The LSS program is a competitive bidding programme to drive down the levelised cost of energy (LCOE) for the development of LSS PV plants. The Energy Commission is the implementing agency for the LSS program. The LSS program aims to diversify Malaysia's power generation mix and contribute to increasing the country's renewable resources to 31% by 2025.

The Energy Commission has initiated a competitive bidding process for the development of LSS since 2016 where to date, 57 companies/ consortiums have been selected to develop power plants with total capacity of approximately 1,384.21MW in Peninsular Malaysia, Sabah and the Federal Territory of Labuan. In May 2020, the Energy Commission announced that it would hold a competitive bidding process to select a company or a consortium for the development of a LSS PV power plant costing RM4 billion in Peninsular Malaysia with a target capacity of 1,000 megawatt alternating current (“MWac”). The competitive bid for the LSS programme by the Malaysia Electricity Industry to Attract Renewable Energy Investment (“LSS@MenTARI”) was offered in two packages, whereby:

- Package 1 offers a total quota of 500MWac, with the capacity range from 10MWac until below 30MWac; and
- Package 2 offers a total quota of 500MWac, with the capacity range between 30MWac and 50MWac.

LSS@MenTARI is the Malaysian Government’s move to revive and stimulate the economy following the outbreak of COVID-19 that has affected the country’s economy. It is also aimed at accelerating the development of the country’s electricity supply industry, especially the renewable energy industry.

To date, four rounds of LSS competitive tenders have been organised by Energy Commission Malaysia between 2016 and 2020. The generation capacity for LSS, based on allocations during the respective LSS competitive tenders, increased from 250MW in 2016 to 1 gigawatt (GW) in 2020 at a CAGR of 41.4%. The increase in generation capacity for LSS demonstrates the increasing demand for EPCC of solar PV facilities to support the construction and commissioning of LSS plants in Malaysia.

In November 2020, Ministers in the Association of Southeast Asian Nations (“ASEAN”) region agreed to set a new target of 35% renewable energy in installed power capacity by 2025 which will contribute to achieving ASEAN’s target of 23% of renewable energy in total primary energy supply in 2025.

While Malaysia builds up its LSS capabilities in an effort to achieve its renewable targets by 2025, corresponding utility infrastructure such as substations and underground cabling will also be required to support this effort. As such, Malaysia’s aspirations to boost the adoption of renewable energy in Malaysia will benefit industry players offering utilities infrastructure services.

*(Source: Independent market research report on the power utilities infrastructure services and telecommunication industries in Malaysia dated 24 August 2021 prepared by Providence)*

### **5.3 Overview and outlook of the power utilities infrastructure service industry in Malaysia**

Utilities are infrastructure services provided to consumers, and include electricity, piped gas, water and sewerage as well as communications services. Utility projects refer to the projects where design, construction, installation, repair and maintenance of utility infrastructure are undertaken. Thus, the power utilities infrastructure services industry relates to the installation of subsurface and overhead power transmission and distribution lines, electricity substations and power plants.



The power utilities infrastructure services industry in Malaysia, based on the capital expenditure incurred for recurring electricity generation, transmission and distribution, rose from RM5,440.8 million in 2016 to RM7,001.1 million in 2019 before settling at RM5,912.9 million in 2020, and recorded a CAGR of 2.1% between 2016 and 2020. In 2020, the capital expenditure incurred for electricity transmission and distribution was affected by the COVID-19 pandemic and the subsequent phases of the movement control order (MCO) that stifled economic activity. The power utilities infrastructure services industry in Malaysia, based on the capital expenditure incurred for recurring electricity generation, transmission and distribution, is expected to rise from RM5,912.9 million in 2020 to RM7,300.0 million in 2021 at a CAGR of 23.5%. The capital expenditure for recurring power generation, transmission and distribution in Malaysia includes spending on transmission and distribution network utility services.

Electricity energy is a crucial element in the development process as well as economic growth of a country. Economic growth is a key driver for investments in utilities, as a robust utility infrastructure supports economic activities and attracts foreign and domestic investments. Investments in electricity, piped gas, water and sewerage as well as communications services for the design, construction, installation, repair and maintenance of such utility infrastructure support economic activities. While Malaysia's economy may have experienced a contraction in 2020, Providence anticipates that the private and public sector will still incur capital investments for utilities infrastructure services, albeit at a moderated level, as infrastructure and utilities are important drivers for the growth of economy of any region.

*(Source: Independent market research report on the power utilities infrastructure services and telecommunication industries in Malaysia dated 24 August 2021 prepared by Providence)*

#### **5.4 Prospect of BCSB and the enlarged Binasat Group**

After the Proposed Acquisition, BCSB intends to leverage on Binasat's listing status as a public listed company on ACE Market, reputation, industry network and resources to participate in more transmission and distribution network utility projects. Currently, BCSB is principally involved in the Power Utilities Business. In the next 24 months, BCSB intends to expand its utilities infrastructure services to include operations and maintenance ("O&M") services of solar PV facilities. O&M services are essential for ensuring solar PV facilities operate safely and continuously at its optimal efficiency levels. O&M services are typically offered to customers upon completion of an EPCC project. The O&M services that BCSB intends to offer includes performance monitoring and evaluation of the solar PV facilities and substations, as well as maintenance and repairs of solar PV systems and substations. BCSB will keep abreast on development of the tender opportunities in relation to O&M services and will participate in such tenders when the opportunities arise. Presently, BCSB's revenue is derived on a project basis due to the nature of its business. The expanded range of services will enable BCSB to offer its customers O&M services over a fixed contract period and derive recurring revenue, thereby mitigating its business risk relating to project-based revenue.

The above plans are part of BCSB's continuous efforts to increase its future financial performance and financial position and is expected to be financed via a combination of bank borrowings and internally-generated funds, the breakdown of which has yet to be determined at this juncture. Thus, as set out in **Section 2.9** of this Circular, the Board of Binasat does not foresee any additional financial commitment arising from the Proposed Acquisition, which includes the above-mentioned expansion in the range of services of BCSB to cover O&M.

The outbreak of COVID-19 pandemic and the Movement Control Order (MCO) imposed by Malaysian Government had impacted BCSB's business operations. Under the three-phase nationwide lockdown (full MCO 3.0) (also known as Phase 1 of Movement Control under the National Recovery Plan ("NRP")) announced on 28 May 2021, the list of essential services consist of 17 sectors and "critical" construction works that are allowed to operate are limited to critical maintenance and repair works, construction of important public infrastructure, and construction of workers quarters at construction sites or for "centralised labour quarters" (CLQ). The full MCO 3.0 started with a full lockdown from 1 June 2021 to 14 June 2021, and which has since been extended to 16 July 2021. During the Parliament meeting held on 26 July 2021, the Malaysian Government expects to reopen the economy and lift movement controls for most states as early as October 2021 as the country ramps up its Covid-19 immunisation programme.

During the imposition of the full MCO 3.0, some of the BCSB's on-site project activities were suspended as they are not classified under "critical" construction works. Nevertheless, BCSB gradually resumed its on-site project activities since June 2021 after receiving instructions from its customer to do the same, upon its customer obtaining MITI's approval to resume work. BCSB views that the said suspension had impacted the progress of its on-going projects. BCSB has notified its customers via a notice of delay and the customers have granted BCSB extensions of time to complete the projects with no impositions of liquidated ascertain damages. As the COVID-19 pandemic is still evolving, BCSB will closely monitor the developments arising from the COVID-19 pandemic to ascertain the magnitude of the impact to its projects. BCSB will also request for further extensions of time to complete the projects if required, which may result in delays in its work schedule/ billings and in turn, may affect its financial performance. Despite the challenging conditions due to the COVID-19 pandemic, BCSB will continue to tender and secure more projects to sustain BCSB's business and future profitability.

*(Source: Management of BCSB)*

The Board takes cognisance of the impact of MCO on BCSB's operations. The Board is of the view that the Proposed Acquisition is in the best interests of the Company after having considered, among others, the following:

- (i) Proposed Acquisition represents an opportunity for the Group to diversify its business activities into Power Utilities Business and hence an additional source of income to the Group.

Similarly, the outbreak of COVID-19 pandemic and MCO have also affected Binasat Group's business and operations. The Proposed Acquisition is expected to increase and diversify Binasat Group's earnings base to include the provision of the Power Utilities Business by BCSB, thereby reducing the reliance of Binasat Group's financial performance on its existing business segment of provision of support services for satellite, mobile and fibre optic telecommunications networks in Malaysia;

- (ii) Notwithstanding the above-mentioned impact of COVID-19 and MCO on BCSB's operations, the Vendors have provided the Profit Guarantee. Premised on the Profit Guarantee provided by the Vendors to Binasat for the Profit Guarantee Period, of which the total profit attributable to Binasat would be RM4,080,000 for the Profit Guarantee Period (based on Binasat's 51% equity interest). The Profit Guarantee as set out under **Section 2.2** of this Circular will provide comfort of continued profitability for the next 2 financial years of BCSB setting the foundation for continued favourable performance, as a subsidiary of the Company; and

- (iii) Premised on the overview and outlook of the solar PV sector and the power utilities infrastructure services industry as set out in **Sections 5.2 and 5.3** of this Circular respectively as well as the future plans and business strategies of BCSB as disclosed above, BCSB's prospects are expected to be favourable for the enlarged Group and the Proposals are expected to be earnings accretive and thus enhance Binaset shareholders' value in the medium to long term.

The outbreak of COVID-19 pandemic has affected the Group's business due to imposition of the initial MCO by the Malaysian Government from 18 March 2020 until 4 May 2020. During the initial MCO period the Group was only permitted to provide network maintenance works (which were categorised as essential services). The Group's revenue declined by RM9.20 million (or 16.83%) from RM54.69 million for the FYE 30 June 2019 to RM45.48 million for the FYE 30 June 2020 mainly due to the COVID-19 pandemic as the Group broadcasting services as well as majority of the network installation and engineering services could not be provided to the Group's customers during the initial MCO period. The Group's gross profit decreased by RM2.94 million (or 19.97%) to RM11.78 million for the FYE 30 June 2020 mainly due to the decrease in revenue from broadcast services and network installation and commissioning services which contributed higher gross profit margin in FYE 30 June 2019. Accordingly, the Group's PAT attributable to the owners of the Company declined by RM1.95 million (or 39.97%) from RM4.87 million in FYE 30 June 2019 to RM2.93 million in FYE 30 June 2020.

The Group's revenue increased by RM8.36 million (or 18.39%) from RM45.48 million for the FYE 30 June 2020 to RM53.85 million for the FYE 30 June 2021 mainly attributable to the higher revenue arising from:

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

Despite increased in revenue of RM8.36 million (or 18.39%), the Group's gross profit increased by RM0.31 million (or 2.67%) to RM12.09 million for the FYE 30 June 2021 mainly due to:

- lower margin generated from installation of fibre optic cabling works (FYE 30 June 2021: 10%; FYE 30 June 2020: 19%); and
- revision to the terms of engagement with a customer in December 2020 which reduced the number of mobile network maintenance service sites. Subsequent to the revision of the terms of engagement, Binaset Group continued to incur fixed cost (such as staff cost) while attempting to secure new mobile network maintenance services jobs.

Despite higher revenue, the Group's PAT attributable to the owners of the Company declined by RM0.55 million (or 18.67%) from RM2.93 million in FYE 30 June 2020 to RM2.38 million in FYE 30 June 2021 mainly due to lower other income of RM0.80 million (FYE 30 June 2020: RM1.21 million) and higher provision of tax expense of RM1.61 million (FYE 30 June 2020: RM0.97 million).

Since announcement of the full MCO 3.0 on 28 May 2021 and up to the LPD, the Group has not been able to carry out broadcasting services and majority of the network installation and engineering services under the Phase 1 of the NRP. The Board views that the challenging conditions due to the COVID-19 pandemic and temporary suspension of certain business activities of the Group would impact the Group's financial performance for FYE 30 June 2021 and FYE 30 June 2022. As such, the Board remains cautious at this juncture on the prospects of the business of the Group in the near term.



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

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

The Group is also in the midst of installing one satellite teleport C-band gateway and expects the installation to be completed by end 2021 and commence operation by early 2022. All these 3 satellite teleports are expected to contribute positively to the Group's earnings for the FYE 30 June 2022.

In February 2021, the Malaysian Government announced the MyDIGITAL initiative and the Malaysia Digital Economy Blueprint. MyDIGITAL is a national initiative which symbolises the aspirations of the Government to successfully transform Malaysia into a digitally-driven, high income nation and a regional leader in digital economy (i.e., economic and social activities that involve the production and use of digital technology by individuals, businesses, and government). MyDIGITAL sets out a combination of initiatives and targets across three phases of implementation until the year 2030 and the Malaysia Digital Economy Blueprint spells out the efforts and initiatives to deliver the aspirations of MyDIGITAL. MyDIGITAL initiative and the Malaysia Digital Economy Blueprint will augur well with the Group's efforts in continuing to secure more contracts related to fibre optic engineering.

Among others, the MyDIGITAL's initiatives are as follows:

- a total of RM21 billion will be invested over the next 5 years through the National Digital Network (JENDELA) project to strengthen the existing connectivity. This fixed line optical fibre network will cover almost 100 per cent populated areas in stages – from 7.5 million premises by the end of 2022 to 9 million premises by the end of 2025;
- a total of RM1.65 billion will be invested by several telecommunication companies to strengthen connectivity to the international submarine cable network until the year 2023;
- a total of RM15 billion will be invested over a period of 10 years for the implementation of fifth generation cellular networking technology ("5G") nationwide; and
- between RM12 billion and RM15 billion will be invested by Cloud Service Provider ("CSP") companies over the next 5 years. The Malaysian Government has given conditional approvals to four CSP companies – Microsoft, Google, Amazon and Telekom Malaysia – to build and manage hyper-scale data centres and cloud services. This hyper-scale data centres as well as hybrid cloud services will be created to increase data storage space, thus reducing operating costs and improving analytical efficiency.

In year 2021, Binasat's 70%-owned subsidiary, Satellite NOC Sdn Bhd, was awarded by Dewan Bandaraya Kuala Lumpur as one of the Network Facilities Provider panel to replace/ install a total of 350 lamp poles integrated with telecommunication transmitter system, which may be incorporated with 5G broadband, over a 5-year period. The Group expects this project to contribute positively to its earnings commencing year 2023.

As the COVID-19 pandemic situation is still evolving, the Group will remain vigilant by closely monitoring developments to ascertain the magnitude of the on-going impact from the COVID-19 pandemic and will continue to exercise prudent approach in managing the operations of the Group. Among others, the Group is exercising prudence in manpower planning and spending by striving to maintain its workforce at the optimum level to meet its operational requirements in order to better manage its overall operational cost.

Nevertheless, premised on the above, the Board is looking forward to better economic prospects in 2022 in view of the on-going vaccination programme, the Malaysian Government's expectation of achieving herd immunity by end of 2021 and the initiatives announced by the Malaysian Government.

*(Source: Management of Binasat)*

## **6. RISK FACTORS**

The risk factors (which may not be exhaustive) pertaining to the Proposals include but are not limited to the following:

### **6.1 Non-completion of the SSA**

If any Condition Precedent is not fulfilled or waived (as the case may be), the Proposed Acquisition may be delayed or terminated, thus resulting in non-materialisation of the potential benefits expected to arise from the Proposed Acquisition. The Board seeks to limit such a risk by taking all reasonable steps towards the fulfilment or waiver of the conditions precedent so as to enable the completion of the Proposed Acquisition.

### **6.2 Acquisition risk**

There is no assurance that the anticipated benefits of the Proposed Acquisition and Proposed Diversification will be realised in the future or that the Group will be able to generate sufficient profits arising from the Proposed Acquisition to offset the associated acquisition costs incurred.

In mitigating such risk, the Company has secured the Profit Guarantee (as set out in **Section 2.2** of this Circular) from the Vendors. If the Profit Guarantee is not achieved by BCSB, the Company's recourse is as set out in **Section 2.2(iii) to (vi)** of this Circular.

The Company also intends to mitigate such risk by conducting assessments and reviews including due diligence on BCSB, prior to making its investment decision and completing the Proposed Acquisition.

### **6.3 Business diversification risks**

The Proposed Acquisition is expected to result in a business diversification by the Group to the Power Utilities Business which the Group has no prior experience. The Group will be subjected to new challenges and risks arising from the Power Utilities Business.

The Group seeks to mitigate the diversification risk by, among others, leveraging on the experience and expertise of BCSB's management team. In addition, the Group may recruit other personnel with relevant expertise and experiences, specifically in the area of the Power Utilities Business after completion of the Proposed Acquisition. Nonetheless, the continued growth and success of BCSB depends on, to a certain extent, the abilities and continued efforts of BCSB's management team. Any departure of BCSB's management may adversely affect BCSB's future performance and in turn, the performance of the enlarged Group.

The Proposed Acquisition and Proposed Diversification are also subject to risks inherent in the power utilities infrastructure industry including following risk factors, which may not be exhaustive, pursuant to the Proposals:

**(i) Dependency on the demand for electricity supply**

BCSB is dependent on the demand for electricity supply to fuel capital expenditure and investments in solar power plants, substations and related products. Any absence of further new investments (such as construction of new power plants and substations as well as upgrading the generation capacity of existing power plants and substations) arising from a decrease in demand for electricity supply in the future will have a direct impact on BCSB's business operations and prospects.

BCSB takes cognisance that electricity is a crucial element in the development as well as economic growth of a country. BCSB also views that increasing demand for electricity would subsist in line with, among others, long term economic growth, population growth and urbanisation. Such factors together with foreign direct investments (FDI) and domestic investments in the manufacturing, services and primary sectors would support investments in utility infrastructure.

As such, BCSB endeavours to take prudent measures to remain competitive and relevant in the utilities infrastructure services industry, including among others, by continuing its efforts in maintaining a competitive edge in terms of cost competitiveness, service quality and service reliability. BCSB is also reviewing its business strategies to offer O&M services to potential customers.

**(ii) Project risk**

BCSB's revenue is derived from projects which are entered into on a contractual basis, subject to performance of certain terms and conditions. If BCSB's projects were delayed as a result of factors that BCSB is contractually responsible for, especially on those that are within its control, BCSB is liable to pay liquidated and ascertained damages on termination or delay. As such, any delays may affect BCSB's ability to complete its projects and achieve its business plans accordingly. The difficulties faced in executing projects may also result in incurring higher cost. These types of developments may, in turn, have an adverse effect on BCSB's business and financial condition.

BCSB strives to complete its projects within the stipulated timeframe and in accordance with the terms and conditions of the contract/ letter of award. BCSB will monitor closely and assess periodically the progress of its on-going projects in order to address operational issues that may arise (i.e., interruptions to operations due to adverse weather conditions, mechanical failures as well as unforeseen shortages of labour, material, equipment and machinery) and potentially may delay the project completion time.

**(iii) Inability to renew or maintain permits, approvals and licenses**

BCSB's operations are dependent on the necessary permits, approvals and licenses issued by, or registrations with the relevant authorities. All these licenses and registrations are only valid for a stipulated timeframe which is renewable subject to compliance with the relevant conditions. The requirements set out by the relevant authorities may be subject to changes, which could then affect the operations of BCSB. Failure by BCSB to renew or maintain the requisite licenses and registrations would have an adverse effect on the operations of BCSB.

In mitigating such risks, BCSB endeavours to comply with all the relevant conditions, including applying, renewing or maintaining all the necessary licenses and registrations in a timely manner.

BCSB holds the following specific permits/ license that are required for its operations:

Issuing authority	Nature of approval or licence
CIDB Malaysia	Certificate of Registration issued to BCSB as a Grade 6 contractor
Energy Commission (Suruhanjaya Tenaga)	The right to carry out electrical works as an electrical contractor under Class A

The approvals of the aforementioned authorities are not required for the Proposed Acquisition.

Notwithstanding BCSB is registered with CIDB as a Grade 6 contractor as set out above, the Vendors are in the midst of upgrading BCSB's contractor registration from Grade 6 to a Grade 7 contractor. With the Grade 7 CIDB registration, this would enable BCSB to bid and carry out any size projects irrespective of the contract values.

In addition, the Vendors had as part of the warranties in the SSA warranted and represented to Binasat, among others, that:

- BCSB has conducted and is conducting its business in accordance with all applicable laws and regulations of any relevant jurisdiction and neither BCSB nor any of its officers, agents or employees have committed, or omitted to do, any act or thing capable of giving rise to any fine, penalty, default proceedings or other liability on the part of BCSB; and
- BCSB has obtained all licences, consents, permits and authorities of a statutory or regulatory nature necessary or expedient to enable it to carry on its business effectively in the places and in the manner in which it is now carried on.

If Binasat incurs or suffers any loss due to breach of such warranties (including breaches/ non-compliance by BCSB in respect of permits and licenses, if any), the Vendors shall indemnify Binasat against any such losses. Further information on the Vendors' warranties and remedies are set out in **Section 5 of Appendix I**.

**(iv) Dependency on key management personnel**

The loss of key management personnel of BCSB without suitable and timely replacements and inability to attract or retain qualified and suitable personnel may have an unfavourable and material impact on the performance of BCSB. Nevertheless, BCSB will adopt appropriate approaches including reviewing the remuneration and incentives packages, training and succession planning as well as providing a good working environment to retain the existing and groom new key management personnel in BCSB.

**(v) Dependency on customers**

For the 18M-FPE 28 February 2021, BCSB's largest customer contributed 88% of its revenue. This said customer was not a customer of BCSB in FYE 31 August 2018 and FYE 31 August 2019. In order to mitigate this risk and sustain its business, BCSB will endeavour to tender for more contracts from other customers to minimise the dependency on its major customer in the future. The directors of BCSB are in the process to secure new projects from different customers since 18M-FPE 28 February 2021. As at the LPD, BCSB has yet to secure any new projects beyond the on-going projects set out in **Section 1.2 of Appendix II** of this Circular. Notwithstanding the above, BCSB endeavours to maintain close working relationships with its existing customers by performing its works in accordance with customers' requirements in a bid to secure future projects from the same customers.

**(vi) Dependency on subcontractors to perform certain works**

BCSB engages subcontractors to perform works such as open trenching, HDD, cable pulling, cable jointing, road resurfacing, milling, paving, erection of steel poles as well as installation works under its project management and supervision.

As such, BCSB is subject to risks associated with non-performance, late performance or poor performance by its subcontractors.

While BCSB may attempt to seek compensation from the relevant subcontractors, BCSB may, from time to time, be required to compensate its customers prior to receiving the said compensation from the relevant subcontractors. In the event BCSB is unable to seek compensation from the relevant subcontractors or the amount of the claims cannot be recovered in full or at all from the subcontractors, BCSB may be required to bear some or all the costs of the claims.

In addition, poor quality deliverables of its subcontractors may also affect BCSB's reputation in the industry.

BCSB seeks to mitigate this risk by conducting assessments on the subcontractors including the subcontractors' track record prior to awarding the work to the subcontractors.

**(vii) Competition risk**

The enlarged Group will face competition from existing competitors and/ or new entrants that also offer transmission and distribution network utility services as well as EPCC of solar PV facilities. Nevertheless, BCSB will endeavour to take proactive measures to remain competitive in this industry by among others, constantly keeping abreast with the latest market conditions, and continuing efforts in maintaining a competitive edge in terms of cost competitiveness, service quality and service reliability.

However, there can be no assurance that BCSB will be able to compete effectively with existing competitors and new entrants which may materially impact BCSB's future financial performance and financial position.

**6.4 Risk of impairment on the goodwill arising from the Proposed Acquisition**

Binasat would recognise goodwill arising from the Proposed Acquisition, the amount of which will depend on the fair value of the identifiable assets acquired (including intangible assets, if any) and liabilities assumed as at the completion date (the date on which the acquirer, Binasat obtains control of the acquiree, BCSB) of the Proposed Acquisition.

Any fair value adjustments allocated to the identifiable assets acquired and liabilities to be assumed as well as the effect of amortisation of the intangible assets (if any) and impairment on goodwill arising from the Proposed Acquisition may materially and adversely affect the enlarged Binasat Group's financial performance and position.

The Board will mitigate this risk by closely monitoring the financial performance of BCSB and implement appropriate strategies towards the achievement of the financial targets of BCSB.

## 6.5 Non-fulfillment of the Profit Guarantee

Pursuant to the terms of the SSA, the Vendors irrevocably and unconditionally guarantee that BCSB shall achieve the Profit Guarantee for the Profit Guarantee Period. This risk is mitigated whereby if there is a shortfall, the Company will have the right to recourse as set out in **Section 2.2(iii) to (vi)** of this Circular.

## 6.6 Political, economic, social and regulatory risks

Adverse developments in political, economic, social and regulatory conditions in Malaysia where BCSB is currently operating could materially affect its business, operations and financial prospects. Political, economic, social and regulatory uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, outbreak of COVID-19, renegotiations or nullification of existing contracts, inflation, changes in interest rates and methods of taxation.

BCSB will continue to adopt prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that any adverse economic, social, political and regulatory factors will not materially affect the enlarged Group's business and financial performance.

## 7. EFFECTS OF THE PROPOSALS

The Proposed Diversification will not have any effect on the total issued share capital, consolidated NA and gearing, earnings and EPS and substantial shareholders' shareholdings and public shareholding spread of the Company.

### 7.1 Share capital

The pro forma effects of the Proposed Acquisition on the issued share capital and number of issued Shares of Binasat are set out as follows:

	No. of shares	RM
As at the LPD	286,436,750	63,389,549
Consideration Shares	37,142,856	13,000,000 <sup>(1)</sup>
<b>Enlarged issued share capital</b>	<b>323,579,606</b>	<b>76,389,549</b>

Note:

(1) Computed based on the issue price of RM0.35 per Consideration Share.

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## 7.2 NA and gearing

The pro forma effects of the Proposed Acquisition on the NA and gearing of the Group based on the audited consolidated financial statements of the Company as at 30 June 2020 are as follows:

	Audited as at 30 June 2020 (RM'000)	(I) Subsequent events up to the LPD (RM'000) <sup>(1)</sup>	(II) After (I) and the Proposed Acquisition (RM'000)
Share capital	56,588	63,390	76,390
Merger deficit	(16,052)	(16,052)	(16,052)
Retained profits	38,326	38,229 <sup>(2)</sup>	37,629 <sup>(3)</sup>
<b>Equity attributable to the owners of the Company/ NA</b>	<b>78,862</b>	<b>85,567</b>	<b>97,967</b>
Non-controlling interest	184	184	184
<b>Total equity</b>	<b>79,046</b>	<b>85,751</b>	<b>98,151</b>
No. of Shares in issue ('000)	264,368	286,437	323,580
NA per Share (RM)	0.30	0.30	0.30
Total borrowings	6,451	6,451	6,451
Gearing (times) <sup>(4)</sup>	0.08	0.08	0.07

Notes:

- (1) After taking into consideration the private placement of 22,069,200 Binasat Shares which was completed on 2 December 2020 ("**Private Placement**"), as summarised below:

Date of listing	Number of Shares	Issue price per Share
18 November 2020	12,000,000	RM0.2870
2 December 2020	10,069,200	RM0.3334

- (2) After deducting the expenses of RM96,817 incurred for the Private Placement.
- (3) Taking into consideration of estimated expenses for the Proposals of approximately RM0.60 million.
- (4) Computed based on total borrowings over total equity.

## 7.3 Earnings and EPS

The Proposed Acquisition is expected to contribute positively to the future earnings of the Group.

The pro forma effects of the Proposed Acquisition to the earnings and EPS of the Group assuming the Proposed Acquisition had been effected as at the beginning of the FYE 30 June 2020 are as follows:

	Audited as at 30 June 2020 (RM'000)	(I) Subsequent events up to the LPD (RM'000)	(II) After (I) and the Proposed Acquisition (RM'000)
Profit after tax attributable to the owners of the Company	2,926	2,829 <sup>(1)</sup>	4,314 <sup>(2)(3)</sup>
Number of Shares ('000)	262,315 <sup>(4)</sup>	286,437	323,580
Basic EPS (sen)	1.12 <sup>(5)</sup>	0.99	1.33

Notes:

- (1) After deducting the expenses of RM96,817 incurred for the Private Placement.
- (2) Taking into consideration of estimated expenses for the Proposals of approximately RM0.60 million.
- (3) Incorporating 51% of BCSB's audited PAT for the 18M-FPE 28 February 2021 of approximately RM2.09 million (i.e., equivalent to RM4,089,157 x 51% = RM2,085,470).
- (4) The weighted average number of ordinary shares of Binasat as extracted from the annual report of Binasat for the FYE 30 June 2020.
- (5) As extracted from the audited consolidated financial statements of Binasat for the FYE 30 June 2020.

#### 7.4 Substantial shareholders' shareholdings and public shareholding spread

The pro forma effects of the Proposed Acquisition on the substantial shareholders' shareholdings in the Company are as follows:

Substantial shareholders	As at the LPD				(I) After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Na Boon Aik	73,437	25.64	-	-	73,437	22.70	-	-
Na Bon Tiam	50,822	17.74	-	-	50,822	15.71	-	-
Nik Abdul Hakim Bin Abd Razak*	-	-	-	-	18,571	5.74	-	-
Mohd Solehuddin Bin Yahya*	-	-	-	-	18,571	5.74	-	-

Note:

\* Pursuant to the SSA, any (a) payment to be made to the Vendors or (b) allotment and issuance of Consideration Shares to the Vendors shall be paid or (as the case may be) allotted and issued to the Vendors (or such person as the Vendors may direct in writing). The Vendors intend to nominate DPSB to receive the Consideration Shares on their behalf.

As at the LPD, the shareholdings of DPSB are as follows:

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Nik Abdul Hakim Bin Abd Razak	50	50.00	-	-
Mohd Solehuddin Bin Yahya	50	50.00	-	-

For illustrative purpose, the pro forma effects of the Proposed Acquisition on the substantial shareholders' shareholdings in the Company after the Proposed Acquisition and upon receipt of the Consideration Shares by DPSB is as follows:

Shareholders	Direct		Indirect	
	No. of shares ('000)	%	No. of shares ('000)	%
Na Boon Aik	73,437	22.70	-	-
Na Bon Tiam	50,822	15.71	-	-
DPSB	37,143	11.48	-	-
Nik Abdul Hakim Bin Abd Raza	-	-	<sup>^</sup> 37,143	11.48
Mohd Solehuddin Bin Yahya	-	-	<sup>^</sup> 37,143	11.48

Note:

<sup>^</sup> Deemed interest by virtue of his respective interest in DPSB pursuant to Section 8 of the Act.

## Public shareholding spread

As at the LPD, the public shareholding spread of Binasat was approximately 55.50%. Pursuant to the implementation of the Proposed Acquisition, the public shareholding spread of Binasat may reduce to 49.13%, as illustrated in the table below:

Shareholders	As at the LPD		(I) After the Proposed Acquisition	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Public shareholding spread	158,977	55.50	158,977	49.13
Comprising Directors, substantial shareholders and their associates as well as shareholders holding less than 100 Shares	127,460	44.50	164,602	50.87
<i>The breakdown is as follows:</i>				
- Tan Sri Datuk Cham Hak Lim	200	0.07	200	0.06
- Na Boon Aik	73,437	25.64	73,437	22.70
- Na Bon Tiam	50,822	17.74	50,822	15.71
- Zulamran Bin Hamat	2,500	0.87	2,500	0.77
- Dato' Seow Thiam Fatt	300	0.10	300	0.09
- Nik Abdul Hakim Bin Abd Razak*	-	-	18,571	5.74
- Mohd Solehuddin Bin Yahya*	-	-	18,571	5.74
- Associates as well as shareholders holding less than 100 Shares	200	0.07	200	0.06

Note:

\* Pursuant to the SSA, any (a) payment to be made to the Vendors or (b) allotment and issuance of Consideration Shares to the Vendors shall be paid or (as the case may be) allotted and issued to the Vendors (or such person as the Vendors may direct in writing). The Vendors intend to nominate DPSB to receive the Consideration Shares on their behalf.

## 7.5 Convertible securities

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

## 8. APPROVALS REQUIRED

The Proposals are subject to and conditional upon the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, in relation to the Proposed Acquisition, which was obtained vide its letter dated 18 August 2021.

The approval granted by Bursa Securities for the above is subject to the following conditions:

No.	Conditions imposed	Status of compliance
(a)	Binasat and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;	To be complied
(b)	Binasat and TA Securities to inform Bursa Securities upon the completion of the Proposed Acquisition;	To be complied

No.	Conditions imposed	Status of compliance
(c)	Binasat to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed;	To be complied
(d)	Compliance by Binasat with the public shareholding spread upon completion of the Proposed Acquisition. In this connection, TA Securities is to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the Listing Requirements to Bursa Securities, prior to the allotment and issuance of the Consideration Shares; and	To be complied
(e)	Binasat to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposed Acquisition and Proposed Diversification.	To be complied

- (ii) the shareholders of the Company at the EGM to be convened for the Proposals.

The Proposed Acquisition is subject to the approval of the Company's shareholders given that the highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is approximately 71.28% computed based on 51% of BCSB's net profits (excluding extraordinary items) of RM2.09 million for the 18M-FPE 28 February 2021 over Binasat's net profits attributable to the owners of the Company of RM2.93 million for the FYE 30 June 2020; and

- (iii) the approvals/ consents of any other relevant authorities/ parties, if required.

## 9. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, the Board confirmed that the Company does not have any other outstanding corporate exercise/ scheme which has been announced by the Company but is pending implementation or completion prior to the printing of this Circular.

## 10. INTER-CONDITIONALITY OF THE PROPOSALS

The Proposed Acquisition and Proposed Diversification are inter-conditional.

The Proposals are not conditional upon any other corporate exercise/ scheme being or proposed to be undertaken by the Company.

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

None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them has any interest, either direct or indirect, in the Proposals.

## 12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposals including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

## 13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Board expects the Proposals to be completed by 4<sup>th</sup> quarter of 2021.

The tentative timetable for the Proposals is as follows:

Events	Tentative timeline
EGM to approve the Proposals	24 September 2021
SSA becoming unconditional	By mid-October 2021
Completion of the Proposals and listing of the Consideration Shares	By end-October 2021

## 14. EGM

The Company's EGM, the notice of which is enclosed in this Circular, will be held on Friday, 24 September 2021 at 11.00 a.m. or any adjournment thereof, as fully virtual meeting via the online meeting platform at <https://agm.omesti.com> provided by Red Ape Solutions Sdn Bhd, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

You are encouraged to attend, participate, speak (in the form of real time submission typed texts) and vote remotely at the forthcoming EGM using the remote participation and electronic voting facilities. If you are unable to participate in the online EGM, you may appoint proxy or proxies to participate and vote on your behalf. The Proxy Form may be submitted by hand or by post to the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. You may also submit the Proxy Form electronically via the portal at <https://agm.omesti.com> no later than on Wednesday, 22 September 2021 at 11.00 a.m. The lodging of the Proxy Form will not preclude you from participating in the online EGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the EGM.

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**15. FURTHER INFORMATION**

You are advised to refer to the attached appendices for further information.

Yours faithfully

For and on behalf of the Board

**BINASAT COMMUNICATIONS BERHAD**

**TAN SRI DATUK CHAM HAK LIM**

Independent Non-Executive Chairman



## SALIENT TERMS OF THE SSA

The salient terms and conditions of the SSA include, among others, the following:

1.	Formation and parties involved	<table><tr><th>Purchaser</th><th>Vendors</th></tr><tr><td>Binasat</td><td><ul style="list-style-type: none"><li>Nik Abdul Hakim Bin Abd Razak</li><li>Mohd Solehuddin Bin Yahya</li></ul></td></tr></table> <pre>graph TD; Binasat &lt;--&gt; SSA  Vendors; Binasat -.-&gt; Buy 51%  BCSB; Vendors -.-&gt; Sell 51%  BCSB; style BCSB stroke-width:4px</pre>	Purchaser	Vendors	Binasat	<ul style="list-style-type: none"><li>Nik Abdul Hakim Bin Abd Razak</li><li>Mohd Solehuddin Bin Yahya</li></ul>
Purchaser	Vendors					
Binasat	<ul style="list-style-type: none"><li>Nik Abdul Hakim Bin Abd Razak</li><li>Mohd Solehuddin Bin Yahya</li></ul>					
2.	Purchase consideration	RM18,360,000 comprising the Cash Consideration and the Consideration Shares all of which to be paid and issued on the Completion Date.				
3.	Conditions precedent	<p>The sale and purchase of the Sale Shares is conditional upon the satisfaction (or waiver by Binasat in accordance with the SSA) of the following Conditions Precedent by 5.00 p.m. on the Stop Date:</p> <ul style="list-style-type: none"><li>(i) the warranties given by the Vendors under the SSA remain true, accurate and not misleading in all respects as confirmed in writing by the Vendors on completion*;</li><li>(ii) there being no breach of the undertakings given by the Vendors as set out in <b>Section 4</b> of this <b>Appendix I</b>, as confirmed in writing by the Vendors on completion*;</li><li>(iii) there being no facts, matters or circumstances which have, or which could reasonably be expected to have, a material adverse effect<sup>^</sup> as confirmed in writing by the Vendors on completion*;</li><li>(iv) completion of the Reorganisation (as defined in <b>Section 2.1</b> of this Circular);</li></ul> <p><b><u>Status as at the LPD:</u></b> The Reorganisation was completed on 8 July 2021.</p> <ul style="list-style-type: none"><li>(v) execution of the Shareholders Agreement and the Shareholders Agreement remaining valid and binding as at completion* in accordance with its terms;</li><li>(vi) the Stakeholder, the Vendors and Binasat having entered into the agreed form Stakeholder Agreement in relation to the Retained Consideration Shares;</li><li>(vii) the passing at a general meeting of Binasat of the requisite resolutions to approve the purchase of the Sale Shares (including issuance of the Consideration Shares as part payment of the Purchase Consideration) on the terms and conditions of the SSA and the Proposed Diversification;</li><li>(viii) the approval of Bursa Securities for the listing and quotation for the Consideration Shares; and</li></ul>				

## SALIENT TERMS OF THE SSA (Cont'd)

		<p>(ix) Binasat having conducted a due diligence on the legal, financial, taxation and other affairs of BCSB and is satisfied with the results from the due diligence as confirmed in writing by Binasat.</p> <p>If any of the Conditions Precedent is not satisfied or waived by 5.00 pm on the Stop Date, the agreement constituted by the SSA shall thereupon become void and of no effect except as regards and without prejudice to any and all rights of action of the parties for any prior breach of any of the provisions of the SSA.</p> <p><i>Notes:</i></p> <p>* <i>The date on which completion of the sale and purchase of the Sale Shares occurs.</i></p> <p>^ <i>Any fact, matter or circumstance which have, or which could reasonably be expected to have a material adverse effect on (a) the present or future assets, turnover, profitability or financial condition of BCSB; (b) the business, operations, property, condition (financial or otherwise) or prospects of BCSB; or (c) the ability of the Vendors to perform their obligations under the SSA.</i></p>
4.	<b>Vendors' undertakings</b>	<p><b><u>In relation to BCSB</u></b></p> <p>The Vendors shall procure that prior to completion*, BCSB carries on business in the normal way so as to maintain the same as a going concern and that, except with the prior written consent of Binasat, BCSB will not:</p> <p>(i) grant any encumbrance over any property or assets or dispose of any property or assets other than in the ordinary course of business;</p> <p>(ii) enter into or agree to enter into any agreements or arrangements relating to intellectual property or enter into any assignment of any intellectual property;</p> <p>(iii) grant, issue, or agree to grant or issue any guarantee or indemnity;</p> <p>(iv) create or issue, or agree to create or issue, any share or loan capital or any security convertible into share or loan capital or give or agree to give any option or other right in respect thereof;</p> <p>(v) acquire or dispose of, or agree to acquire or dispose of, any assets, business or undertakings or assume or incur, or agree to assume or incur, a liability, obligation or expenses (actual or contingent) other than in the ordinary course of business;</p> <p>(vi) acquire any asset on lease, lease-purchase, hire-purchase or deferred terms other than in the ordinary course of business;</p> <p>(vii) declare and/ or pay any dividend or bonus or make any distribution of profits or assets;</p> <p>(viii) pass any resolution of its members in general meeting;</p>

## SALIENT TERMS OF THE SSA (Cont'd)

		<p>(ix) do or allow to be done or omitted any act or thing which may render its financial position less favourable than at the date of the SSA;</p> <p>(x) do or allow to be done or omitted any act or thing which may reduce or vitiate the cover afforded by any current insurance policy;</p> <p>(xi) enter into any transaction outside the ordinary course of business; nor</p> <p>(xii) do anything which would or might render in any way untrue or inaccurate or misleading the announcement and/or circular to the shareholders of Binasat.</p> <p><b><u>Access to records</u></b></p> <p>The Vendors shall, at all times prior to completion*, give Binasat and its professional advisers, in all cases with reasonable dispatch upon request, all such information and make available for inspection all such documents and records as it or they may reasonably require and as may be under the control of the Vendors and so far as possible take and procure to be taken all such steps as may be required to implement the terms of the SSA.</p> <p><b><u>In relation to the Sale Shares and BCSB's business</u></b></p> <p>As at the date of the SSA and up to completion*, the Vendors shall not, directly or indirectly:</p> <p>(i) enter into or be involved in any discussion or negotiation with any person except Binasat in connection with the sale of the Sale Shares or BCSB's business or any part its business;</p> <p>(ii) enter into an agreement or arrangement with any person except Binasat in connection with the sale of the Sale Shares or BCSB's business or any part its business; or</p> <p>(iii) make available to any person except Binasat, its directors, officers, duly authorised representatives, advisers or agents any information relating to the sale of the Sale Shares or BCSB's business or any part its business.</p> <p><i>Note:</i></p> <p>* <i>The date on which completion of the sale and purchase of the Sale Shares occurs.</i></p>
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## SALIENT TERMS OF THE SSA (Cont'd)

5.	<b>Vendors' warranties</b>	<p>The Vendors have given to Binasat warranties covering among others, commercial, accounting, tax and legal matters relating to or affecting BCSB ("<b>Warranties</b>").</p> <p>Each of the Vendors represents to Binasat that the Warranties are accurate as at the date of the SSA and will continue up to the completion date remain accurate.</p> <p>The Vendors shall indemnify Binasat against any costs (including and without limitation legal costs on a full indemnity basis) and expenses which it may incur, either before or after the instigation of any legal proceedings, in connection with any legal proceedings for breach of any of the warranties in which judgment is given to Binasat and the enforcement of any such judgment.</p> <p>In the event of a breach of the Warranties, the Vendors shall at the election of Binasat pay to Binasat on demand an amount equal to either:</p> <ul style="list-style-type: none"> <li>(i) the reduction caused in the value of the Sale Shares;</li> <li>(ii) if the value of an asset of BCSB is or becomes less than the value would have been had the breach not occurred, the reduction in the value of the asset; or</li> <li>(iii) if BCSB is subject to, or incurs, a liability or an increase in a liability which it would not have been subject to, or would not have incurred, had the breach not occurred, then the amount of the liability or increased liability.</li> </ul>
6.	<b>Profit Guarantee</b>	<p>The Vendors jointly and severally provided Binasat the Profit Guarantee, the details of which are set out in <b>Section 2.2</b> of this Circular.</p>
7.	<b>Completion</b>	<p>Completion of the sale and purchase of the Sale Shares shall take place on the Completion Date.</p>
8.	<b>Termination</b>	<p><u>Termination by Binasat</u></p> <p>Binasat is entitled to terminate the SSA if, at any time at or before completion:</p> <ul style="list-style-type: none"> <li>(i) any of the Vendors commits a material breach of any of its obligations under the SSA which: <ul style="list-style-type: none"> <li>(a) is incapable of remedy; or</li> <li>(b) if capable of remedy, is not remedied within 14 business days of it being given notice to do so;</li> </ul> </li> <li>(ii) a petition is presented (and such petition is not struck-out within 14 business days of the petition being served) or an order is made or a resolution is passed for the winding up of BCSB;</li> <li>(iii) an administrator or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of BCSB; or</li> </ul>

## SALIENT TERMS OF THE SSA (Cont'd)

		<p>(iv) a petition is presented (and such petition is not struck-out within 14 business days of the petition being served) or an order is made for the bankruptcy of any of the Vendors.</p> <p><u>Termination by Vendors</u></p> <p>The Vendors are entitled to terminate the SSA if, at any time at or before completion:</p> <p>(i) Binasat commits any material breach of any of its obligations under the SSA which:</p> <p style="padding-left: 40px;">(a) is incapable of remedy; or</p> <p style="padding-left: 40px;">(b) if capable of remedy, is not remedied within 14 business days of it being given notice to do so;</p> <p>(ii) a petition is presented (and such petition is not struck-out within 14 business days of the petition being served) or an order is made or a resolution is passed for the winding up of Binasat.</p>
9.	<b>Consequences of termination</b>	<p>Following the giving of a notice of termination under any of the provisions of the SSA, neither Binasat nor the Vendors shall thereafter have any further rights or obligations under the SSA to the other, except in respect of:</p> <p>(i) any rights or obligations under the SSA which are expressed to apply after the termination of the SSA; and</p> <p>(ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either Binasat or the Vendors prior to such termination.</p>
10.	<b>Governing law</b>	Laws of Malaysia

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## INFORMATION ON BCSB

## 1. BACKGROUND INFORMATION ON BCSB

BCSB was incorporated in Malaysia under the Companies Act, 1965 (deemed registered under the Act) on 27 August 2013 as a private limited company in the name of Borderless Connection Sdn Bhd. BCSB commenced business operations in 2013, offering telecommunications network services. BCSB ceased its operations effective from 31 August 2015 as BCSB did not secure any new contract in FYE 31 August 2015. BCSB resumed its business operations in FYE 31 August 2018. As at the LPD, BCSB's registered office is located at 22-09, Menara 1MK, No. 1, Jalan Kiara, 50480 Kuala Lumpur Wilayah Persekutuan.

As at the Announcement LPD, the shareholders of BCSB are Nik Abdul Hakim Bin Abd Razak<sup>(1)</sup> and Mohd Solehuddin Bin Yahya with each of them holding 50% equity interest in BCSB. Mohd Solehuddin Bin Yahya was appointed a director of BCSB on 26 June 2020. Subsequently on 7 August 2020, Mohd Solehuddin Bin Yahya<sup>(2)</sup> acquired 50.0% equity interest from Mohd Hafzan Bin Zakaria<sup>(3)</sup> (the then shareholder of BCSB) and emerged as one of the controlling shareholder of BCSB. On 8 July 2021, the Vendors (Nik Abdul Hakim Bin Abd Razak and Mohd Solehuddin Bin Yahya) completed the Reorganisation (as defined in **Section 2.1** of this Circular) and transferred their collective 245,000 BCSB Shares (representing 49% equity interest in BCSB) to DPSB (further details on DPSB are set out in **Section 3** of this **Appendix**). The Vendors' direct and indirect shareholdings in BCSB after the Reorganisation is set out in **Section 2.1** of this Circular.

*Notes:*

- (1) *Nik Abdul Hakim bin Abd Razak was appointed as a director of BCSB on 28 November 2014, a position he holds until today.*
- (2) *Mohd Solehuddin Bin Yahya was an employee of Binalite Electrical Engineering Sdn Bhd ("Binalite") from January 2019 to October 2020.*
- (3) *Mohd Hafzan Bin Zakaria disposed his equity interest in BCSB to focus on the business of Binalite. He was appointed as a director of BCSB on 9 September 2013 and resigned on 26 June 2020.*

*He was appointed as a director of Binalite on 30 May 2018, a position he holds until today. As at the LPD, he is a controlling shareholder of Binalite.*

*Prior to Mohd Solehuddin Bin Yahya being a director of BCSB, there was no award of contracts by Binalite to BCSB. Binalite is a customer of BCSB and BCSB is a subcontractor of Binalite to undertake some projects as detailed in **Section 1.2** of this **Appendix**, after Mohd Solehuddin Bin Yahya's involvement in BCSB's operations.*

Prior to Mohd Solehuddin Bin Yahya's involvement in BCSB's operations, BCSB was involved in the provision of telecommunication network services. Subsequent to the appointment of Mohd Solehuddin Bin Yahya as a director of BCSB in June 2020, BCSB underwent a business transition. BCSB began focusing on business opportunities in the utilities infrastructure industry. During this point in time, BCSB did not have any on-going telecommunication network contracts. BCSB's involvement in telecommunication industry is limited to transmission and distribution network utilities services (such as providing fibre optic installation works and rectification work for fibre optic network) as set out in **Section 1.1(i)** of this **Appendix**. On 10 August 2020, BCSB secured its first project as a subcontractor for the EPCC of solar PV facilities for a 100MWac large scale solar PV plant located at Kuala Muda, Kedah. Subsequently in mid-August 2020, BCSB secured its first project for the provision of transmission and distribution network utility services segment in relation to the supply and installation of fibre optic network in Kuala Pilah, Negeri Sembilan. Since Mohd Solehuddin Bin Yahya and Gan Tseng Heng (Chief Executive Officer of BCSB) were both under employment with Binalite, they leveraged on their relationship with Binalite as an initial step to expand BCSB's business activities into the utilities infrastructure industry.



INFORMATION ON BCSB (*Cont'd*)

Notwithstanding the above-mentioned project was secured earlier, BCSB was registered with the CIDB as a Grade 6 contractor in June 2021 for the categories of building, civil engineering and mechanical engineering. The Grade 6 CIDB registration allows BCSB to tender for projects with contract value up to RM10.0 million throughout Malaysia. Please refer to **Section 6.3(iii)** of this Circular for further details on, among others, risk associated with permits, approvals and licenses of BCSB.

Presently, BCSB is principally involved in the provision of utilities infrastructure services where it undertakes the following business activities:

- (i) transmission and distribution network utility services; and
- (ii) EPCC of solar PV facilities.

BCSB primarily serves the power industry and has also implemented some transmission network utility service projects for the telecommunications industry. BCSB's customers comprise subcontractors and/ or main contractors engaged by utility companies.

BCSB is responsible for providing engineering services with the necessary equipment and expertise for the utility infrastructure projects that it undertakes.

Depending on customer and project requirements, BCSB undertakes the following forms of contracts:

- (i) EPCC contracts whereby BCSB will be responsible for the overall project implementation from project planning, management and up to completion handover in a fully operational form, save for the appointment of professionals for the design;
- (ii) engineering, procurement and construction (EPC) contracts whereby BCSB will be tasked to perform engineering, procurement and construction works; and/ or
- (iii) work orders whereby BCSB renders utilities infrastructure services (namely underground and overhead transmission and distribution network services as well as fibre optic installation works) according to the scope of services. Please refer to **Section 1.1(i)** of this **Appendix** for further details on the range of utilities infrastructure services in which BCSB is able to perform.

BCSB's principal market is in Malaysia which contributed 100% to BCSB's total revenue for the last 3 financial years/ period (i.e., from FYE 31 August 2018 to 18M-FPE 28 February 2021). The breakdown of the segmental revenue of BCSB is set out as follows:

Business segments	FYE 31 August				18M-FPE 28 February	
	2018		2019		2021	
	RM'000	%	RM'000	%	RM'000	%
Transmission and distribution network utility services	100	100.0	430	100.0	11,778	45.64
EPCC of solar PV facilities	-	-	-	-	14,026	54.36
<b>Total sales revenue</b>	<b>100</b>	<b>100.00</b>	<b>430</b>	<b>100.0</b>	<b>25,804</b>	<b>100.0</b>

As at 31 August 2021, BCSB has an unbilled order book of approximately RM26.08 million. The completed projects and on-going projects of BCSB for the past 3 financial years/ period (i.e., FYE 31 August 2018, FYE 31 August 2019 and 18M-FPE 28 February 2021) and up to 31 August 2021, are set out in **Section 1.2** of this **Appendix** of this Circular.

**INFORMATION ON BCSB (Cont'd)**

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The equipment, components and parts required by BCSB in carrying out its projects mainly comprise the following which are sourced from local suppliers and are generally widely available:

- (i) **Materials** - materials that BCSB procures mainly comprise jointing kits, termination kits, link boxes, patch panels, relays, corrugated pipes, galvanized iron pipes, high density polyethylene pipes, steel cable supports, signages for cable routes, earth cables, concrete slabs, cable lugs, cable links, aerial bundled cables, fibre optic cables and spun poles.
- (ii) **Subcontracting services** - BCSB engages local subcontractors to carry out certain processes such as open trenching, HDD, cable pulling, cable jointing, road resurfacing and milling and other related works as well as pole erection works and installation works of solar PV facilities under its project management and supervision. This reduces the need for BCSB to employ a large workforce to control and lower its operating costs.
- (iii) **Equipment** - BCSB uses utility mapping machines to accurately detect underground utility pipes beneath the ground and uses drones to capture photographs of the project site from an elevated position for the purpose of site surveys.

For information purposes, BCSB does not engage in any research and development activities. As such, BCSB did not incur any expenditure or capitalise any development cost that was specific to research and development for the past 3 financial years/ period.

As at the LPD, BCSB does not own any real estates or factories.

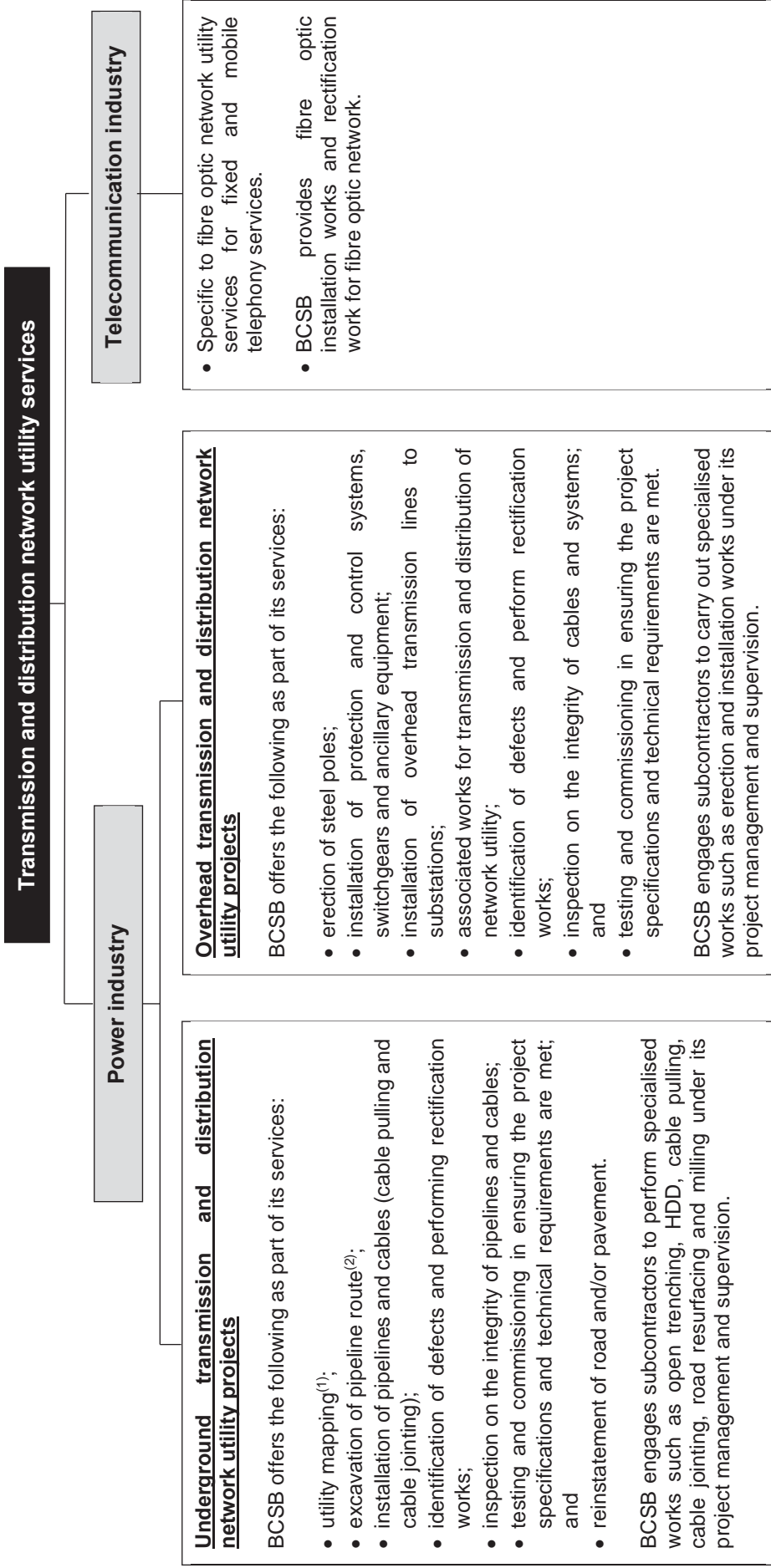
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**INFORMATION ON BCSB (Cont'd)**

**1.1 Principal activities**

**(i) Transmission and distribution network utilities services**

BCSB procures, supplies, delivers, installs, lays, erects, constructs, tests and commissions transmission and distribution network utility. Depending on the scope of services, BCSB also undertakes cable relocation works under its transmission and distribution network utility services. BCSB's transmission and distribution network utility services are broadly categorised as follows:



**INFORMATION ON BCSB (Cont'd)**

Notes:

(1) BCSB undertakes utility mapping for its underground transmission and distribution network utility to identify the positioning of underground public utility mains, which include, among others sewerage pipes, gas pipes, telecommunication cables and electrical conduit pipes. This is to assess a safe route for the laying of pipelines in order to avoid any kind of physical damage to the underground public utility mains.

(2) BCSB undertakes excavation for the installation of underground transmission and distribution network utility. The type of excavation method for the installation of underground transmission and distribution network utility will depend on, among others, project specifications, surface level, soil conditions and circumstances of the work site. BCSB undertakes the following excavation methods for underground transmission and distribution network utility:

(i) Open trench excavation method

Open trench excavation is the use of open trench along the route for the installation process. BCSB applies open trench excavation method generally for installation works for power cables as well as telecommunication networks approximately 1.3 to 1.5 metres beneath ground level.

(ii) Trenchless method

Trenchless method is commonly used as an alternative to open trench excavation where there is a need to minimise surface level disruption and surface restoration cost. With the trenchless method, cables can be installed deeper underground (3.0 metres in depth or more).

HDD is a trenchless method that involves drilling of a tunnel below surface, and a pipeline or other utility is pulled through the drilled underground tunnel. Therefore, the HDD method is used when the route is obstructed by manmade elements (such as pavements, drains or building structures) or natural elements (such as rivers and forests) or in areas that are difficult to access. The HDD method is thus a suitable way to avoid such elements without disrupting the surface level.

**(ii) EPCC of solar PV facilities**

BCSB provides EPCC for ground mounted solar PV plants and floating solar PV plants (floating solar PV plants are solar arrays that float on top of a body of water). A solar PV plant is a large-scale PV system designed for the supply of power from the generating facility to the utility grid.

BCSB undertakes EPCC works relating to project management, installation, testing and commissioning of substation interconnection facilities, transmission lines and associated works for the electrical transmission and distribution from the generating facility to the substation or utility grid.

**INFORMATION ON BCSB (Cont'd)**

The EPCC of solar PV facilities generally involve the following services:

- foundation works to support and erect the mounting system;
- installation of interconnection cabling to the nearest power substation or power distribution board for electrical transmission to the utility grid;
- installation of cables and wiring to integrate solar PV panels, balance of systems with on-site monitoring and management system;
- installation of wires, cables and switches for electrical control room (where required);
- identification of defects and perform rectification works;
- inspection on the integrity of cables as well as power and safety system; and
- testing and commissioning in ensuring the installed system meets the project specifications and technical requirements.

In respect of the interconnection to the power grid via power substation or power distribution, BCSB will perform testing and commissioning test together with a representative of the project owner and/ or representative from the utility grid (where required).

For the avoidance of doubt, BCSB also engages subcontractors to carry out specialised works such as installation works of solar PV facilities under its project management and supervision.

**1.2 Completed projects and on-going projects of BCSB**

BCSB has completed the following Power Utilities Business in the past 3 financial years/ period up to 31 August 2021:

Project	Customer	Nature of the project		Year of completion	Total contract value (RM'million)
		Transmission and distribution network utility services	EPCC of solar PV facilities		
Provision of subcontractor works for radio frequency optimisation (RF Optimisation) work	Binasat Sdn Bhd	✓	-	2019	0.53 <sup>(1)</sup>
Supply and installation of 10m spun pole complete with aerial bundle cable and fibre optic cable fitting, earthing and accessories to complete inclusive of aerial bundle cable	KVC Industrial Supplies Sdn Bhd	✓	-	2020	3.00
Dismantling of existing poles and transportation to project site located at Tasik Danau Tok Uban, Jajahan Pasir Mas, Kelantan	Binalite	✓	-	2021	0.09

Note:

(1) Based on the invoices issued to the customer after services provided.

## INFORMATION ON BCSB (Cont'd)

The following table sets forth BCSB's on-going projects:

Project	Customer	Nature of the project		Contract duration		Total contract value (RM'million)	Unbilled order book balance as at 31 August 2021 (RM'million)
		Transmission and distribution network utility services	EPCC of solar PV facilities	Date of award <sup>(1)</sup>	Completion date <sup>(2)</sup>		
Sub-contract works for 100MWac large scale solar PV plant located at Sungai Petani, Kuala Muda, Kedah	Binalite	-	√	August 2020	August 2021 <sup>(3)</sup>	2.44	0.03 <sup>(3)</sup>
Sub-contract works for HDD for TNB 33kV cable laying works from TNB transmission main intake (PMU) at Lukut to 33kV main switching station (SSU) at Petron Port Dickson Refinery, Negeri Sembilan	Binalite	√	-	September 2020	October 2021	3.88	0.09
Sub-contract works for proposed 33kV single circuit underground cable works from main distribution substation (PPU) at Techpark Enstek to 11/33kV Cypark Switching Station, Negeri Sembilan	Binalite	√	-	October 2020	October 2021	7.89	1.37
Sub-contract works for engineering, procurement and construction for interconnector works with established capacity of 30MWac located at Daerah Sik, Negeri Kedah Arul Aman	Binalite	-	√	November 2020	August 2021 <sup>(4)</sup>	15.33	0.02 <sup>(4)</sup>
Sub-contract works for the installation of floating solar system (60MWac) and electric room located at Tasik Danau Tok Uban, Jajahan Pasir Mas, Kelantan	Binalite	-	√	February 2021	November 2021	11.81	8.31
Sub-contract works for East Coast Rail Link Project – relocation of existing Tenaga Nasional Berhad Distribution (“TNBD”) electrical services for Section A (Section 1)	Binalite	√	-	February 2021	December 2021	1.23	1.23
Sub-contract works for East Coast Rail Link Project – relocation of existing TNBD electrical services for Section A (Section 2)	Binalite	√	-	February 2021	January 2022	2.12	2.12



## INFORMATION ON BCSB (Cont'd)

Project	Customer	Nature of the project		Contract duration		Total contract value (RM'million)	Unbilled order book balance as at 31 August 2021 (RM'million)
		Transmission and distribution network utility services	EPCC of solar PV facilities	Date of award <sup>(1)</sup>	Completion date <sup>(2)</sup>		
Sub-contract works for East Coast Rail Link Project – relocation of existing TNBD electrical services for Section A (Section 3)	Binalite	√	-	February 2021	January 2022	1.88	1.88
Sub-contract works for East Coast Rail Link Project – relocation of existing TNBD electrical services for Section A (Section 4)	Binalite	√	-	February 2021	February 2022	0.61	0.61
Sub-contract works for installation of 33kV cables for Tenaga Nasional Berhad's distribution network division located at Sekinchan, Selangor	Binalite	√	-	March 2021	March 2022	11.00	9.80
Sub-contract works for: (a) Setiawangsa - Pantai Expressway (SPE) – Duke Phase 3 Section1 – Kerinchi to Salak (b) Rectification works of fibre optic at Pier INT1/P1 – Pier INT1/P10, Kerinchi Interchange – Section 1	Binalite	√	-	April 2021	October 2021	0.13	0.13
Sub-contract works for the installation of underground cables for 100MWac large scale solar PV plant located at Mukim Kuala Pahang, Pekan	Binalite	√	-	April 2021	October 2021	0.97	0.49
<b>TOTAL</b>						<b>59.29</b>	<b>26.08</b>

## Notes:

- (1) Based on the date of the letter of award of the respective project.  
 (2) Based on the completion date as set out in the letter of award of the respective project or varied by extension of time obtained from its customer.  
 (3) BCSB has completed the installation work for the solar PV plant. It is currently pending testing and commissioning works. As part of the process of requesting for extension of time, BCSB has notified its customer by sending in the notice of delay. BCSB expects the testing and commissioning works to be completed by end-November 2021. The unbilled orderbook will be billed after issuance of final account statement and certificate of practical completion from customer.  
 (4) BCSB has completed the interconnector works. It is currently pending testing and commissioning works. As part of the process of requesting for extension of time, BCSB has notified its customer by sending in the notice of delay. BCSB expects the testing and commissioning works to be completed by end-November 2021. The unbilled orderbook will be billed after issuance of final account statement and certificate of practical completion from customer.

**INFORMATION ON BCSB (Cont'd)****2. SHARE CAPITAL**

As at the LPD, BCSB has an issued share capital of RM500,000 comprising 500,000 ordinary shares.

**3. DIRECTORS' AND SHAREHOLDERS' SHAREHOLDINGS**

The details of the Directors, shareholders and their respective shareholdings in BCSB as at the LPD are as follows:

Name/ nationality	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Nik Abdul Hakim Bin Abd Razak (Malaysian)	Shareholder and director	127,500	25.50	<sup>(1)</sup> 245,000	49.00
Mohd Solehuddin Bin Yahya (Malaysian)	Shareholder and director	127,500	25.50	<sup>(1)</sup> 245,000	49.00
DPSB <sup>(2)</sup> (incorporated in Malaysia)	Shareholder	245,000	49.00	-	-

Notes:

- (1) Deemed interest through his interests in DPSB pursuant to Section 8 of the Act.
- (2) DPSB is principally involved in investment holding. DPSB has an issued share capital of RM100 comprising 100 ordinary shares. Nik Abdul Hakim Bin Abd Razak and Mohd Solehuddin Bin Yahya are the shareholders of DPSB, each of them holding 50 ordinary shares in DPSB (representing 50% equity interest in DPSB). The directors of DPSB are Nik Abdul Hakim Bin Abd Razak, Mohd Solehuddin Bin Yahya and Gan Tseng Heng.

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****4.1 Material commitments**

As at the LPD, there are no material commitments incurred or known to be incurred by BCSB that have not been provided for, which upon becoming due or enforceable, may have a material adverse effect on BCSB's financial position or financial performance.

**4.2 Contingent liabilities**

As at the LPD, there are no contingent liabilities incurred or known to be incurred by BCSB that have not been provided for, which upon becoming due or enforceable, may have a material adverse effect on BCSB's financial position or financial performance.

**5. MATERIAL CONTRACTS**

BCSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD.

**6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, BCSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors of BCSB are not aware of any proceedings pending or threatened against BCSB or any facts likely to give rise to any proceedings, which may materially and/ or adversely affect the financial position or business of BCSB.

## INFORMATION ON BCSB (Cont'd)

## 7. SUMMARY OF HISTORICAL FINANCIAL RESULTS OF BCSB

A summary of BCSB's financial information based on its audited financial statements for the FYE 31 August 2018 to 18M-FPE 28 February 2021 is as follows:

	Audited		
	FYE 31 August		18M-FPE 28 February <sup>#</sup>
	2018* RM('000)	2019* RM('000)	2021* <sup>@</sup> RM('000)
Revenue	100	430	25,804
Gross profit ("GP")	33	29	5,531
PBT	18	6	5,441
PAT	10	^	4,089
Share capital	500	500	500
Shareholders' funds /NA	469	469	4,558
Total borrowings	-	-	-
Current assets	610	503	9,507
Current liabilities	140	34	4,949
Number of shares (unit)	500	500	500
EPS (RM)	0.02	^	8.18
NA per share (RM)	0.94	0.94	9.12
GP margin (%)	33.00	6.74	21.43
PBT margin (%) <sup>(1)</sup>	18.00	1.40	21.09
PAT/(LAT) margin (%) <sup>(2)</sup>	10.00	(0.09)	15.85
Gearing (times) <sup>(3)</sup>	-	-	-
Current ratio (times) <sup>(4)</sup>	4.36	14.79	1.92

Notes:

# BCSB changed its financial year end from 31 August to 28 February.

\* BCSB's financial statements for the 18M-FPE 28 February 2021 was prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirements of the Act in Malaysia.

BCSB's financial statements for the 18M-FPE 28 February 2021 was its first financial statements prepared in accordance with MFRSs and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied.

BCSB's financial statements for the FYE 31 August 2018 (from 1 September 2017 to 31 August 2018) and FYE 31 August 2019 (from 1 September 2018 to 31 August 2019) were prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS). The transition to MFRSs does not have any significant financial impact to the financial statements of BCSB.

@ Annualised revenue, GP and PAT for 18M-FPE 28 February 2021:

	RM('000)
Annualised revenue	17,203
Annualised GP	3,688
Annualised PAT	2,726

^ Negligible being a LAT of RM367.

(1) Computed based on PBT over revenue.

(2) Computed based on PAT/ (LAT) over revenue.

(3) Computed based on total borrowings over total equity.

(4) Computed based on total current assets over total current liabilities.

**INFORMATION ON BCSB (Cont'd)**

There was no audit qualification on the audited financial statements of BCSB for the past 3 financial years/ period from FYE 31 August 2018 to 18M-FPE 28 February 2021. The adoption of new or amended accounting policies did not have any significant effect on the financial performance or position of BCSB for the 3 financial years/ period from FYE 31 August 2018 to 18M-FPE 28 February 2021.

For the past 3 financial years/ period from FYE 31 August 2018 to 18M-FPE 28 February 2021, BCSB has not adopted any accounting policy which is peculiar to BCSB due to the nature of its business or the industry in which it is involved in.

**Commentaries:****(i) FYE 31 August 2018 compared to FYE 31 August 2017**

BCSB was dormant during the FYE 31 August 2017 and therefore did not have any revenue. Accordingly, BCSB recorded a LAT of RM4,908 in FYE 31 August 2017 mainly due to income tax expenses of RM3,788 (mainly due to advances provided by the directors of BCSB were deemed as interest income received by BCSB under tax computation) and audit fee of RM1,200.

During the FYE 31 August 2018, BCSB was providing radio frequency optimisation ("RF Optimisation") work and recognised RM0.10 million as revenue. After deducting purchases and direct cost of RM0.07 million (mainly salaries and wages) and other operating expenses of RM0.01 million (mainly upkeep of office equipment, staff-related statutory payments, audit fee, tax agent fee and secretarial fee), BCSB recorded a PAT of RM0.01 million for the FYE 31 August 2018.

**(ii) FYE 31 August 2019 compared to FYE 31 August 2018**

BCSB's revenue increased by RM0.33 million or 330.00% from RM0.10 million for the FYE 31 August 2018 to RM0.43 million for the FYE 31 August 2019 mainly due to provision of more RF Optimisation works as requested by its customer to maintain the end-customers' network facilities in the FYE 31 August 2019.

BCSB recorded a LAT of RM367 for FYE 31 August 2019 as opposed to the PAT of RM0.10 million for the FYE 31 August 2018, mainly due to higher direct cost incurred for the RF Optimisation works of RM0.39 million (FYE 31 August 2018: RM0.07 million) as well as bad debts written off of RM7,300 (FYE 31 August 2018: Nil). For the FYE 31 August 2019, the direct cost comprised mainly wages, salaries and hiring of vehicles totalling RM0.35 million as BCSB hired more manpower and vehicles in undertaking the RF Optimisation works.

**(iii) 18M-FPE 28 February 2021 compared to FYE 31 August 2019**

BCSB's revenue increased by RM25.37 million or 5900.93% from RM0.43 million for the FYE 31 August 2019 to RM25.80 million for the 18M-FPE 28 February 2021 (an increase of RM16.77 million or 3900.62% when compared to the annualised revenue of RM17.20 million for the 18M-FPE 28 February 2021) as BCSB has secured and undertook more contracts in the 18M-FPE 28 February 2021 as opposed to only the RF Optimisation works in FYE 31 August 2019. The higher revenue was mainly attributable to, among others, the following projects secured in the 18M-FPE February 2021:

- (a) provision of engineering, procurement and construction (EPC) for interconnector transmission line located in Kedah with a contract value of RM15.30. This project contributed revenue of approximately RM12.38 million for the 18M-FPE 28 February 2021;

**INFORMATION ON BCSB (Cont'd)**

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- (b) provision of horizontal directional drilling infrastructure works for the main switching station located in Port Dickson with a contract value of RM4.12 million. This project contributed revenue of approximately RM3.47 million for the 18M-FPE 28 February 2021;
- (c) provision of installation of power cable of solar PV plant located in Kedah with a contract value of RM2.44 million. This project contributed revenue of approximately RM1.65 million for the 18M-FPE 28 February 2021;
- (d) provision of installation of single circuit underground cable with a contract value of RM7.89 million. This project contributed revenue of approximately RM5.30 million for the 18M-FPE 28 February 2021; and
- (e) provision of supply and installation of spun poles with bundle cables and fibre optic cables for interconnectors located at Kuala Pilah, Negeri Sembilan with a contract value of RM3.00 million. This project is completed in 18M-FPE 28 February 2021.

Due to the foregoing, BCSB recorded a PAT of RM4.09 million (annualised PAT of RM2.73 million) for 18-FPE 28 February 2021 as compared to the LAT of RM367 for FYE 31 August 2019.

**8. SUBSIDIARY AND ASSOCIATED COMPANY**

As at the LPD, BCSB does not have any subsidiary or associated company.

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**SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT**

The salient terms and conditions of the Shareholders Agreement include, among others, the following:

1.	Shareholdings	<b>Shareholder</b>			<b>Number of shares</b>		<b>Equity Proportion (%)</b>	
		Binasat			255,000		51.0	
		DPSB			245,000		49.0	
		<b>TOTAL</b>			<b>500,000</b>		<b>100.0</b>	
2.	Conditionality and effective date	The Shareholders Agreement is conditional upon the completion of the SSA and shall be effective on the date on which completion of the SSA takes place.						
3.	Directors and Chairperson	The board of directors of BCSB (" <b>BCSB Board</b> ") shall comprise such number of directors nominated by the parties as follows:  (i) DPSB shall have the right, but shall not be obliged, to nominate up to 2 directors; and  (ii) Binasat shall have the right, but shall not be obliged, to nominate up to such number of directors constituting the majority of the directors of the BCSB Board from time to time.  The BCSB Board shall appoint one of the directors nominated by Binasat as the chairperson of the BCSB Board (" <b>Chairperson</b> ") to chair the BCSB Board meeting and the BCSB shareholders' meeting. In the event of an equality of votes the Chairperson shall have a casting vote.						
4.	Restrictions on transfer of shares	Unless undertaken in accordance with the Shareholders Agreement, DPSB shall not:  (i) transfer its BCSB Shares;  (ii) grant an option over any of its BCSB Shares or any interest in any BCSB Share; or  (iii) enter into any agreement in respect of votes attached to any BCSB share.  If DPSB intends to transfer any of its BCSB Shares to a bona fide third party (" <b>Transferee</b> "), DPSB must first offer the same to Binasat (" <b>Offer</b> "). If the Offer is not accepted by Binasat, then DPSB may transfer the said BCSB Shares to the Transferee on terms and conditions not more favourable than those contained in the Offer.  For the avoidance of doubt, the restrictions above are not applicable on the BCSB Shares held by Binasat following completion of the Proposed Acquisition.						
5.	Non-Competition	DPSB shall not, without the prior written consent of Binasat, either alone or jointly with, through or on behalf of (whether as director, partner, consultant, manager, employee, agent or otherwise) any person, directly or indirectly:  (i) create, carry on or be engaged or concerned or interested in business which is in competition with BCSB and its subsidiaries and associated companies (" <b>BCSB Group</b> ") at any time during the term of the Shareholders Agreement:						



**SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT (Cont'd)**

		<p>(ii) seek in competition with the business of the BCSB Group during the term of the Shareholders Agreement;</p> <p>(iii) engage or employ, or solicit or contact with a view to the engagement or employment by any person, any senior employee, officer or manager of any person who has been a senior employee, officer or manager of a company within the BCSB Group at any time during the term the Shareholders Agreement; or</p> <p>(iv) seek to contract with or engage (in such a way as to adversely affect the BCSB Group) any person who has been contracted with or engaged to supply or deliver products, goods or services to the BCSB Group during the term of the Shareholders Agreement.</p> <p>The restrictions above shall apply while DPSB holds BCSB Shares and for a period of 2 years from the later of the date of termination of the Shareholders Agreement or after cessation of holding BCSB Shares.</p>
<b>6.</b>	<b>Termination</b>	<p>The Shareholders Agreement shall terminate on the earliest to occur of:</p> <p>(i) the date on which one shareholder holds all the issued shares in the capital of BCSB;</p> <p>(ii) the date on which the Shareholders Agreement is terminated by the written agreement of all shareholders; and</p> <p>(iii) the date on which an effective resolution is passed or a binding order is made for the winding-up of BCSB.</p>
<b>7.</b>	<b>Governing law</b>	Laws of Malaysia

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**BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)  
Registration No.: 201301029960 (1059790-T)

**FINANCIAL REPORT**  
*for the financial period from*  
**1 September 2019 to 28 February 2021**

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## **BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### **DIRECTORS' REPORT**

---

The directors hereby submit their report and the audited financial statements of the Company for the financial period from 1 September 2019 to 28 February 2021.

### **PRINCIPAL ACTIVITY**

The Company is principally involved in the provision of transmission and distribution network utility construction services, as well as engineering, procurement, construction and commissioning (EPCC) of solar facilities.

### **CHANGE OF FINANCIAL YEAR END**

During the current financial period, the Company has changed its financial year end from 31 August to 28 February.

### **RESULTS**

	RM
Profit after taxation for the financial period	<u>4,089,157</u>

### **DIVIDENDS**

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

### **RESERVES AND PROVISIONS**

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

### **ISSUES OF SHARES AND DEBENTURES**

During the financial period:-

- (a) there were no changes in 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 period, no options were granted by the Company to any person to take up any unissued shares in the Company.

## **BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### **DIRECTORS' REPORT**

---

#### **BAD AND DOUBTFUL DEBTS**

Before the financial statements 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 all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

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

#### **CURRENT ASSETS**

Before the financial statements 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 values as shown in the accounting records 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 Company misleading or inappropriate.

#### **CONTINGENT AND OTHER LIABILITIES**

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

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

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

## BORDERLESS CONNECTION SDN. BHD.

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### DIRECTORS' REPORT

---

#### CHANGE OF CIRCUMSTANCES

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

#### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial period 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 period 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 Company for the financial period in which this report is made.

#### DIRECTORS

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

NIK ABDUL HAKIM BIN ABD RAZAK

MOHD SOLEHUDDIN BIN YAHYA (APPOINTED ON 26.6.2020)

MOHD HAFZAN BIN ZAKARIA (RESIGNED ON 26.6.2020)

#### DIRECTORS' INTERESTS

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

	< ----- Number Of Ordinary Shares ----- >			
	At 1.9.2019/ Date of appointment	Bought	Sold	At 28.2.2021
NIK ABDUL HAKIM BIN ABD RAZAK	250,000	-	-	250,000
MOHD SOLEHUDDIN BIN YAHYA	-	250,000	-	250,000

## **BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### **DIRECTORS' REPORT**

---

#### **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 receivables by the 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.

Neither during nor at the end of the financial period was 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 period are disclosed in Note 13 to the financial statements.

#### **INDEMNITY AND INSURANCE COST**

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

#### **SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

The significant events during the financial period are disclosed in Note 16 to the financial statements.

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**BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)  
Registration No.: 201301029960 (1059790-T)

**DIRECTORS' REPORT**

---

**AUDITORS**

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

The details of the auditors' remuneration are disclosed in Note 13 to the financial statements.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS**

**DATED** 24 MAY 2021



**Nik Abdul Hakim Bin Abd Razak**



**Mohd Solehuddin Bin Yahya**

**BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

**STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Nik Abdul Hakim Bin Abd Razak and Mohd Solehuddin Bin Yahya, being two of the directors of Borderless Connection Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 11 to 37 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 Company as of 28 February 2021 and of its financial performance and cash flows for the financial period ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 24 MAY 2021**



Nik Abdul Hakim Bin Abd Razak



Mohd Solehuddin Bin Yahya

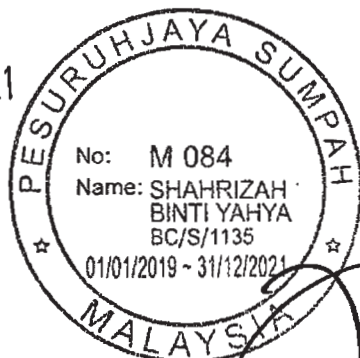
**STATUTORY DECLARATION  
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Nik Abdul Hakim Bin Abd Razak, being the director primarily responsible for the financial management of Borderless Connection Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 37 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 Declaration Act 1960.

Subscribed and solemnly declared by the abovementioned  
Nik Abdul Hakim Bin Abd Razak, NRIC Number: 890527-14-6397  
at Melaka  
in the State of Melaka  
on this

24 MAY 2021

Before me



Nik Abdul Hakim Bin Abd Razak



**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants  
52 Jalan Kota Laksamana 2/15  
Taman Kota Laksamana, Seksyen 2  
75200 Melaka  
Malaysia  
Main +6 06 2825 995  
Fax +6 06 2836 449  
[www.crowe.my](http://www.crowe.my)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)  
Registration No.: 201301029960 (1059790-T)

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Borderless Connection Sdn. Bhd., which comprise the statement of financial position as at 28 February 2021 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 28 February 2021, and of its financial performance and its cash flows for the financial period 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 Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### **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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### **Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)**

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, 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 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 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 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.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### **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:-

- Identify and assess the risks of material misstatement of the financial statements 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.





**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

**OTHER MATTERS**

1. The financial statements of the Company for the preceding financial year were audited by another firm of chartered accountants whose report dated 23 December 2019, expressed an unqualified opinion on those financial statements.
2. As stated in Note 4.1 to the financial statements, Borderless Connection Sdn. Bhd. adopted Malaysian Financial Reporting Standards on 1 September 2019 with a transition date of 1 September 2018. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Company as at 31 August 2019 and 1 September 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Company for the financial period ended 28 February 2021 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial period ended 28 February 2021, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 September 2019 do not contain misstatements that materially affect the financial position as at 28 February 2021 and the financial performance and cash flows for the financial period then ended.
3. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Melaka

24 MAY 2021

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



**BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021**

	NOTE	28.2.2021 RM	31.8.2019 RM	1.9.2018 RM
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Trade receivables	6	8,946,549	-	100,000
Other receivables	7	-	-	9,727
Amount owing by directors	8	-	468,289	469,200
Cash and bank balances		560,696	34,250	30,586
<b>TOTAL ASSETS</b>		<b>9,507,245</b>	<b>502,539</b>	<b>609,513</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	9	500,000	500,000	500,000
Retained profit/(Accumulated losses)		4,058,017	(31,140)	(30,773)
<b>TOTAL EQUITY</b>		<b>4,558,017</b>	<b>468,860</b>	<b>469,227</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	10	3,535,986	-	1,871
Other payables and accruals	11	67,157	31,169	134,434
Current tax liabilities		1,346,085	2,510	3,981
<b>TOTAL LIABILITIES</b>		<b>4,949,228</b>	<b>33,679</b>	<b>140,286</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,507,245</b>	<b>502,539</b>	<b>609,513</b>

**BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

		1.9.2019 to 28.2.2021 RM	1.9.2018 to 31.8.2019 RM
	NOTE		
REVENUE	12	25,804,025	430,000
COST OF GOODS SOLD		(20,272,673)	(401,383)
GROSS PROFIT		5,531,352	28,617
OTHER INCOME		-	20
ADMINISTRATIVE EXPENSES		(90,445)	(22,493)
PROFIT BEFORE TAXATION	13	5,440,907	6,144
INCOME TAX EXPENSE	14	(1,351,750)	(6,511)
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL PERIOD		4,089,157	(367)

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

	Share Capital RM	Retained Profit/ (Accumulated Losses) RM	Total Equity RM
Balance at 1.9.2018	500,000	(30,773)	469,227
Loss after taxation/Total comprehensive expenses for the financial period	-	(367)	(367)
Balance at 31.8.2019/1.9.2019	500,000	(31,140)	468,860
Profit after taxation/Total comprehensive income for the financial year	-	4,089,157	4,089,157
Balance at 28.2.2021	500,000	4,058,017	4,558,017

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**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

	1.9.2019 to 28.2.2021 RM	1.9.2018 to 31.8.2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,440,907	6,144
Adjustment for:-		
Bad debt written off	-	7,300
Interest income	-	(20)
Operating profit before working capital	5,440,907	13,424
(Increase)/Decrease in trade and other receivables	(8,946,549)	102,427
Increase/(Decrease) in trade and other payables	3,571,974	(105,136)
<b>CASH FROM OPERATIONS</b>	66,332	10,715
Tax paid	(8,175)	(7,982)
Interest received	-	20
<b>NET CASH FROM OPERATING ACTIVITIES</b>	58,157	2,753
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Decrease in amount owing by directors	468,289	911
<b>NET CASH FROM FINANCIANG ACTIVITY</b>	468,289	911
<b>NET INCREASE IN CASH AND BANK BALANCES</b>	526,446	3,664
<b>CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR</b>	34,250	30,586
<b>CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD/YEAR</b>	560,696	34,250

**BORDERLESS CONNECTION SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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**1. GENERAL INFORMATION**

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

Registered office	:	22-09, Menara 1MK No.1, Jalan Kiara Mont Kiara 50480 Kuala Lumpur
Principal place of business	:	Lot 518, Jalan Hulu Langat Batu 11, Kampung Sungai Serai 43100 Hulu Langat Selangor

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

24 MAY 2021

**2. PRINCIPAL ACTIVITY**

The Company is principally involved in the provision of transmission and distribution network utility construction services, as well as engineering, procurement, construction and commissioning (EPCC) of solar facilities.

**3. CHANGE OF FINANCIAL YEAR END**

During the current financial period, the Company has changed its financial year end from 31 August to 28 February.

**4. BASIS OF PREPARATION**

The financial statements of the Company 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 requirement of the Companies Act 2016 in Malaysia.

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### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021

#### 4. BASIS OF PREPARATION (CONT'D)

- 4.1 These are the Company's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Company were prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS").

The transition to MFRSs is accounted for in accordance with MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', with 1 September 2018 as the date of transition. An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 5 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. There were no material financial impacts on the transition from MPERS to MFRSs.

- 4.2 The Company 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 period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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**4. BASIS OF PREPARATION (CONT'D)**

- 4.2 The Company 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 period (Cont'd):-

<b>MFRSs and/or IC Interpretations (including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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**5. SIGNIFICANT ACCOUNTING POLICIES**

**5.1 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) Impairment of Trade Receivables**

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for trade receivables. The Company 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 value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 6 to the financial statements respectively.

**(b) Revenue Recognition for Construction Contracts**

The Company recognises certain construction revenue by reference to the construction progress based on the physical proportion of contract work certified by customers. Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation based on the contract work certified to date corroborated by the level of completion of the construction based on actual costs incurred to date over the estimated total contract 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.

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021****5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(c) Income Taxes**

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

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

**5.2 FUNCTIONAL AND PRESENTATION CURRENCIES**

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

**5.3 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company 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 Company 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.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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## **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **5.3 FINANCIAL INSTRUMENTS (CONT'D)**

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

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

#### **(a) Financial Assets**

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

##### *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.

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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.3 FINANCIAL INSTRUMENTS (CONT'D)**

**(a) Financial Assets (Cont'd)**

**(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 Company 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 Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

**(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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.3 FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial Liabilities (Cont'd)**

**(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 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.



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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand and bank balances 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.

**5.5 IMPAIRMENT**

**(a) Impairment of Financial Assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company 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 Company always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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 Company 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 Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company 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.



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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.5 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 financial period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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.

**5.6 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 Company.

**(b) Defined Contribution Plans**

The Company'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 Company has no further liability in respect of the defined contribution plans.

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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.7 INCOME TAXES**

*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).

Current tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current 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.

**5.8 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.9 CONTRACT ASSET AND CONTRACT LIABILITY**

A contract asset is recognised when the Company'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.

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

**5.10 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Company 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 the asset. 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.

**(a) Construction Services**

Revenue from construction services is recognised over time in the period in which the services are rendered using the output by reference to the construction progress based on the physical proportion of construction work certified by customers. 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 expected value 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.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021

#### 6. TRADE RECEIVABLES

	28.2.2021 RM	31.8.2019 RM	1.9.2018 RM
Trade receivables	8,946,549	-	100,000

The Company's normal trade credit terms is 60 (31.8.2019: Nil) (1.9.2018: 30) days.

#### 7. OTHER RECEIVABLES

	28.2.2021 RM	31.8.2019 RM	1.9.2018 RM
Other receivables	-	-	9,727

#### 8. AMOUNT OWING BY DIRECTORS

In the previous financial year, the amounts owing by directors are unsecured, interest free and repayable on demand. The amounts owing are to be settled in cash.

#### 9. SHARE CAPITAL

	28.2.2021 NUMBER OF SHARES	31.8.2019 NUMBER OF SHARES	1.9.2018 NUMBER OF SHARES	28.2.2021 RM	31.8.2019 RM	1.9.2018 RM
<b>ISSUED AND FULLY PAID UP</b>						
Ordinary shares	500,000	500,000	500,000	500,000	500,000	500,000

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

#### 10. TRADE PAYABLES

The normal trade credit terms granted to the Company is 30 to 90 (31.8.2019: 30 to 90) days. Other credit terms are granted on a case-by-case basis.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021

#### 11. OTHER PAYABLES AND ACCRUALS

	28.2.2021 RM	31.8.2019 RM	1.9.2018 RM
Other payables	3,812	31,112	134,434
Accruals	63,345	57	-
	<u>67,157</u>	<u>31,169</u>	<u>134,434</u>

#### 12. REVENUE

	1.9.2019 to 28.2.2021 RM	1.9.2018 to 31.8.2019 RM
<u>Revenue from Contracts with Customers</u>		
Construction contracts	25,804,025	-
Services rendered	-	430,000
	<u>25,804,025</u>	<u>430,000</u>

All revenue from contracts with customers is recognised over time.

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the reporting date are as follows:-

	28.2.2021 RM	31.8.2019 RM	1.9.2018 RM
Construction revenue	<u>4,063,380</u>	<u>-</u>	<u>-</u>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021

#### 13. PROFIT BEFORE TAXATION

	1.9.2019 to 28.2.2021 RM	1.9.2018 to 31.8.2019 RM
Profit before taxation is arrived at after charging/(crediting):-		
Auditors' remuneration	20,000	2,200
Bad debt written off	-	7,300
Directors' non-fee emoluments		
- salaries, bonuses and allowances	53,669	-
- defined contribution benefits	6,256	-
Staff costs:		
- short-term employee benefits	323,483	319,810
- defined contribution benefits	29,846	6,683
Interest income	-	(20)
	<u>                    </u>	<u>                    </u>

#### 14. INCOME TAX EXPENSE

	1.9.2019 to 28.2.2021 RM	1.9.2018 to 31.8.2019 RM
Income tax:-		
- Malaysian tax	1,351,750	6,511
	<u>                    </u>	<u>                    </u>

The corporate tax rate of the Company on first RM600,000 of chargeable income is 17%.

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

	1.9.2019 to 28.2.2021 RM	1.9.2018 to 31.8.2019 RM
Profit before taxation	5,440,907	6,144
	<u>                    </u>	<u>                    </u>
Tax at statutory rate of 24% (2019: 24%)	1,305,818	1,475
Tax effects of:-		
Change in corporate income tax rate	(42,000)	(2,681)
Non-taxable income	-	(528)
Non-deductible expenses	87,932	8,245
	<u>                    </u>	<u>                    </u>
Income tax for the financial period/year	1,351,750	6,511
	<u>                    </u>	<u>                    </u>



**BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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**15. FINANCIAL INSTRUMENTS**

The Company'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 Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**15.1 FINANCIAL RISK MANAGEMENT POLICIES**

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

**(a) Market Risk**

*(i) Foreign Currency Risk*

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

*(ii) Interest Rate Risk*

The Company does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

*(iii) Equity Price Risk*

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

**(b) Credit Risk**

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Company 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 Company minimises credit risk by dealing exclusively with high credit rating counterparties.

*(i) Credit Risk Concentration Profile*

The Company's major concentration of credit risk relates to the amounts owing by one customer which constituted approximately 100% of its trade receivables at the end of the reporting period.

*(ii) Exposure to Credit Risk*

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



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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**15. FINANCIAL INSTRUMENTS (CONT'D)**

**15.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

*(iii) Assessment of Impairment Losses*

At each reporting date, the Company assesses whether any of the financial assets at amortised cost, 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*

The Company applies the simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables 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 Company concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Also, the Company 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 loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Company assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have a low risk of default as they have a strong capacity to meet their debts.

## BORDERLESS CONNECTION SDN. BHD.

(Incorporated in Malaysia)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021

#### 15. FINANCIAL INSTRUMENTS (CONT'D)

##### 15.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

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

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

##### Trade Receivables

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

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>28.2.2021</b>				
Current (not past due)	8,946,549	-	-	8,946,549

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>31.8.2019</b>				
Current (not past due)	-	-	-	-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>1.9.2018</b>				
Current (not past due)	100,000	-	-	100,000

##### Cash and Bank Balances

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

## AUDITED FINANCIAL STATEMENTS OF BCSB FOR THE 18M-FPE 28 FEBRUARY 2021 (Cont'd)

**BORDERLESS CONNECTION SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

**15. FINANCIAL INSTRUMENTS (CONT'D)****15.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

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

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
<b>28.2.2021</b>				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	-	3,535,986	3,535,986	3,535,986
Other payables and accruals	-	67,157	67,157	67,157
		<b>3,603,143</b>	<b>3,603,143</b>	<b>3,603,143</b>

## AUDITED FINANCIAL STATEMENTS OF BCSB FOR THE 18M-FPE 28 FEBRUARY 2021 (Cont'd)

**BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

**15. FINANCIAL INSTRUMENTS (CONT'D)**

## 15.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (cont'd):-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
<b>31.8.2019</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	31,169	31,169	31,169

## AUDITED FINANCIAL STATEMENTS OF BCSB FOR THE 18M-FPE 28 FEBRUARY 2021 (Cont'd)

**BORDERLESS CONNECTION SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

**15. FINANCIAL INSTRUMENTS (CONT'D)****15.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (cont'd):-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
<b>1.9.2018</b>				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	-	1,871	1,871	1,871
Other payables and accruals	-	134,434	134,434	134,434
		136,305	136,305	136,305

## BORDERLESS CONNECTION SDN. BHD.

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021

#### 15. FINANCIAL INSTRUMENTS (CONT'D)

##### 15.2 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	28.2.2021 RM	31.8.2019 RM	1.9.2018 RM
<b>Financial Assets</b>			
<u>Amortised Cost</u>			
Trade receivables (Note 6)	8,946,549	-	100,000
Other receivables (Note 7)	-	-	9,727
Amount owing by directors (Note 8)	-	468,289	469,200
Cash and bank balances	560,696	34,250	30,586
	<u>9,507,245</u>	<u>502,539</u>	<u>609,513</u>
<b>Financial Liabilities</b>			
<u>Amortised Cost</u>			
Trade payables (Note 10)	3,535,986	-	1,871
Other payables and accruals (Note 11)	67,157	31,169	134,434
	<u>3,603,143</u>	<u>31,169</u>	<u>136,305</u>

##### 15.3 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Company that 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.

## **BORDERLESS CONNECTION SDN. BHD.**

(Incorporated in Malaysia)

Registration No.: 201301029960 (1059790-T)

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 28 FEBRUARY 2021**

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#### **16. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Company's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the emergency of the COVID-19 pandemic.

Although the Company's operations have been disrupted, its financial performance and cash flows for the current reporting period had not been materially impacted by the COVID-19 pandemic.

#### **17. COMPARATIVE FIGURES**

The Company has changed its financial year end from 31 August to 28 February. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 18-months period ended 28 February 2021.

#### **18. TRANSITION TO THE MFRS FRAMEWORK**

The transition to MFRS does not have any financial impact on the separate financial statements of the Company.

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**BORDERLESS CONNECTION SDN BHD** (1059790-T)

Lot 518, Jalan Hulu Langat, Batu 11, Kampung Sungai Serai,  
Hulu Langat, 43100 Selangor Darul Ehsan.  
Email: admin@borderlessconnection.com.my

**Registered address**  
22-09, Menara 1MK  
No.1, Jalan Kiara  
Mont Kiara  
50480 Kuala Lumpur

Date: 01 SEP 2021

Board of Directors  
**Binasat Communications Berhad**  
Menara Binasat, Lot PT 13824  
Jalan Teknologi 4  
Technology Park Malaysia  
Bukit Jalil, 57000 Kuala Lumpur

Dear Sir/ Madam,

**BORDERLESS CONNECTION SDN. BHD. ("BCSB" OR "COMPANY")**

**PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN BCSB BY BINASAT COMMUNICATIONS BERHAD ("BINASAT"), FOR A PURCHASE CONSIDERATION OF RM18,360,000 TO BE SATISFIED VIA A COMBINATION OF RM5,360,000 IN CASH AND RM13,000,000 VIA THE ISSUANCE OF 37,142,856 NEW ORDINARY SHARES IN BINASAT ("PROPOSED ACQUISITION")**

On behalf of the Board of Directors of BCSB ("Board"), I wish to report that after making due enquiries during the period from 28 February 2021, being the date on which the last audited financial statements of BCSB have been made up, to the date of this letter, being a date not earlier than 14 days before the date issuance of the circular to the shareholders of Binasat in relation to, amongst others, the Proposed Acquisition ("Circular"), that:

- (i) in the opinion of the Board, the business of BCSB have been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the Company's last audited financial statements which have adversely affected the trading or the value of the assets of the BCSB;
- (iii) the current assets of BCSB appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by BCSB;
- (v) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings by BCSB since the Company's last audited financial statements; and
- (vi) there have been no material changes in the published reserves or unusual factors affecting the profits of BCSB since the Company's last audited financial statements.

Yours faithfully,  
For and on behalf of  
**BORDERLESS CONNECTION SDN. BHD**

  
**MOHD SOLEHUDDIN BIN YAHYA**  
DIRECTOR

## FURTHER INFORMATION

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board has seen and approved this Circular, and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. The Board confirms that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

Information relating to the Vendors and BCSB have been obtained from publicly available documents (where available) and other information/ documents provided by such parties/ company and their directors/ management. The sole responsibility of the Board has been to ensure that the information in relation to such parties/ company had been accurately reproduced.

**2. CONSENT AND CONFLICT OF INTEREST**

TA Securities, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form, manner and context in which they appear in this Circular. TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposals.

Providence Strategic Partners Sdn Bhd, being the IMR, has given and has not subsequently withdrawn its written consent to the inclusion of its name, extracts of the IMR Report and all references in the form and context in which they are included in this Circular. Providence has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Independent Market Researcher.

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

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

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

This dispute relates to a sub-contract between Binasat SB and Rosado ("**Sub-Contract A**") under which Rosado has appointed Binasat SB as the subcontractor to carry out the works in respect of "Building the Fiber System - Implementation Services of Civil Infrastructure and Fiber Optic Cabling Works".

It was alleged by Binasat SB that Rosado had unilaterally terminated the Sub-Contract A.

On 22 November 2019, Binasat SB commenced this suit against Rosado claiming for among others, the following:

- (a) RM1,499,435.19 being the sum due and owing to Binasat SB for works carried out and completed for Rosado up to the date of the termination of the Sub-Contract A;
- (b) in the alternative to (a) above, a sum to be assessed by the Court on a quantum meruit basis on the value of the works carried out by Binasat SB;

## FURTHER INFORMATION (Cont'd)

- (c) loss of profits in the sum of RM3,264.99;
- (d) general damages to be assessed by the Court;
- (e) costs incurred by Binasat SB for the appointment of an independent quantity surveyor which is to be assessed by the Court;
- (f) interest at the rate of 5% per annum on the sum of RM1,499,435.19 from the date of filing this suit until the date of judgment, and from the date of judgment until the date of full realisation; and
- (g) costs.

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

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

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

The Amendment Application has been fixed for case management on 9 September 2021.

In light of the pending Amendment Application, the trial dates fixed previously i.e., 24 August 2021 to 26 August 2021 have been vacated and this suit is now fixed for trial on 27 June 2022 to 30 June 2022.

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

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

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

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

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

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

- (a) RM1,269,790.58 being the invoiced outstanding sum due and owing to Binasat SB for the works carried out and completed by Binasat SB for TT Frontiers up to the date of the termination of the Sub-Contract B;

FURTHER INFORMATION (*Cont'd*)

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

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

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

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

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

Nevertheless, Solicitors for Binasat SB are of the view that Binasat SB has a reasonably good chance in succeeding in its claim against TT Frontiers.

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

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## FURTHER INFORMATION (Cont'd)

## 4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

## 4.1 Material commitments

As at the LPD, save as disclosed below, the Board confirmed that there is no material commitment incurred or known to be incurred by the Group which may have a substantial impact on the financial position of the Group:

	RM'000
<b>Approved and contracted for:</b>	
- Property, plant and equipment (mainly related to the Group's software integration and installation of data centre as well as purchase of HDD machine and motor vehicles)	1,523
- Construction of office building	1,917

## 4.2 Contingent liabilities

As at the LPD, save as disclosed below, the Board confirmed that there is no contingent liability incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the financial position of the Group:

	RM'000
Bank guarantees issued to Binasat Group's customers for the purpose of performance bonds*	1,608

Note:

\* The guarantees are tender bonds (on submission of tender) and performance bond (upon award of contracts). As at the LPD, the Group has not experienced any enforcement of guarantees arising from non-performance of projects.

## 5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9.00 a.m to 5.00 p.m Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Company's Constitution<sup>^</sup>;
- (ii) the audited consolidated financial statements of the Company for the FYE 30 June 2019 and 30 June 2020 as well as the latest unaudited financial results of the Group for the FYE 30 June 2021;
- (iii) the audited financial statements of BCSB for the FYE 31 August 2019 and 18M-FPE 28 February 2021;
- (iv) the Directors' Report as set out in **Appendix V** of this Circular;
- (v) the letters of consent and conflict of interest as referred to in **Section 2** above;
- (vi) SSA;
- (vii) the relevant cause papers in relation to the material litigation, claim and arbitration as referred to in **Section 3** above; and
- (viii) the IMR Report.

Note:

<sup>^</sup> BCSB's Constitution was abolished on 28 October 2019 thus the Act shall apply to BCSB and its directors/ shareholders pursuant to Section 31(3) of the Act.



**BINASAT COMMUNICATIONS BERHAD**

(Registration No. 201701008491 (1222656-D))

(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“EGM”) of Binasad Communications Berhad (“**Binasat**” or “**Company**”) will be held on Friday, 24 September 2021 at 11.00 a.m. or any adjournment thereof, as a fully virtual meeting via the online meeting platform at <https://agm.omesti.com> provided by Red Ape Solutions Sdn Bhd, for the purpose of considering and if thought fit, passing the resolutions below with or without modifications:

**ORDINARY RESOLUTION 1**

**PROPOSED ACQUISITION BY BINASAT OF 255,000 ORDINARY SHARES IN BORDERLESS CONNECTION SDN. BHD. (“BCSB”), REPRESENTING 51% EQUITY INTEREST IN BCSB FROM NIK ABDUL HAKIM BIN ABD RAZAK AND MOHD SOLEHUDDIN BIN YAHYA (“VENDORS”, COLLECTIVELY) FOR A PURCHASE CONSIDERATION OF RM18,360,000 TO BE SATISFIED VIA A COMBINATION OF RM5,360,000 IN CASH AND RM13,000,000 VIA THE ISSUANCE OF 37,142,856 NEW ORDINARY SHARES IN BINASAT (“BINASAT SHARES” OR “SHARES”) (“CONSIDERATION SHARES”) AT AN ISSUE PRICE OF RM0.35 EACH (“PROPOSED ACQUISITION”)**

“**THAT** subject to the passing of Ordinary Resolution 2 and the relevant conditions as stipulated in the Share Sale Agreement dated 23 June 2021 (“**SSA**”) between the Company and Vendors for the Proposed Acquisition being met or waived (as the case may be) and the approvals of all relevant parties and/ or authorities being obtained (when required), authority be and is hereby given to the Board to acquire from the Vendors, 255,000 ordinary shares in BCSB, representing 51% equity interest in BCSB for a purchase consideration of RM18,360,000 to be satisfied via a combination of RM5,360,000 in cash and RM13,000,000 via the issuance of 37,142,856 Consideration Shares, subject to the terms and conditions of the SSA including any modifications, variations, amendments and additions thereto from time to time in relation to the Proposed Acquisition;

**THAT** the Consideration Shares shall, upon allotment and issuance, carry the same rights with the then existing Binasat Shares. However, the Consideration Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company’s shareholders unless such Consideration Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions;

**AND THAT** the Board be and is hereby authorised to do or procure all acts, deeds and things as are necessary and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/ or appropriate to implement, give full effect and to complete the Proposed Acquisition, with full power to assent to any condition, modification, variation and/ or amendment thereto as the Board may deem fit in connection with the Proposed Acquisition.”

**ORDINARY RESOLUTION 2**

**PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF BINASAT AND ITS SUBSIDIARIES TO INCLUDE PROVISION OF UTILITIES INFRASTRUCTURE SERVICES INCLUDING TRANSMISSION AND DISTRIBUTION NETWORK UTILITY SERVICES AS WELL AS ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING (“EPCC”) OF SOLAR PHOTOVOLTAIC (“PV”) FACILITIES (“PROPOSED DIVERSIFICATION”)**



**“THAT** subject to the passing of Ordinary Resolution 1 and subject to the approvals of all relevant parties and/ or authorities being obtained (where required), authority be and is hereby given to Binasat and its subsidiaries to diversify its principal activities to include provision of utilities infrastructure services including transmission and distribution network utility services as well as EPCC of solar PV facilities;

**AND THAT** the Board be and is hereby authorised to do or procure all acts, deeds and things as are necessary and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and to complete the Proposed Diversification, with full power to assent to any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Diversification.”

#### **By Order of the Board**

TAI YIT CHAN (MAICSA 7009143) (SSM PC No.: 202008001023)

TAN AI NING (MAICSA 7015852) (SSM PC No.: 202008000067)

Company Secretaries

Selangor Darul Ehsan  
7 September 2021

#### **NOTES:**

1. As part of the safety measures to curb the spread of the COVID-19, the Company will conduct the EGM as a fully virtual meeting via Remote Participation and Electronic Voting (“**RPEV**”) facilities provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com>.

In view of the implementation of Phase 1 of the National Recovery Plan and pursuant to the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers revised by the Securities Commission Malaysia on 16 July 2021 (Revised Guidance Note and FAQs), listed issuers are only allowed to conduct fully virtual meetings during this period. In a fully virtual meeting, all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate in the meeting online.

The main venue of the EGM for the purposes of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be at the main venue, is the online meeting platform provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com> in Malaysia.

Shareholders/ proxies are strongly advised to participate and vote remotely at the EGM through live streaming and online remote voting using the RPEV facilities.

**Please refer to the Administrative Guide for the EGM for the procedures to register, participate and vote remotely through the RPEV facilities.**

2. A member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote in his/ her stead via RPEV facilities. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the EGM of the Company shall have the same rights as the member to speak (in the form of real time submission of typed texts) at the EGM via RPEV facilities.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”), 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 provisions of subsection 25A(1) of SICDA.
4. A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholding to be represented by each proxy.
5. An instrument appointing a proxy must be in writing under the hand of the appointer or his/ her attorney is duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.



6. Only members whose names appear in the Record of Depositors on 13 September 2021 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the EGM or appoint proxy/proxies to attend and/or vote on his/ her behalf via RPEV facilities.
7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the EGM, as follows:
  - (a) **In hard copy form**  
The original instrument appointing a proxy ("**Proxy Form**") or the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - (b) **By electronic means**  
The proxy form can also be lodged electronically via online meeting platform at <https://agm.omesti.com>. Please follow the procedures in the Administrative Guide for the EGM in order to deposit the Proxy Form electronically.
8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice of EGM will be put to vote by way of poll.

#### **PERSONAL DATA PRIVACY:**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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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**BINASAT COMMUNICATIONS BERHAD**

Registration No: 201701008491 (1222656-D)

(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

**PROXY FORM**

I/We \_\_\_\_\_ (NRIC/ Passport/ Registration No. \_\_\_\_\_)  
 of (full address) \_\_\_\_\_

being a member/ members of BINASAT COMMUNICATIONS BERHAD, hereby appoint:

Name of Proxy (Full Name)	NRIC/ Passport/ Registration No.	Proportion of Shareholding (Refer to Note 4)	
		No. of Shares	%
Address & Email Address			

\*and/or failing him/her,

Name of Proxy (Full Name)	NRIC/ Passport/ Registration No.	Proportion of Shareholding <i>(Refer to Note 4)</i>	
		No. of Shares	%
Address & Email Address			

\*or failing him/her, the Chairman of the meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Extraordinary General Meeting of the Company which will be held as a fully virtual meeting through live streaming and online meeting platform using Remote Participation and Electronic Voting facilities provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com> on Friday, 24 September 2021 at 11.00 a.m., or any adjournment thereof to vote as indicated below in respect of the following resolutions:

No.	Ordinary Resolutions	For	Against
1.	Proposed Acquisition (Resolution 1)		
2.	Proposed Diversification (Resolution 2)		

(Please indicate with a "X" in the space provided above 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 discretion.)

\* delete where applicable.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

.....  
 \*Signature/Common Seal of member(s)

**NOTES:-**

- As part of the safety measures to curb the spread of the COVID-19, the Company will conduct the EGM as a fully virtual meeting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Red Ape Solutions Sdn Bhd at its portal at <https://agm.omesti.com>.

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- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), 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 provisions of subsection 25A(1) of SICDA.

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AFFIX  
STAMP

The Share Registrar of Binasat Communications Berhad

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

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

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7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the EGM, as follows:
  - (a) **In hard copy form**  
The original instrument appointing a proxy ("**Proxy Form**") or the power of attorney or other authority (if any), under which it is signed or a notorially certified copy thereof, must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - (b) **By electronic means**  
The proxy form can also be lodged electronically via online meeting platform at <https://aqm.omesti.com>. Please follow the procedures in the Administrative Guide for the EGM in order to deposit the Proxy Form electronically.
8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice of EGM will be put to vote by way of poll.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the EGM dated 7 September 2021.