

7. INDEPENDENT MARKET RESEARCH REPORT



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

31 October 2017

The Board of Directors
Binasat Communications Berhad
No. 17 & 19, Jalan Bukit Permai Utama 3
Taman Industri Bukit Permai, Cheras
56100 Kuala Lumpur

Vital Factor Consulting Sdn Bhd
(Company No.: 266797-T)

V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor, Malaysia

Tel (603) 7931 3188

Fax (603) 7931 2188

www.vitalfactor.com

Dear Sirs/Madam

Independent Assessment of the Supporting Services for Telecommunications Network Industry in Malaysia

We have attached a report on the above prepared for inclusion in the prospectus of Binasat Communications Berhad (herein together with all or any one or more of its subsidiaries will be referred to as Binasat Group or the Group) in relation to its proposed initial public offering on the ACE Market of Bursa Malaysia Securities Berhad.

We have prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any individual company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Certain statements, including assessments and opinions in this report, are subject to uncertainties and contingencies, and may be forward looking in nature. While statements made in this report are based on, among others, secondary statistics and information, primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events or future results. In light of these and other uncertainties, the inclusion of assessments, opinions and forward-looking statements in this report should not be regarded as a representation or warranty that they are justifiable. Given the risks and uncertainties of events and conditions, we advise investors not to place undue over-reliance on those statements and, where relevant, seek further independent and expert advice.

Yours sincerely

Wooi Tan
Managing Director

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



INDEPENDENT ASSESSMENT OF THE SUPPORTING SERVICES FOR TELECOMMUNICATIONS NETWORK INDUSTRY IN MALAYSIA

1. INTRODUCTION

- Binasat Group's main business is providing supporting services for telecommunications network using the following mediums:
 - **Wireless:**
 - . satellite;
 - . mobile;
 - **Fixed line:**
 - . fibre optics.
- The types of supporting services provided by Binasat Group mainly comprises:
 - installation and commissioning of telecommunications equipment;
 - operations and maintenance of telecommunications equipment and network.
- For the financial year ended 30 June 2017, Binasat Group derived most of its revenue from Malaysia.
- This report shall focus on the supporting services for telecommunications network industry in Malaysia. This report does not cover broadcasting, which commonly involves radio, free-to-air television and pay television.

2. INDUSTRY OVERVIEW AND STRUCTURE

2.1 Telecommunications Network Overview

- Telecommunications involves the transmission and reception of data. Data includes text, images and sound. Data is first captured and converted to electromagnetic or optical signals, and then transmitted to a receiver located some distance away.
- This process of transmission and reception may be repeated for as many times as required for the data to reach its final destination. This process, in totality, may involve a network comprising multiple transmitters and receivers connected by one or more media. The medium may be fixed, such as fibre optic cables; or wireless, such as those used by satellite and mobile networks.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

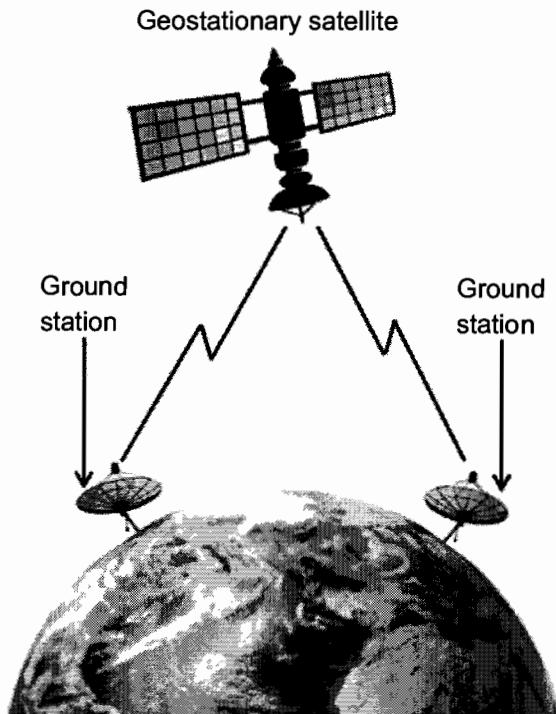


VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- The first step in developing a network is to install the relevant equipment, which may include laying cables in some cases. Depending on the medium of transmission, different equipment will need to be installed.
- In general, a satellite network consists of a satellite and two or more ground stations. The satellite is equipped with receivers, transmitters and other equipment, and it is in a geostationary position (i.e. it is in a fixed position in the sky relative to the earth). Ground stations comprise satellite dishes and other equipment to receive and transmit signals to the satellite.

With respect to satellite networks, Binasat Group is mainly involved in installing and maintaining ground stations, including satellite dishes and other equipment involved in transmitting and receiving signals to and from a satellite.

Binasat Group is also involved in operating and managing hubs for telcos. A hub is the network equipment that controls and directs the flow of data across a satellite network. Operating and managing hubs involve, among others, managing data traffic, network configurations, requests for change, and responding to impending or actual network failure or faults.

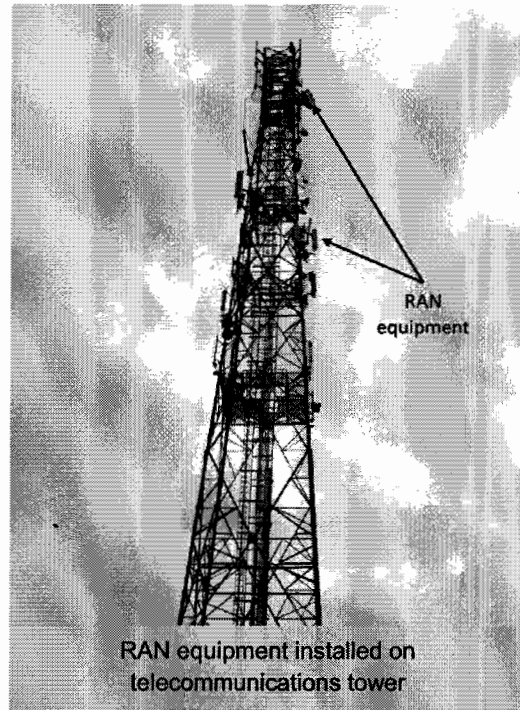


7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



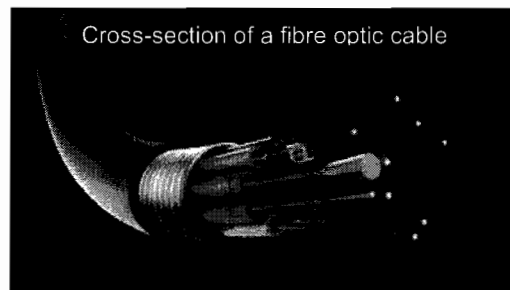
VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- A mobile network will require installation of radio access network (RAN) equipment on telecommunications tower sited on the ground or on rooftops. RAN equipment refers to the antenna used to transmit and receive signals in a mobile network, and they are commonly installed at some height above the ground to avoid obstruction by buildings or other structures. Other network equipment is usually installed in enclosures at the foot of the telecommunications tower, or on the rooftop.



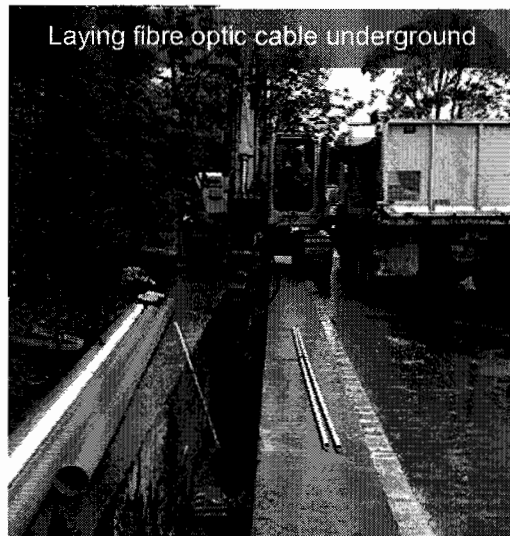
For mobile networks, Binasat Group is involved in the installation and maintenance of network equipment, including RAN equipment on telecommunications tower and rooftops, and other network equipment.

- A fibre optic based network requires fibre optic cable to be laid mostly underground, and sometimes above ground strung across towers like power transmission towers as well as under the sea. Similar to other medium of telecommunications, fibre optic network also requires equipment to transmit and receive signals.



Network equipment is located at strategic points within the network. Fibre optics uses light pulses to transmit data.

For fibre optic based network, Binasat Group is involved in the laying of fibre optic cables, and the installation and maintenance of network equipment.



7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

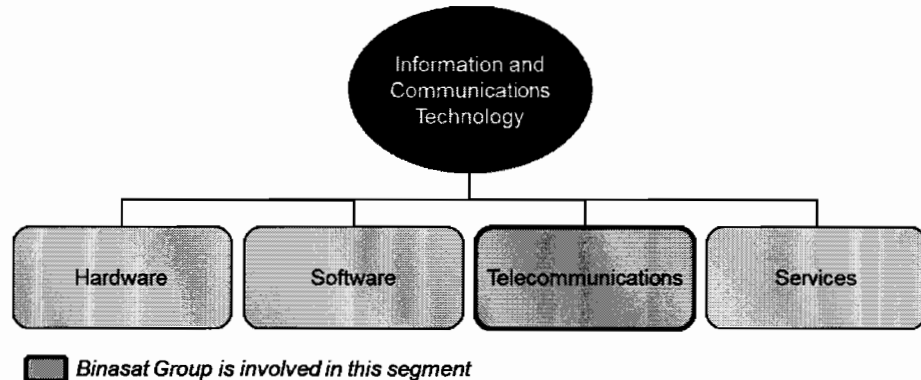


- A network may also use copper wire or coaxial wires as the medium for relaying data from one point to the next. However, Binasat Group is not involved in either of these medium of telecommunications.

2.2 Positioning of Telecommunications in ICT

- Networks are an integral part of the wider Information and Communications Technology (ICT) Industry. Information in the form of data needs to be captured, processed and are commonly transmitted to other users or devices.

Structure of the ICT Industry



- ICT is involved in capturing, processing, storing, output, and sending and receiving data. These processes use a combination of hardware, software and telecommunications devices and technologies, which form the core of the ICT industry. Another segment of the ICT industry is involved in the provision of services using a combination of hardware, software and telecommunications.
- The **hardware** sector covers physical devices required for all the processes involved in ICT. Devices used for capturing data include, among others, keyboards, mouse, scanners, readers, receivers, and still and video cameras. Devices used for processing of data involve processors commonly in the form of computers, servers and mobile devices. Devices used for storing data include magnetic tapes, optical disks, hard disk drives and solid state drives. Devices used for output include monitors, printers and microfilms. Devices used for transmission include transmitters that use light for fibre optics, and electromagnetic signals for copper and coaxial fixed line medium, and wireless medium of transmission.
- The **software** sector focuses on programs which operate devices or hardware, provides the interface between human and devices, as well as capture, process, store, output, transmit and receive data.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- The **telecommunications** sector focuses on the wide range of communications technologies that facilitate the movement of data using one or a combination of fixed line or wireless technologies. The telecommunications sector involves the installation, maintenance and operation of such networks.
- The **services** sector focuses on skilled human and capital resources that will use a combination of hardware, software and telecommunications and technologies to provide services. They include, among many others, the following:
 - Network and equipment deployment;
 - Network operations and support;
 - Data centre services;
 - Facilities management;
 - Software development;
 - Systems integration;
 - User support services;
 - Consulting services;
 - Education and training.
- Binasat Group is involved in providing supporting services to the telecommunications sector of the ICT industry.

2.3 Telecommunications Network Configuration

- Telecommunications are involved in the movement of data over long distances using a number of mediums. It is used for the transmission of data from:
 - one point to another;
 - one point to multiple points;
 - multiple points to one point.

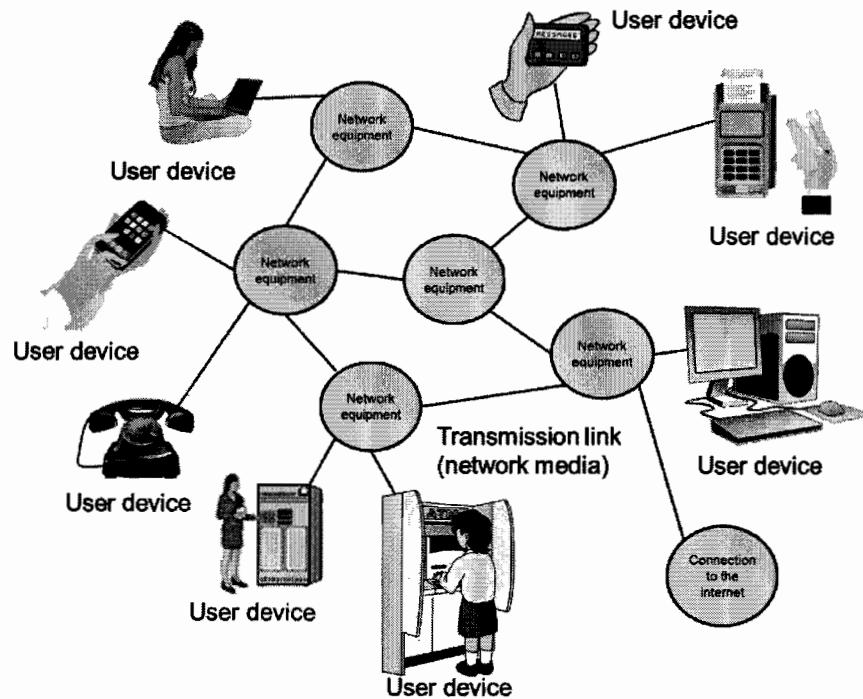
In some situations, the transmission of data from one point to multiple points is also referred to as broadcasting, for example in radio, free-to-air television and pay-television. This report does not cover the broadcasting industry as it is an industry sector on its own.

- Telecommunications require the setting up of a network to connect dispersed devices. A network is when two or more devices are connected such that it allows exchange of data among the connected devices.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

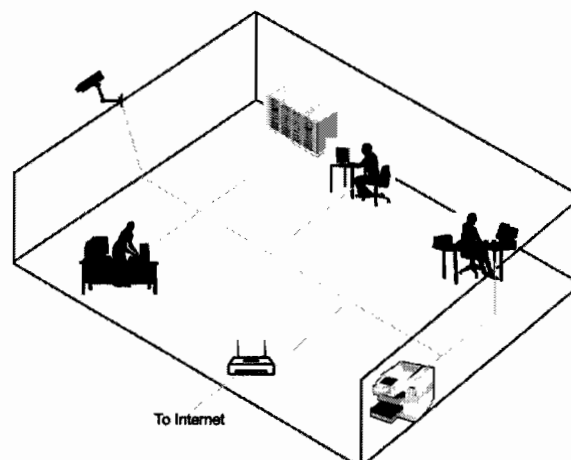


An example of a telecommunications network



- A network comprises a series of devices which are interconnected to one another through either a fixed line or wireless medium that facilitates the movement of data. Although there are many possible ways to classify networks, a widely used practice is to categorise them according to their geographical scope, as follows:
 - Local Area Networks (LAN): These are networks that link devices that are in close proximity to each other, for instance within a room, building or small group of buildings. LAN are usually privately owned networks that are controlled and managed by an individual or organisation.

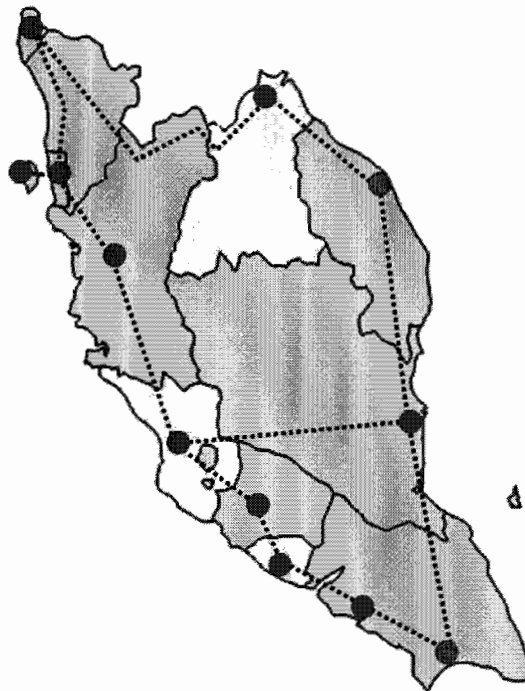
Example of a LAN within an office building



7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

- Wide Area Networks (WAN): These are networks that link individual devices or LAN within a large geographical area. WAN can be created for a campus (referred to as campus-wide network), within a metropolitan area (referred to as metropolitan-area network), within a country, or globally. The Internet is an example of a global WAN.

WAN may be privately or publically owned, or it can be made up of a combination of private and public networks.

Example of a Figure of "8" WAN across Peninsular Malaysia

- The focus of this report is on WAN, as the Group is mainly involved in providing supporting services that are related to WAN. The Group also provides supporting services for LAN, but this constitutes a small proportion of its overall revenue.

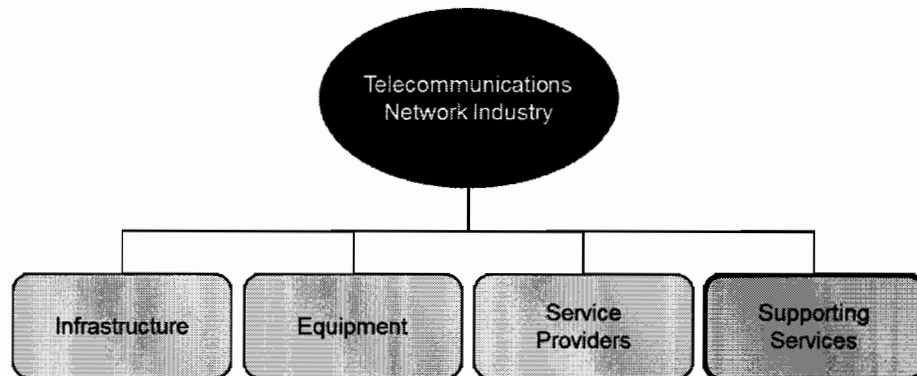
7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)




2.4 Structure of Telecommunications Network Industry

- The telecommunications network industry can be divided into four subsectors as depicted below:

Structure of Telecommunications Network Industry



 Binasat Group is involved in this segment

- The **infrastructure subsector** is involved with the development and provision of all necessary structures and transmission media to create a network. The types of infrastructure required will depend on the medium of transmission used as follows:

Infrastructure for wireless network

- Satellite : geostationary satellite;
- Mobile : rooftop or ground based telecommunications towers;
- Fixed wireless : rooftop or ground based telecommunications towers.

Infrastructure for fixed line network

- Fibre optics : underground, above ground and undersea fibre optic cables;
- Copper : underground and above ground copper cables;
- Coaxial : underground and above ground coaxial cables.

Binasat Group is involved in laying of fibre optics for telecommunications network.

- The **equipment subsector** is involved with the supply of all related equipment involved in transmission of data. Such equipment includes the following:
 - **transmitters and receivers** are involved in the transmission and reception of electromagnetic or optical signals;

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- **repeaters and amplifiers** are used for strengthening signals especially when data needs to travel long distances;
- **converters** are used when one type of signals is required to be converted to another type of signals because different medium of transmission is used in a network or devices. For example, conversion from optical signals to electromagnetic signals;
- **hubs, routers, modems, switches, bridges and gateways** are generally used as connectors and to direct data traffic. They are used to:
 - . connect devices to the network;
 - . connect various segments of a network;
 - . manage, optimise and direct data traffic;
 - . connect with other external networks;

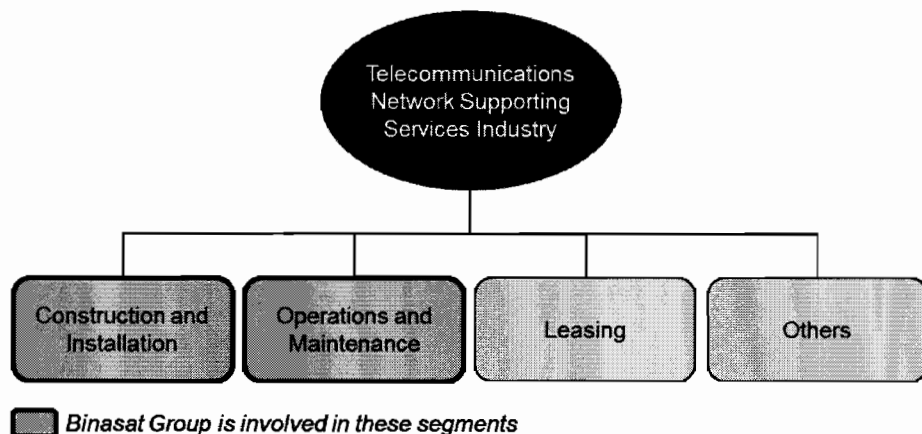
Binasat Group is involved in the installation of the equipment stated above for satellite and mobile network.

- The **service provider subsector** involves organisations who offer telecommunications services to users. They are commonly referred to as “telcos”, an abbreviation of “telecommunications companies”. Telcos may provide mobile and fixed line voice and data services, including access to the Internet.

Binasat Group provides supporting services to telcos, comprising installation and commissioning services for satellite, mobile and fibre optic networks, and operation and maintenance services for satellite and mobile networks.

2.5 Telecommunications Network Supporting Services

Structure of the Telecommunications Network Supporting Services



7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- The telecommunications network supporting services subsector can be segmented into the following:

- **Construction and installation** mainly involves setting up the relevant infrastructure and equipment of the network before services can be rendered.

For satellite networks, the ground stations will be installed and configured, while geostationary satellites are launched into orbit.

For mobile and fixed wireless networks, telecommunications towers are fabricated and erected at specific locations to create the network. Subsequently, equipment will be mounted on these telecommunications towers, as well as at the tower's base.

For fixed line networks fibre optic, copper or coaxial cables will be laid either under or above ground, or under the sea. Subsequently, equipment will be installed for the network to be operational.

Binasat Group is involved in the installation and configuration of ground stations and mobile network equipment, as well as the laying of fibre optic cables for telecommunications networks.

- **Operations and maintenance** refers to a range of activities performed to ensure that networks are operating optimally at all times, and in the event of network failure, to rectify the fault as soon as possible. Maintenance teams are often on standby around the clock to respond to sudden network failures in order to minimise network service downtime.

Operation services involve managing the network to ensure that the entire network operates optimally at all times. This includes, among others, the following:

- routing data traffic to minimise congestion or bypassing faults in the network (done automatically with manual intervention option);
- ensuring security of the network;
- identify imminent faults and activate remedial actions promptly;
- ensuring continuing operations of all equipment.

Operations services for the entire network is centralised in a network operations centre (NOC). Within a network, there could be a number of network operations hubs, each of which monitors a subset of the devices that make up the entire network. Network operations hubs may be created to monitor different telecommunications transmission

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



media or geographic locations, as well as to have operations and maintenance personnel closer to a group of devices for faster remedial action in the event of a network fault.

Binasat Group is involved in the provision of services in network operations hub, specifically for satellite telecommunications network within a teleport.

Satellite network operations also include uplink and downlink services. Uplink refers to a ground station transmitting data to a satellite, while downlink refers to a ground station receiving data from a satellite. To provide uplink and downlink services, a service provider sets up and operates satellite network equipment to establish and maintain a connection with a satellite to transmit and receive data.

Binasat Group is involved in providing uplink and downlink services, mainly involving live event coverage.

Maintenance is focused on ensuring telecommunications equipment are operating efficiently at all times. Maintenance includes preventive maintenance (also known as scheduled maintenance) which are actions undertaken to prevent potential faults from happening, and corrective maintenance (also known as unscheduled maintenance) which are actions to rectify faults.

Binasat Group is involved in providing maintenance services for telecommunications network equipment.

- **Leasing** involves renting physical assets such as network infrastructure and equipment to customers. Assets that may be leased out include the following:
 - receivers and transmitters (referred to as transponders) on geostationary satellites;
 - network trunks commonly used to connect clusters of smaller networks, for example a network trunk to connect to cities;
 - telecommunications towers for holding mobile equipment;
 - whole or part of a wide area network;
 - dedicated or shared leased lines connecting two or more points;
 - local area network.

Binasat Group is involved in the leasing of its wide and local area network assets. However, this business activity represents a very small proportion of its revenue.

- **Others** mainly cover technical and professional services including network planning, architecture and security.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



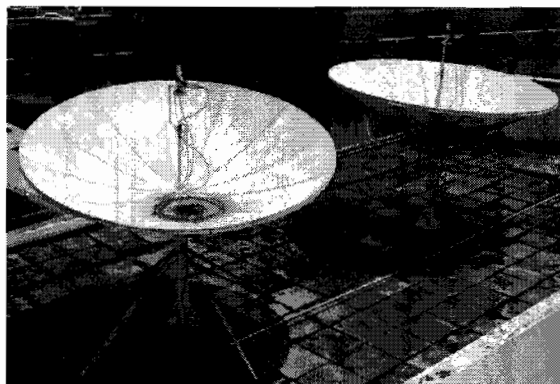
2.6 Advantages of Satellite Telecommunications

- Satellite telecommunications networks can be less costly to setup compared to fixed line or mobile networks when the network is required to cover:
 - very large geographical areas, for example in large oil palm plantations;
 - large body of water, for example on a ship or on offshore oil and gas platforms;
 - undulating, hilly and mountainous terrains, where it is difficult and expensive to build telecommunications towers or lay cables;
 - sparsely populated areas, for example in rural villages located far from the nearest populated area.

This is because the infrastructure of laying fixed line cables or setting up telecommunications towers to link the dispersed locations may be too costly relative to the number of users for the network. Satellite telecommunications network on the other hand can be set up using very small aperture terminals (VSAT), which are satellite dishes of less than three metres in diameter. Due to the small size of the satellite dish, VSAT ground stations can be deployed relatively easily across a wide variety of sites and terrains.

- Additionally, satellite telecommunications networks offer a more cost effective solution for organisations maintaining networks that connect a large number of geographically dispersed locations. This is because the cost per site is unaffected by the distance between them unlike the cost of terrestrial networks that increases with distance.
- As the bandwidth allocation of a satellite telecommunications network is controlled at a hub and do not require any onsite hardware alterations, these networks are more capable and more suited to offer bandwidth on demand services to their customers compared to their terrestrial counterparts. This will enable customers to seamlessly increase bandwidth in situations when there is a need for infrequent large file downloads or system updates.

VSAT satellite dish



Satellite dish at a Teleport



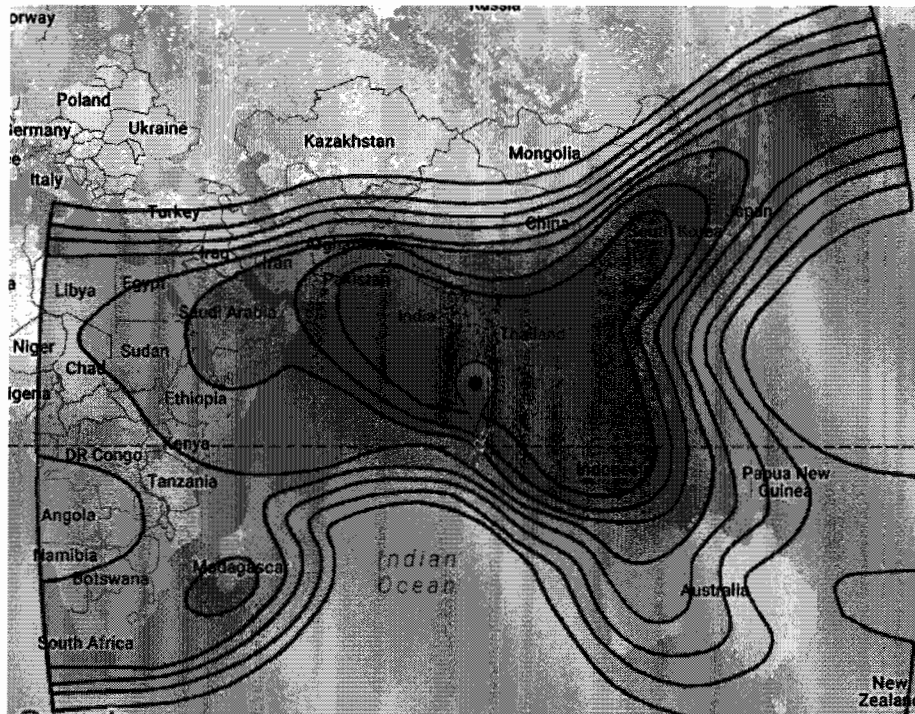
7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



2.7 Satellites with Footprint Covering Malaysia

- To use a satellite telecommunications network, there must be line of sight between the VSAT ground stations and the geostationary satellite orbiting in space. In other words, VSAT ground stations must be located within the footprint of the geostationary satellite in order to receive and transmit signals.

Footprint of MEASAT-3



(Source: Vital Factor analysis)

- In the footprint map above, the MEASAT-3 satellite covers most of Asia and parts of Africa and Australia. Signals are strongest at or nearest to the centre of the footprint. The centre of the MEASAT-3 satellite's footprint covers Malaysia, Singapore, Indonesia, Thailand, Cambodia, Vietnam, Laos, Myanmar, Southern China and India.
- The following table lists the satellites with footprint that covers Malaysia.

Satellite Name	Malaysia Footprint			Head Office
	C-band ⁽¹⁾	Ku-Band ⁽²⁾	Ka-band ⁽³⁾	
ABS 6	√	×	×	Bermuda
ABS-2	√	√	×	Bermuda
ABS-2A	×	√	×	Bermuda
Apstar 6	√	×	×	Hong Kong
Apstar 7	√	×	×	Hong Kong
Apstar 9	√	√	×	Hong Kong
Asiasat 4	√	×	×	Hong Kong

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Satellite Name	Malaysia Footprint			Head Office
	C-band ⁽¹⁾	Ku-Band ⁽²⁾	Ka-band ⁽³⁾	
AsiaSat 5	√	√	x	Hong Kong
Asiasat 6	√	x	x	Hong Kong
Asiasat 7	√	x	x	Hong Kong
Asiasat 9	√	√	x	Hong Kong
Azerspace	√	x	x	Azerbaijan
BELINTERSAT-1	√	x	x	Republic of Belarus
Chinasat 10	√	x	x	China
Chinasat 11	√	√	x	China
Chinasat 12	√	√	x	China
ChinaSat 6A	√	x	x	China
ChinaSat 6B	√	x	x	China
Eutelsat 172A	√	√	x	France
Eutelsat 70B	x	√	x	France
Express AM2	√ ⁽⁴⁾	x	x	Russia
Express AM3	x	√ ⁽⁵⁾	x	Russia
Express AM5	x	√ ⁽⁵⁾	x	Russia
Express AM6	√ ⁽⁶⁾	x	x	Russia
Insat 3C	√	x	x	India
Insat 4A	√ ⁽⁴⁾	x	x	India
Insat 4B	√	x	x	India
Intelsat 10	√	x	x	Luxembourg
Intelsat 12	x	√	x	Luxembourg
Intelsat 15	x	√	x	Luxembourg
Intelsat 17	√	x	x	Luxembourg
Intelsat 18	√	x	x	Luxembourg
Intelsat 19	√	x	x	Luxembourg
Intelsat 20	√	x	√	Luxembourg
Intelsat 22	√	√	x	Luxembourg
Intelsat 33e	√	√	√	Luxembourg
Intelsat 36	√	x	x	Luxembourg
Intelsat 902	√	x	x	Luxembourg
Intelsat 904	√	x	x	Luxembourg
Intelsat 906	√	x	x	Luxembourg
JCSat 1B	x	√	x	Japan
JCSat 2B	√	√	x	Japan
JCSat 3A	√	√	x	Japan
JCSat 4B	x	√	x	Japan
JCSat 5A	√	x	x	Japan
Koreasat 7	x	√	x	Korea
LAOSat 1	√	x	x	Laos
MEASAT 2	√	√ ⁽⁷⁾	x	Malaysia
MEASAT-3	√	√	x	Malaysia
MEASAT-3A	√	√	x	Malaysia
MEASAT-3B	x	√	x	Malaysia
NSS 12	√	x	x	Luxembourg
NSS 6	x	√	x	Luxembourg
NSS 9	√ ⁽⁸⁾	x	x	Luxembourg

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Satellite Name	Malaysia Footprint			Head Office
	C-band ⁽¹⁾	Ku-Band ⁽²⁾	Ka-band ⁽³⁾	
Palapa C2	√	x	x	Indonesia
Palapa D	√	√	x	Indonesia
SES 7	x	√	x	Luxembourg
SES 8	x	√	x	Luxembourg
SES 9	x	√	x	Luxembourg
ST 2	√	√	x	Singapore
Superbird C2	x	√	x	Japan
Telkom 1	√	x	x	Indonesia
Telkom 2	√ ⁽⁹⁾	x	x	Indonesia
Telstar 18	√	x	x	Canada
Thaicom 4	x	√ ⁽¹⁰⁾	x	Thailand
Thaicom 5	√	√ ⁽⁴⁾	x	Thailand
Thaicom 6	√	√ ⁽⁴⁾	x	Thailand
Thaicom 8	x	√ ⁽⁴⁾	x	Thailand
Thuraya 3	x	x	x	United Arab Emirates
Vinasat 1	√	√ ⁽¹¹⁾	x	Vietnam
Vinasat 2	x	√ ⁽⁸⁾	x	Vietnam
Yamal 202	√	x	x	Russia

(1) C-band uses frequencies between 3.7 Gigahertz to 4.2 Gigahertz for downlink, and 5.9 Gigahertz to 6.4 Gigahertz for uplink. C-band requires satellite dishes with diameter between 7 feet and 12 feet.

(2) Ku-band uses frequencies between 11.7 Gigahertz and 12.7 Gigahertz for downlink, and 14 Gigahertz to 14.5 Gigahertz for uplink. Ku-band requires satellite dishes with diameter less than 3 feet, commonly referred to as VSAT.

(3) Ka-band uses frequencies between 27.5 Gigahertz and 31 Gigahertz for downlink, and 18.3 Gigahertz to 20.2 Gigahertz for uplink. Ka-band's satellite dishes can be one quarter the size of satellite dishes used for Ku-band

(4) Only covers the northern region of Peninsular Malaysia.

(5) Steerable beam.

(6) Covers Peninsular Malaysia, and the western region of Sarawak.

(7) Covers Peninsular Malaysia only.

(8) Footprint does not cover some areas in the west coast of Peninsular Malaysia.

(9) Downlink only.

(10) Covers Sabah and Sarawak, and the northern region of Peninsular Malaysia.

(11) Footprint does not cover parts of Pahang, Sabah and Sarawak.

- As at October 2017 there were 72 satellites whose footprints cover Malaysia. Technically any one of these satellites will be able to form a network with an array of satellite dish ground stations. However, not all transponders (the mechanism that transmits and receives signals) on the satellites are available for lease, or not all transponders have spare capacity for lease.
- The use of VSAT for telecommunications network is mainly restricted to Ku-band of which there are 37 such satellites with footprints covering Malaysia.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



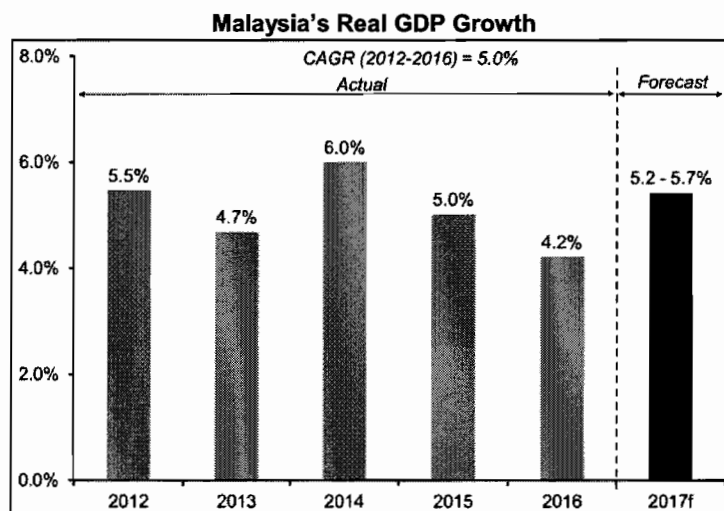
VITAL FACTOR CONSULTING
Creating Winning Business Solutions

3. MACROECONOMIC AND SOCIOECONOMIC INDICATORS

- Generally, a country's overall health and performance is reflected by its macroeconomic and socioeconomic factors. Having knowledge on these matters is beneficial to organisations as it provides them a foundation to assess the merits of a business decision. Indicators such as the Gross Domestic Product (GDP) of the economy as a whole and the information and communications sector (another term for the ICT industry), and population size and growth rates are useful to organisations that offer network supporting services to the telecommunications industry, as they can influence the overall performance of their business.

3.1 Gross Domestic Product of Malaysia

- GDP is a measure of the gross value added in the output of goods and services in a country during a specified period of time. It is an indicator of the overall size of a country's economy. GDP growth is commonly measured by comparing a particular year or quarter's GDP with that of the preceding year or quarter, and is commonly expressed as a percentage, which may be positive (indicating that the value of GDP grew over time) or negative (indicating that the value of GDP declined over time).
- Real GDP is a method of measuring GDP that takes into account the effect of changes in the prices of goods and services over time (i.e. for the effects of inflation or deflation). Generally, the real GDP provides a more meaningful measure of "real" changes in output as any changes from period to period are due to changes in the quantity of goods and services produced, and not due to changes in their prices.



Notes: f = forecast

(Sources: Department of Statistics Malaysia; Ministry of Finance)

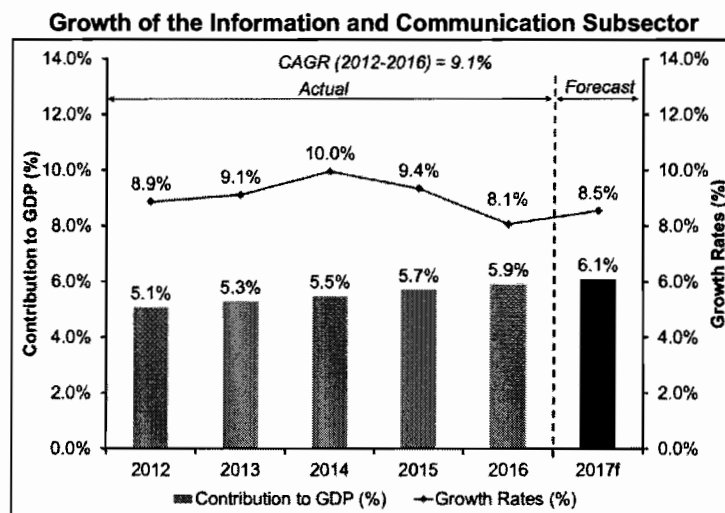
7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Between 2012 and 2016 Malaysia's real GDP grew by a compound annual growth rate (CAGR) of 5.0%. Over the past two years, the Malaysian economy has exhibited its resilience, expanding by 5.0% and 4.2% in 2015 and 2016 respectively despite facing multiple economic headwinds such as low crude oil prices, implementation of the Goods and Service Tax (GST) and a global economic slowdown. Growth in Malaysia is mainly driven by domestic demand which grew at a slower pace in 2016, weighed down by lacklustre growth of public sector activities. In 2015, the implementation of GST and a weaker Ringgit led to increased cost of living and weaker consumer sentiments which caused growth of private consumption to moderate.
- Moving forward, Malaysia's economy is expected to expand at a faster rate of 5.2 to 5.7% in 2017 amidst the ongoing improvements of global economic activity as well as the recovery of global commodity prices. Domestic demand will continue to be the main driver of growth supported by private consumption and investment. Apart from stable employment and income growth, various government measures aimed at increasing disposable income such as reduction in Employees Provident Fund (EPF) contribution, higher Bantuan Rakyat 1Malaysia cash transfers and special assistance to all civil servants and retirees will provide additional support to private consumption activities. Additionally, new and ongoing capital expenditures in the services and manufacturing sectors will contribute to the stable growth of private investments. (Source : Ministry of Finance)

3.2 Information and Communication Subsector



Notes: f = forecast.

(Sources: Department of Statistics Malaysia; Ministry of Finance)

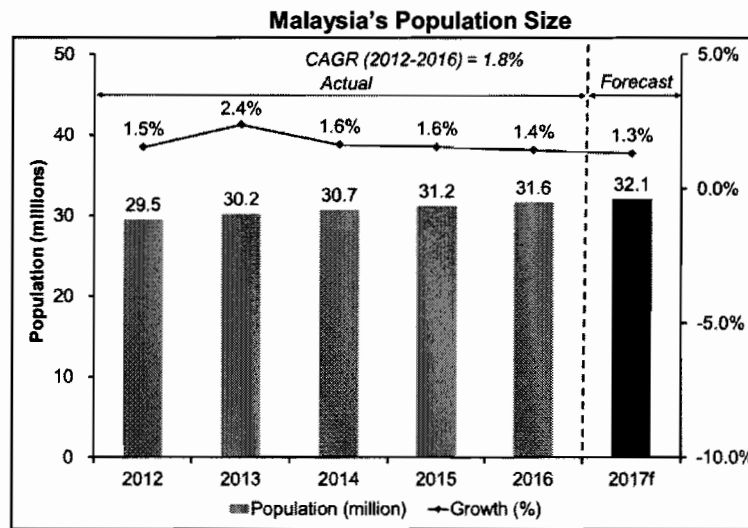
- The services sector plays a vital role in driving growth in the Malaysian economy. In 2016 the services sector contributed 54.3% of Malaysia's overall real GDP.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- The performance and growth trajectory of the information and communication subsector of the services sector could provide useful insights on the telecommunications network industry.
 - Over the years, the information and communication subsector's contribution to Malaysia's economy has been rising at a gradual pace, from 5.1% of Malaysia's overall real GDP in 2012 to 5.9% in 2016. During the same period, the subsector registered a CAGR of 9.1%.
 - In 2016 the subsector grew by 8.1%. Growth in the year was primarily driven by factors such as:
 - Aggressive promotional campaigns by telcos as they compete for market share;
 - Construction of network infrastructure to support the rising demand for reliable and high speed internet such as 4G Long-Term Evolution (LTE) and fibre optic networks;
 - Resilient demand for mobile internet services.
- (Source: Ministry of Finance)

3.3 Size of Malaysia's Population



Notes: f = forecast
 (Sources: Ministry of Finance)

- From 2012 to 2016 Malaysia's population grew at a CAGR of 1.8%, bringing the total population to an estimated 31.6 million people in 2016. The moderating trend in Malaysia's population growth is expected to persist into 2017, where the population size is expected to grow at a slower pace of 1.3%. Growth in the Malaysian population could potentially spur demand in telecommunications services, which would require telcos to build additional network infrastructure to support the growing number of users, who are essentially drawn from the country's general population. This would result in demand for more network supporting services.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



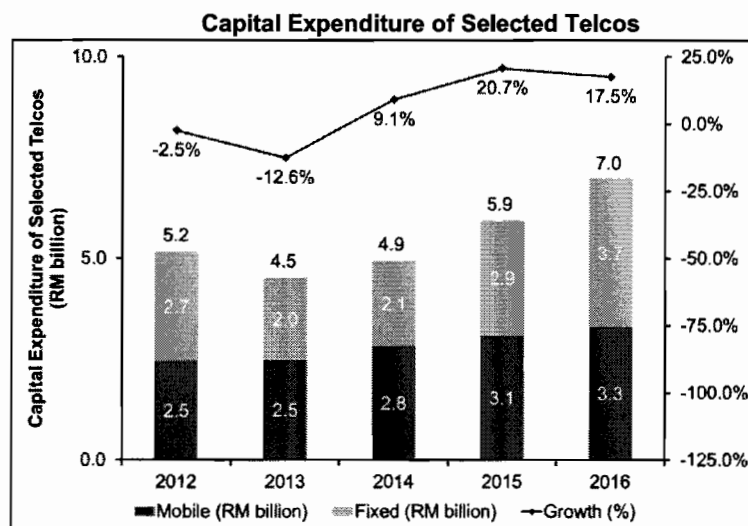
VITAL FACTOR CONSULTING
Creating Winning Business Solutions

4. DEMAND AND SUPPLY CONDITIONS

- Demand for network supporting services can be reflected by the overall performance of the telecommunications industry itself. Correspondingly, the following section assesses the state of the Malaysian telecommunications industry through the analysis of various factors such as:
 - Capital expenditures;
 - Malaysian Investment Development Authority (MIDA) approved investments;
 - Penetration rates;
 - New applications and renewals of apparatus assignments.
- As part of its future plans, Binasat Group intends to expand its business into Laos, Myanmar and Vietnam. As such, this section will also include selected statistics relating to the telecommunications industries in Laos, Myanmar and Vietnam.

4.1 Capital Expenditures in the Telecommunications Sector in Malaysia

- To keep up with technological advancements and demand for faster and more efficient telecommunications services, telcos in Malaysia are required to constantly invest in capital expenditures. Capital expenditures in this sector encompasses activities such as maintaining and upgrading existing networks to support and provide better quality network services, and construction of new infrastructure to improve and expand signal coverage.



Note: Totals may not add up due to rounding
(Source: MCMC)

- Between 2012 and 2016, capital expenditures by selected Malaysian telcos grew at a CAGR of 7.8%. Consistent with the growing demand for mobile telecommunications services, companies allocated more capital expenditures

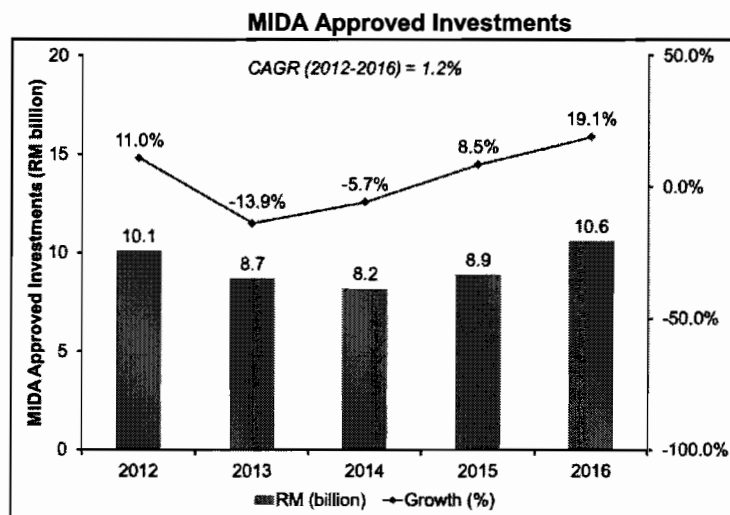
7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

to the mobile services segment compared to the fixed line services segment between 2013 and 2015. However, in 2016, capital expenditures in the fixed line services segment was higher with investments amounting to RM3.7 billion as opposed to capital expenditures of RM3.3 billion within the mobile services segment.

4.2 MIDA Approved Investments



Notes: Telecommunications subsector covers network facilities, network services, application services (including content application services), postal and broadcasting activities.

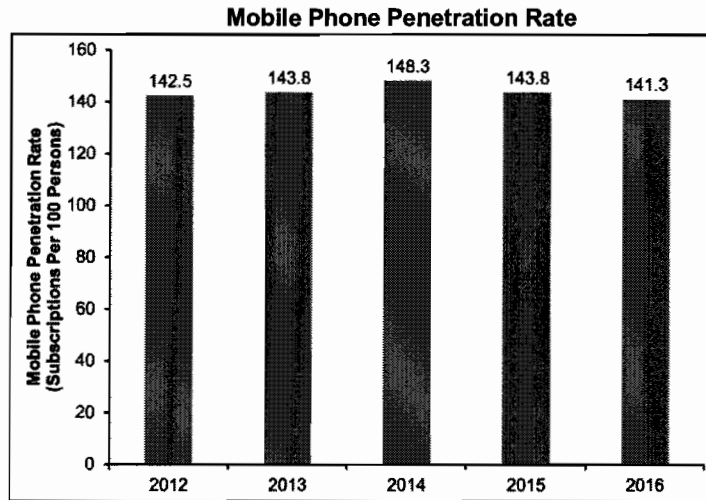
(Source: MIDA)

- Between 2012 and 2016, investments in the telecommunications industry that were approved by the Malaysian Investment Development Authority (MIDA) grew by a CAGR of 1.2%. Within this period, the total value of investments that MIDA approved in the industry exceeded RM8.0 billion each year.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

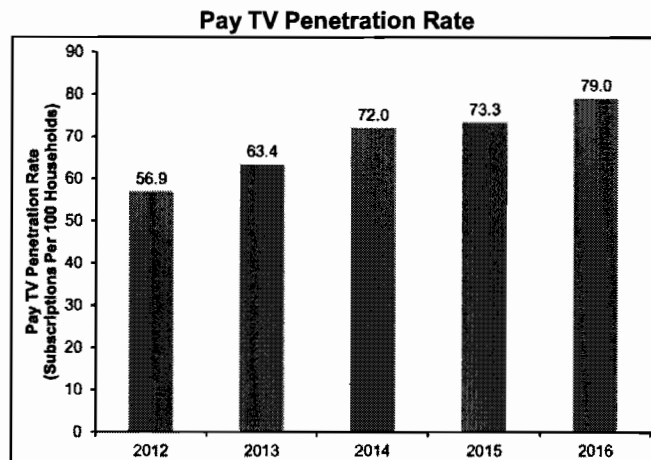


4.3 Penetration Rates in Malaysia



(Source: MCMC)

- Mobile phone penetration rates have contracted by a CAGR of 0.2%, falling from 142.5 subscriptions per 100 persons in 2012 to 141.3 subscriptions per 100 persons in 2016. In the past two years, the implementation of GST, increased cost of living and soft employment conditions weighed down on consumer spending, thus causing penetration rates to fall by 4.7% for the two-year period between 2014 and 2016.
- Growth in terms of subscriptions in the mobile phone market has relatively levelled off in the past few years indicated by penetration rates which hover in the range of 140 and 150 subscriptions per 100 households. Moving forward, subscriptions would likely increase but at a subdued pace which would not be able to significantly drive demand for network supporting services.



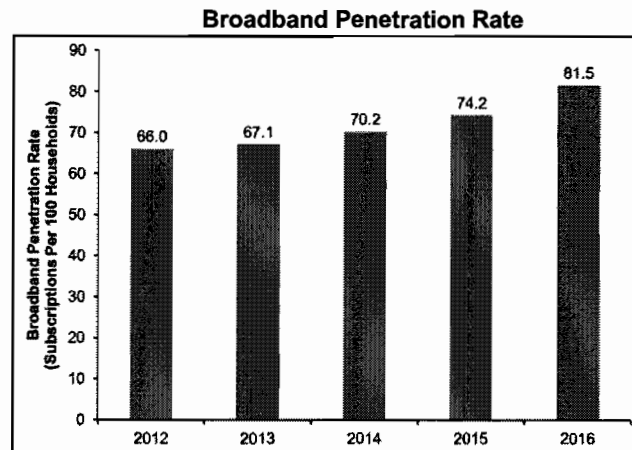
(Source: MCMC)

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Pay television (pay TV) penetration rates grew rapidly between 2012 and 2016, rising from 56.9 subscriptions per 100 households to 79.0 subscriptions per 100 households. The CAGR of pay TV penetration rates over this period was 8.5%.



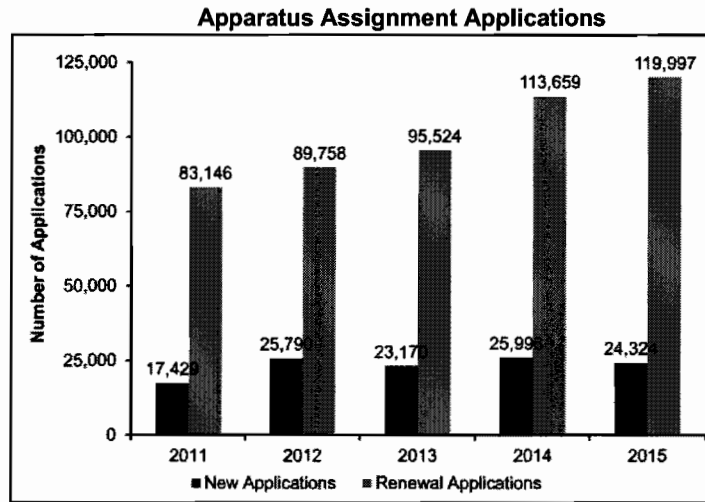
(Source: MCMC)

- Between 2012 and 2016, broadband penetration rates grew at a CAGR of 5.4% from 66.0 subscriptions per 100 households in 2012 to 81.5 subscriptions per 100 households in 2016.
- The pay TV and broadband market currently have penetration rates that are below 100, which indicate that these segments can still experience growth by expanding their subscriber base. This could in turn drive the demand for network supporting services as service providers would have to design, construct and install the appropriate networking components to serve potential subscribing households that are located beyond their existing coverage areas.

4.4 Apparatus Assignment Applications

- Before operating any apparatus that facilitates wireless telecommunications such as microwave stations, BTS and fixed land stations, individuals and organisations in Malaysia have to first receive consent from the Malaysian Communications and Multimedia Commission (MCMC) by sending in an apparatus assignment application. Generally, most of these applications have to be renewed on a yearly basis.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

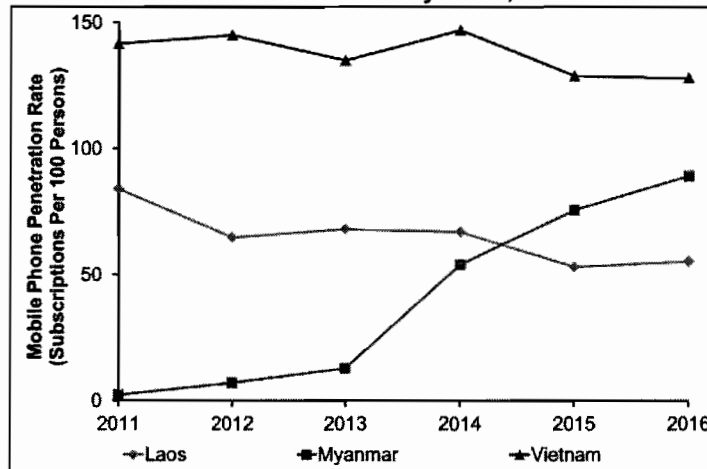


(Source: MCMC)

- Between 2011 and 2015 apparatus renewal applications grew at a CAGR of 9.6%, while new application growth was slightly lower, recording a CAGR of 8.7%.
- In general, new apparatus assignment applications reflect the amount of new apparatus which could potentially enter into the market and spur the demand for construction and installation services. Stability of new apparatus assignment applications between 2012 and 2015 reflect stable demand conditions for construction and installation services.
- Consequently, growth of the apparatus assignment renewal applications points to a growing number of existing apparatus that are already operational in the market thus increasing the potential demand for maintenance and operation services.

4.5 Selected Myanmar, Laos and Vietnam Telecommunications Industry Statistics

Mobile Phone Penetration Rates in Myanmar, Laos and Vietnam



(Source: Vital Factor analysis)

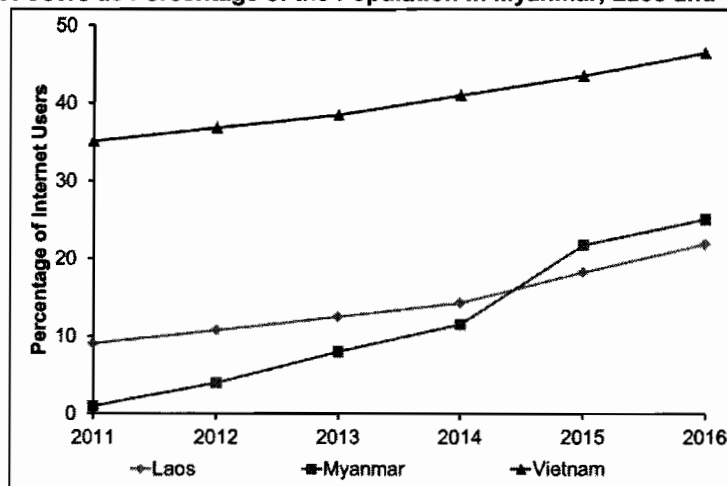
7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Between 2011 and 2016, mobile penetration rates in Laos, Myanmar and Vietnam grew at a CAGR of -8.0%, 106.5% and -2.0% respectively. As of 2016, mobile penetration rates in Laos and Myanmar lie below 100 subscriptions per 100 persons. This indicates that the telecommunications industry within these countries, are still able to experience growth by expanding their mobile phone subscriber base which could in turn spur demand for network supporting service.

Internet Users as Percentage of the Population in Myanmar, Laos and Vietnam



(Source: Vital Factor Analysis)

- Between 2011 and 2015, the percentage of internet users in Laos, Myanmar and Vietnam grew at a CAGR of 19.4%, 91.2% and 5.8% respectively. As at 2016, the percentage of internet users in these countries was well below 100%, indicating that there are growth opportunities in the telecommunications industry. Telecommunications network supporting services operators may be able to benefit from the growth of the telecommunications industry.

5. SUPPLY CONDITIONS

- Generally, a supply factor that may influence telecommunications network supporting services providers that provide installation, operation and maintenance services is the supply of skilled employees such as:
 - Technical engineers to design, install, test and maintain the networks;
 - Employees with operational knowledge of the NOC and hubs.
- Telecommunications network supporting services providers are dependent on the supply of the appropriate materials and equipment needed to construct the network infrastructure.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



5.1 Skilled Employees

Persons Employed as Technicians and Associate Professionals in Malaysia

	2011	2012	2013	2014	2015	2011-2015 CAGR (%)
Technicians and associate professionals (thousand persons)	1,313	1,284	1,288	1,367	1,407	1.7%
Employees with tertiary education ⁽¹⁾ (thousand persons)	649	667	704	792	829	6.3%
Percentage with tertiary education ⁽¹⁾	49.4%	51.9%	54.7%	58.0%	59.0%	4.5%

Note: 1) Obtained STPM, certificate, diploma or degree. (Source: Department of Statistics)

- According to the Malaysia Standard Classification of Occupations (MASCO) 2008, information and communication technicians are classified under major group 3 also known as technicians and associate professionals. Despite muted growth of employed workers in the category reflected by its CAGR of 1.7% between 2011 and 2015, the number of workers with tertiary education increased at a gradual pace recording a CAGR of 6.3% in the same period. By 2015, technicians and associate professionals with tertiary education rose to account for 59% of the total employed persons in the category, reflecting the growing supply of skilled labour in the market.

5.2 Supply Dependencies

- The provision of supporting services for telecommunications network depends on, among others, supply of equipment and parts.

Import Value of Telecommunications Equipment, Parts and Accessories

	2012	2013	2014	2015	2016	2012-2016 CAGR (%)
Telecommunications Apparatus in a Wired or Wireless Network (RM million)	2,454	2,961	4,148	5,003	5,683	23.4%
Growth rate	22.8%	20.6%	40.1%	20.6%	13.6%	
Telecommunications Parts (RM million)	1,071	917	1,001	1,327	1,770	13.4%
Growth rate	-1.6%	-14.4%	9.1%	32.5%	33.4%	
Optical fibre cables (RM million)	633	548	400	429	572	-2.5%
Growth rate	25.2%	-13.4%	-27.0%	7.2%	33.3%	

Source: Department of Statistics)

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- With the exception of optical fibre cables, generally import values of telecommunications apparatus and parts grew between 2012 and 2016, especially over the period 2014 to 2015. This is partly due to the increased capital expenditure of major telcos in Malaysia by 9.1% and 20.7% for 2014 and 2015 respectively.
- Operators in the network supporting services segment are reliant on the continuing availability of appropriate telecommunications equipment, parts and accessories.

6. GOVERNMENT REGULATIONS AND LICENCES

- Operators that offer network supporting services are required to adhere to various licensing and registration requirements.

6.1 Registration with Construction Industry Development Board

- Before carrying out any construction works in Malaysia, individuals and entities either local or foreign, are required to register with the Construction Industry Development Board (CIDB) as stated in the Construction Industry Development Board of Malaysia Act 1994.
- Listed below are the three categories that are available for contractors to register under depending on the nature of work they offer:
 - Mechanical and Electrical;
 - Civil Engineering Construction;
 - Construction of Buildings.
- Contractors are allocated a grade which determines their ability to participate in tenders or perform work of certain values, determined by a set of specific conditions that they fulfil. The grading is as listed below:

Grade	Value of Work/ Tender Limit
G1	Not exceeding RM0.2 million
G2	Not exceeding RM0.5 million
G3	Not exceeding RM1.0 million
G4	Not exceeding RM3.0 million
G5	Not exceeding RM5.0 million
G6	Not exceeding RM10.0 million
G7	No limit

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- The Contractor Registration Certificate which contains particulars such as the contractors approved grade and category is issued by the CIDB to contractors who have successfully completed the application process and paid the appropriate fees. The certificate is valid for a minimum period of one year and a maximum term not exceeding three years, unless cancelled, suspended or revoked earlier by the CIDB. (Source: Construction Industry Development Board)
- Binasat Group is registered as a Grade 7 (G7) contractor under the building construction and mechanical and electrical categories, and is valid from 24 August 2017 to 23 August 2020.

6.2 Network Facilities Provider Licence

- According to the Communications and Multimedia (Licensing) Regulations 2000 under the Communications and Multimedia Act 1998, a Network Facilities Provider Individual Licence may be granted to an organisation establishing, installing, operating or maintaining network facilities. These include the following:
 - Ground stations;
 - Fixed links and cables;
 - Public payphone facilities;
 - Radio communications transmitters and links;
 - Satellite hubs;
 - Towers, poles, ducts and pits used in conjunction with other network facilities.
- Entities that own or provide network facilities for niche or limited purposes are required to apply for a Network Facilities Provider Class Licence with the MCMC as stated in the Communications and Multimedia (Licensing) Regulations 2000 under the Communications and Multimedia Act 1998.
- Individual licences must be obtained from the Minister of Communications and Multimedia, Malaysia (Minister) where there is requirement for high degree of regulatory control, and which may include special or additional conditions declared by the Minister. In contrast, class licences are a more relaxed form of regulation aimed to promote industry growth and development with easy market access.
- In general, individual licences have a minimum validity period of five years and a maximum of 10 years, while class licences have to be renewed on a yearly basis. (Source: Malaysian Communications and Multimedia Commission)
- Binasat Group has obtained a Network Facilities Provider Individual Licence from the MCMC that is valid for a period of ten years beginning 14 December 2016 until 13 December 2026. The individual licence is granted for the Group's network facilities, including:
 - Ground stations;

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Satellite hubs;
- Fixed links and cables;
- Radio communications transmitters and links;
- Towers and poles used in conjunction with other network facilities.

6.3 Network Services Provider Licence

- According to the Communications and Multimedia (Licensing) Regulations 2000 under the Communications and Multimedia Act 1998, a Network Services Provider Individual Licence may be granted to an organisation providing network services. These network services include:
 - Bandwidth services;
 - Broadcasting distribution services;
 - Cellular mobile services (i.e. mobile wireless services);
 - Customer access services;
 - Mobile satellite services.
- Entities that provide niche customer access or niche connection services are required to apply for a Network Services Provider Class Licence with the MCMC as stated in the Communications and Multimedia (Licensing) Regulations 2000 under the Communications and Multimedia Act 1998.
- Individual licences must be obtained from the Minister of Communications and Multimedia, Malaysia (Minister) where there is requirement for high degree of regulatory control, and which may include special or additional conditions declared by the Minister. In contrast, class licences are a more relaxed form of regulation aimed to promote industry growth and development with easy market access.
- In general, individual licences have a minimum validity period of five years and a maximum of 10 years, while class licences have to be renewed on a yearly basis.

(Source: MCMC)

- Binasat Group has obtained a Network Service Provider Individual Licence from the MCMC that is valid for a period of ten years beginning 14 December 2016 until 13 December 2026.

6.4 Apparatus Assignment

- In order to comply with the Communications and Multimedia (Spectrum) Regulations 2000 under the Communications and Multimedia Act 1998, entities that intend operate an apparatus of a specified kind or for a specified purpose using one or more specified frequency bands are required to send in an apparatus assignment application to the MCMC.

7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- The term apparatus covers:
 - Any transmitter or receiver or a combination of both including any accessory equipment;
 - Any other device or equipment capable of interfering with or being subject to interference by electromagnetic radiation;
 - Any device which can be used for the purposes of radio communications-based network facilities, network services or applications services.

- The validity period for the majority types of apparatus range from a minimum of three months to a maximum of one year. Consequently, class A amateur stations, class B amateur stations, ship stations and aeronautical mobile stations have a minimum validity period of three months up to a maximum of five years.
(Source: MCMC)

- Binasat Group has obtained Apparatus Assignments for their satellite ground stations.

7. THREATS OF SUBSTITUTES

- The network supporting services are used by organisations that develop and maintain telecommunications systems.

- There is no substitute to the provision of construction, installation, operations and maintenance services for telecommunications network systems. These services are essential for a telco to provide quality and uninterrupted telecommunications services across a wide geographic area.

8. RELIANCE ON AND VULNERABILITY TO IMPORTS

- For installation and commissioning, and operations and maintenance of telecommunications network equipment, there may be some initial reliance on overseas expertise especially for proprietary technologies or when new equipment are purchased from overseas suppliers. However, it is common for suppliers to provide the necessary training to locals for continuing operations and support of the new technology and equipment. Local expertise is also generally developed as it is more cost effective compared to using foreign expertise on a continuous basis. As such, there is no vulnerability to the reliance on overseas expertise for the installation and commissioning, and operations and maintenance of telecommunications network equipment.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Local manufacturers are not able to manufacture all types of telecommunications network equipment as some of them use proprietary technologies or alternatively foreign manufacturers are the main suppliers of some of the telecommunications network equipment. In 2016, RM7.4 billion worth of telecommunications apparatus and parts were imported (*Source: Department of Statistics*). As such, there is some reliance on foreign supply of some telecommunications network equipment. However, operators in Malaysia are not vulnerable to imports as telecommunications network equipment is readily available from many foreign countries.

9. COMPETITIVE ANALYSIS

9.1 Nature of Competition in the Industry

- Generally, operators in the network supporting services segment in Malaysia operate within a free enterprise environment, but are subjected to licencing requirement constraints. Listed below are the licences that operators are required to obtain, which differs depending on the types of services they offer:
 - Network Facilities Provider (NFP) Licence from the MCMC is required by companies that own or provide network facilities such as towers, satellite ground stations (including teleports), broadband fibre optic cables, base stations and transmission towers.
 - Companies that provide transporting and connectivity services such as switching services, gateway services and broadcasting distribution services requires a Network Service Provider (NSP) Licence from the MCMC.
 - Companies that provide content such as those provided through television, radio and online publishing require a Content Applications Service Provider (CASP) Licence from the MCMC.
 - Companies that intend to operate telecommunications equipment using a specific frequency band need to apply for an Apparatus Assignment with the MCMC.
 - Companies that construct buildings and structures in Malaysia have to be registered with the CIDB as a contractor.

Within the multimedia and communications sector, the MCMC has created a "Class Licence" category for NFP, NSP, CASP and Applications Service Provider (ASP) where there are minimal conditions for companies to provide the respective services. This category of "Class Licence" is aimed at new entrants, niche operators and small enterprises to promote growth within the

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

multimedia and communications sector. As such, the barrier to entry from a regulatory perspective for the above four categories of services is low.

Similarly for the building and construction industry there are various grades for contractors. The lowest grade, G1, has minimal restrictions and is targeted at individuals and small enterprises. As such, the barrier to entry from a regulatory perspective for contractors within the building and construction industry is low.

- As the industry is subjected to normal supply and demand conditions moderated by the price mechanism, competition among operators occurs through service differentiation and various other factors. Some of these factors of competition and service differentiations include the following:
 - **Established track record:** An operator's experience and track record play an essential role in its ability to secure contracts as the installation, commissioning, operations and maintenance of telecommunications network equipment involves technical expertise to be carried out adequately according to the customers' requirements. Having an established track record provides potential customers with confidence that the service provider will be able to undertake the tasks effectively and efficiently.
 - **Quality of Service:** The ability to carry out swift and high quality services would be a core aspect that customers would consider when deciding which operator they should hire as these factors could potentially reduce downtime and long term costs of maintaining a network.
 - **Network of Service Centres:** In the provision of telecommunications network maintenance services, it is critical that timely and prompt actions are taken when faults or impending faults are discovered. Often this may require technical personnel to be on-site to rectify the fault or impending fault. As such, service providers that have a network of service centres or personnel located close to strategic points along the telecommunications network would have an advantage in winning telecommunications network maintenance services.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



9.2 Operators Providing Network Supporting Services in Malaysia

- Operators that currently provide network supporting services for satellite, mobile and/or fibre optic networks include the following:

Company Name	Satellite Network			Mobile Network		Fibre Optics Network
	I & C	O & M	U & D Serv	I & C	O & M	I & C
Baycom Sdn. Bhd.	√	√	√	x	x	x
B-Band Communications Sdn Bhd	x	x	x	√	√	√
Binasat Group	√	√	√	√	√	√
Dailycom Sdn Bhd	x	x	x	√	x	x
Danawa Resources Sdn. Bhd.	x	x	x	x	x	√
Eminent Display Sdn. Bhd.	x	x	x	√	√	x
Extreme Broadband Sdn. Bhd.	x	x	x	√	√	x
Fiber At Home City Networks Sdn. Bhd.	x	x	x	x	x	√
Fiberail Sdn. Bhd.	x	x	x	x	x	√
Grass2route Sdn. Bhd.	√	√	x	√	x	x
Leblanc Communications (M) Sdn. Bhd.	x	x	x	√	√	x
Navia Network Sdn. Bhd.	x	x	x	x	x	√
Numix Engineering Sdn. Bhd.	√	√	√	x	x	x
OCK Setia Engineering Sdn. Bhd.	x	x	x	√	√	√
Privanet Sdn. Bhd.	x	x	x	√	√	x
PRIVASAT Sdn. Bhd. ⁽¹⁾	x	√	√	x	x	x
REDtone Engineering & Network Services Sdn Bhd ⁽²⁾	√	√	x	x	x	x
Scopetel Sdn. Bhd.	√	√	√	x	x	x
SpeedCast Malaysia Sdn. Bhd. ⁽³⁾	√	√	√	x	x	x
Telestructure Sdn. Bhd.	x	x	x	√	√	x
Teras Millennium Sdn. Bhd.	x	x	x	√	√	x
Threesixty Technologies Sdn. Bhd.	x	x	x	√	x	√
TS Global Network Sdn. Bhd.	√	√	√	x	x	x
Wellcom Communications (M) Sdn. Bhd.	x	x	x	√	√	x

I & C = Installation and Commissioning; O & M = Operations and Maintenance; U & D Serv = Uplink and Downlink Services; (1) Formerly known as IPSAT Sdn. Bhd. (2) Formerly known as REDtone Marketing Sdn. Bhd. (3) Formerly known as Broadband Satellite Solutions Sdn. Bhd.

The companies in the table above are listed in alphabetical order. The methodology used to compile the list of companies above includes secondary market research (including published documents, websites and industry directories), and primary market research (which involved direct communications). The list of companies in the table above is not exhaustive. Most of the companies listed in the table are registered with the MCMC. (Source: Vital Factor analysis).

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Summary information relating to the financial performance of companies that currently provide network supporting services for satellite, mobile and/or fibre optic networks include the following:

Company Name	Revenue (RM '000)	Profit After Tax (RM '000)	Financial Year End [^]
Baycom Sdn. Bhd.	34,038	1,247	31-Dec-16
B-Band Communications Sdn. Bhd.	12,186	1,815	31-Dec-16
Binasat Group	54,519	10,023	30-Jun-17
Dailycom Sdn. Bhd.	10,000	657	30-Jun-16
Danawa Resources Sdn. Bhd.	89,830	1,449	31-Dec-15
Eminent Display Sdn. Bhd.	19,670	50	31-Dec-16
Extreme Broadband Sdn. Bhd.	28,563	955	30-Jun-16
Fiber At Home City Networks Sdn. Bhd.	7,510	(2,516)	31-Mar-15
Fiberail Sdn. Bhd.	201,126	54,370	31-Dec-16
Grass2route Sdn. Bhd.	2,874	262	31-Dec-14
Leblanc Communications (M) Sdn. Bhd.	87,989	(207)	31-Mar-16
Navia Network Sdn. Bhd.	728	(848)	31-Dec-16
Numix Engineering Sdn. Bhd.	0.00	1,431	31-Jul-16
OCK Setia Engineering Sdn. Bhd.	339,377	24,451	31-Dec-16
Privanet Sdn. Bhd.	4,678	(1,012)	31-Dec-16
PRIVASAT Sdn. Bhd. ⁽¹⁾	8,906	(3,691)	31-Dec-15
REDtone Engineering & Network Services Sdn. Bhd. ⁽²⁾	77,463	(10,671)	30-Apr-16
Scopetel Sdn. Bhd.	19,613	(2,585)	31-Dec-15
Speedcast Malaysia Sdn. Bhd. ⁽³⁾	5,295	1,386	31-Dec-16
Telestructure Sdn. Bhd.	11,873	979	31-Dec-16
Teras Millennium Sdn. Bhd.	n.a	n.a	n.a.
Threesixty Technologies Sdn. Bhd.	1,482	74	31-Dec-15
TS Global Network Sdn. Bhd.	53,056	1,830	30-Jun-16
Wellcom Communications (M) Sdn. Bhd.	61,682	5,343	31-Dec-14

[^] The most recent financial year end for which information on the company's financial information is publically available.

n.a. = Information on this company's revenue and profit after tax (PAT) are not publically available as it is an exempt private company.

(1) Formerly known as IPSAT Sdn. Bhd. (2) Formerly known as REDtone Marketing Sdn. Bhd.

(3) Formerly known as Broadband Satellite Solutions Sdn. Bhd.

The companies in the table above are listed in alphabetical order.

(Sources: Companies Commission of Malaysia; Binasat Group's financial information is from the Group's audited combined financial statements)

9.3 Teleport Owners and Operators

- A teleport, also known as a telecommunications port, is generally the main ground station in a satellite network. It connects the satellite network with a terrestrial network, such as the internet or a wide area network.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Examples of entities that own teleports include satellite owners, telcos and other telecommunications service providers. Teleport owners may operate the teleport themselves, or engage telecommunications network supporting service providers to do so.
- Some teleport owners lease out some of their physical space and network bandwidth at their teleport to other telecommunications service providers. For example, a teleport owner in Malaysia currently leases out space at its teleport to telcos, who set up their network equipment at the teleport.
- Entities that own and operate teleports in Malaysia include the following:

Teleport Owner	Teleport Operator	Number of Teleports
Astro Malaysia Holdings Berhad	Astro Malaysia Holdings Berhad	2
Digi Telecommunications Sdn Bhd	Digi Telecommunications Sdn Bhd	1
Measat Satellite Systems Sdn Bhd	Measat Satellite Systems Sdn Bhd	1
Sistem Televisyen Malaysia Berhad	Sistem Televisyen Malaysia Berhad	1
Speedcast Malaysia Sdn Bhd	Speedcast Malaysia Sdn Bhd	2
Telekom Malaysia Berhad	Telekom Malaysia Berhad	5
TS Global Network Sdn Bhd	TS Global Network Sdn Bhd	1

Note: In addition to the owners and operators listed in the table above, there is currently one entity that owns a teleport, but has ceased operating the teleport .

- Binasat Group currently provides operations and maintenance services for one of its customer's satellite telecommunications network equipment, which are installed within a space leased by the customer at a teleport in Malaysia. However, it should be noted that the Group is not involved in operating the entire teleport.
- Binasat Group intends to build, own and operate a new teleport as part of its future plans.

9.4 Managed Satellite Network Service Operators

- A managed satellite network service operator provides end-to-end satellite network bandwidth to its customers. It is the responsibility of the managed satellite network service operator to ensure that their customers' satellite networks are available at all times. In most cases, managed satellite network operators also offer services such as network traffic management, dynamic bandwidth allocation, security management and threats analysis.
- Companies that provide managed satellite network services in Malaysia include the following:
 - DMD Fone Network Sdn Bhd;
 - Forte Solutions Sdn Bhd;
 - Inaris Asia Pacific Sdn Bhd;

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- Innet Solutions Sdn Bhd;
- Lautan Variasi Sdn Bhd;
- Maju Nusa Sdn Bhd;
- Maxis Berhad;
- Measat Satellite Systems Sdn Bhd;
- Privasat Sdn Bhd;
- Rignet Sdn Bhd;
- ScopeTel Sdn Bhd;
- Speedcast Malaysia Sdn Bhd;
- Telekom Malaysia Berhad;
- TS Global Network Sdn Bhd.

Note: Managed satellite network service operators are listed in alphabetical order.

10. MARKET SIZE AND SHARE

- It is not reasonably possible to obtain substantiated data on market size and share of the installation and commissioning, and operations and maintenance services, for satellite, mobile and fibre optics telecommunications network in Malaysia. As such, information on market size and share are provided only for the following:
 - Maintenance of satellite ground stations at petrol stations in Malaysia;
 - Maintenance of satellite ground stations in Malaysia;
 - Maintenance of active infrastructure at BTS sites in Malaysia.
- For the financial years ended 30 June 2014, 2015, 2016, and 2017, revenue contribution from the operation and maintenance of satellite, mobile and fibre optics telecommunications networks accounted for 51.1%, 43.4%, 39.8% and 41.5% of Binasat Group's total revenue respectively. *(Source: Binasat Group)*

10.1 Maintenance of Satellite Ground Stations at Petrol Stations in Malaysia

- As at October 2017 there were approximately **3,050** petrol stations in Malaysia that used satellite ground stations, which represents the market size for the maintenance of satellite ground stations at petrol stations. *(Source: Vital Factor analysis, which included primary market research involving direct communications, and secondary market research involving published documents and websites.)*

Note: Chevron Malaysia Limited's petrol stations, which operate under the "Caltex" name, do not use satellite ground stations.

- As at October 2017 Binasat Group provided maintenance services for a total of approximately **1,750** satellite ground stations installed at petrol stations. As such, Binasat Group's market share for the maintenance of satellite ground stations installed at petrol stations was estimated at **57%**. *(Source: Vital Factor analysis, which included primary market research involving direct*

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

communications, secondary market research involving published documents and websites; and Binasat Group for the number of satellite ground stations maintained by the Group.)

10.2 Maintenance of Satellite Ground Stations in Malaysia

- In 2016, the market size for the provision of maintenance services for all satellite ground stations in Malaysia (including those at petrol stations) was estimated at **7,000** sites. (Source: MCMC, Vital Factor analysis)
- In 2016 Binasat Group provided maintenance services for satellite ground stations at a total of approximately **4,500** sites (including those at petrol stations). As such, Binasat Group's market share for the maintenance of satellite ground stations was estimated at **64%**. (Source: Vital Factor analysis)

10.3 Maintenance of Active Infrastructure at BTS Sites in Malaysia

- In 2016, the market size for the provision of maintenance services for active infrastructure (such as transceivers, antennas and switches) at mobile network BTS sites in Malaysia was estimated at **39,000** sites. (Source: MCMC, Vital Factor analysis)
- In 2016 Binasat Group provided maintenance services for active infrastructure at a total of approximately **11,000** mobile network BTS sites. As such, Binasat Group's market share for the maintenance of mobile network BTS sites was estimated at **28%**. (Source: Vital Factor analysis)

11. THREATS AND RISK ANALYSIS

11.1 Local and Global Economic Slowdown

- A prolonged and widespread local and global economic slowdown would affect economic activity and business spending. Uncertainty over global and domestic economic conditions may reduce general economic activity and reduce business confidence and spending, resulting in reduced demand for network supporting services. This may have a negative impact on the performance of the sector.
- Although an economic slowdown would affect general economic activity and business spending, its impact on demand for network supporting services may be less severe as these services are essential in ensuring that the network continues to function properly. As a result, demand for network supporting services in general will be sustained, although a prolonged economic slowdown may lower long-term growth in demand. Demand for operations and maintenance services, however may be supported during an economic

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



slowdown as telcos outsource their operations function as a cost cutting measure.

11.2 Fluctuations in the Value of the Malaysian Ringgit

- The network supporting services segment may be affected by the continuing depreciation of the value of the Malaysian Ringgit against other foreign currencies. Operators in the industry that utilise imported equipment or are required to supply imported network equipment and parts as part of their overall services, would experience an increase in the cost of sales due to the depreciation in value of the Malaysia Ringgit.
- As at the end of October 2017, the exchange rate of the Malaysian Ringgit to USD was RM4.23 to USD1.00, compared to RM3.29 to USD1.00 at the corresponding period in 2014 (*Source: Bank Negara Malaysia*). This represented a decline of approximately 22% in the value of the Malaysian Ringgit relative to USD.
- Supply of equipment and parts are sometimes passed back to customers, but not necessary all the time. Operators that are in a stronger financial position may be able to purchase and maintain stocks of key materials to create a cushion against the depreciation in value of Malaysian Ringgit.

11.3 Failure to Meet Service-Level Agreement Terms

- In general, a service-level agreement (SLA) is a contract that documents the agreed performance standards that companies providing network supporting services are obligated to achieve or maintain. For example, companies that offer network maintenance services would be required by service providers to be able to troubleshoot and resolve any networking problems which may potentially interrupt or halt the network's services, under an agreed time frame.
- Failure to meet the terms of the SLA results not only to penalties being incurred by telecommunications network supporting services providers but also exposes them to the risk of losing their existing clients due to the unsatisfactory level of work being delivered.

11.4 Technology Phase Out

- There is a risk of VSAT satellite services being replaced by newer, improved or more cost effective technologies.
- Operators in the telecommunications network supporting services segment are able to shield themselves from this risk by keeping up to date with the technological advancements as well as diversifying their skills and customer base to cover a broader spectrum of technologies. One example is to provide services that include satellite, wireless and fixed line technologies.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

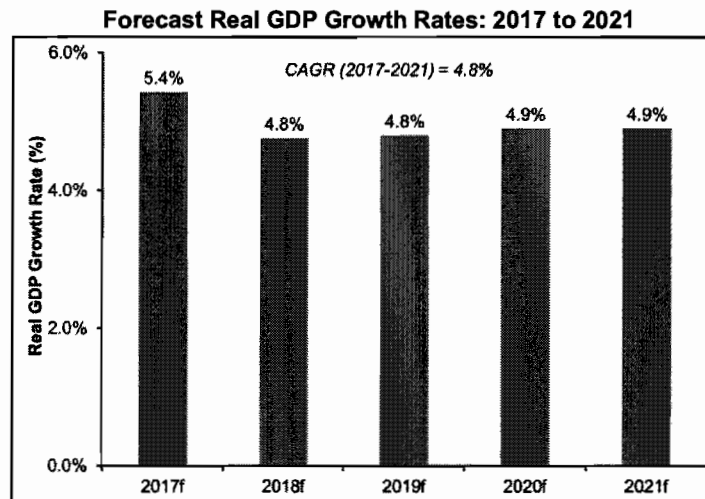


12. INDUSTRY PROSPECTS AND OUTLOOK

- The prospects and outlook of the telecommunications network supporting services segment are dependent on economic and social factors that affect consumer, business and government spending. These factors include:
 - Improving economic conditions in Malaysia:
 - Population growth;
 - Technological advancements;
 - Universal Service Provision (USP) programme;
 - Budget 2018;
 - 11th Malaysia Plan;
 - Capital Expenditure by telcos;
 - Spectrum reallocation.

12.1 Improving Economic Conditions in Malaysia

- Positive real GDP growth usually results in favourable general economic conditions and increasing economic activities. The increase in activities will contribute to growth in the consumption of telecommunications services offered by service providers which will in turn stimulate the demand for network supporting services.



Note: f = Forecast. (Source: Vital Factor analysis for 2017 to 2021 figures)

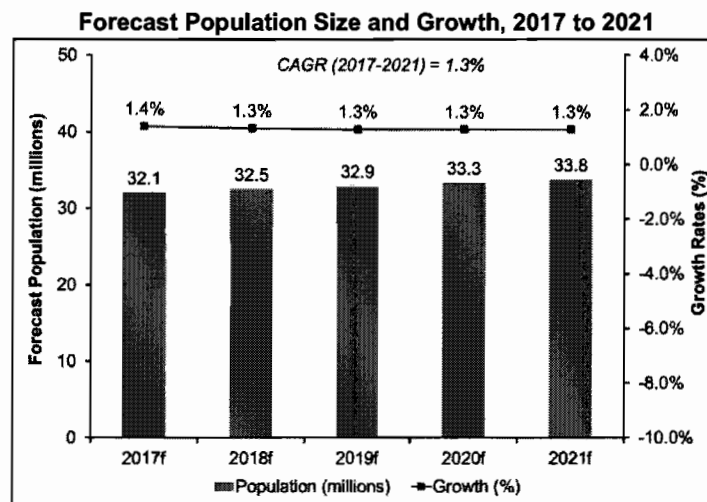
- Malaysia's real GDP is forecasted to grow at a CAGR of 4.8% between 2017 and 2021. The Ministry of Finance Malaysia forecasted real GDP for 2017 to grow between 5.2% and 5.7%. Growth in real GDP is expected to range between 4.8% and 4.9% for 2018 to 2021.
- Sustained real GDP growth in Malaysia will provide a platform for continuing growth in telecommunications consumption and consequently for the network supporting services segment which are needed to setup, operate and maintain networks to meet demand.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



12.2 Population Growth

- Continuing population growth in Malaysia will sustain and drive the demand for network supporting services, as the general public are the main end users of telecommunications network services. Operators within the segment are positioned to benefit from this development as telcos would have to invest in new infrastructure and systems in order to support the growth in network traffic.



12.3 Technological Advancements

- Newer or improved technologies are continuously being introduced into the telecommunications industry. The need for new equipment to be installed to support new or improved telecommunications protocols provide operators offering installation and maintenance services a catalyst for growth.
- For example, telecommunications infrastructure installed to support third generation (3G) wireless communications will be unable to support the newer Long-Term Evolution (LTE) wireless communications. As such, telcos that strive to provide better services to their customers will need to upgrade their telecommunications network equipment. This will provide opportunities to operators to install and commission a new set of telecommunications equipment.
- In addition, the introduction of new wireless communications protocol like LTE would require additional operations and maintenance personnel as prior technologies like 3G will still need to be supported due to the existing customer base. This is because technologies like LTE are not backward compatible, meaning LTE technologies are unable to support or are not compatible with prior technologies like 3G.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



12.4 Universal Service Provision (USP) Programme

- The Universal Service Provision (USP) programme that is implemented by MCMC aims to ensure that remote and sparsely populated areas of Malaysia have access to telecommunications services. There are various initiatives under this programme such as the Cellular Coverage Expansion, Mobile Broadband Coverage Expansion and Fibre Optic Network Expansion initiatives.
- As at 31 December 2015, under the Cellular Coverage Expansion – Time 3 initiative, a total of 1,000 new telecommunications towers were constructed nationwide and equipped to support second generation (2G) and 3G mobile services to provide mobile network coverage to areas with poor or no coverage.
- In addition, the MCMC announced a continuation plan in 2014 known as the Cellular Coverage Expansion - Time 3 Extension initiative, where 1,000 additional telecommunications towers will be built in phases throughout Malaysia in rural and tourist areas, and along major highways. Towers constructed under the initiative will operate using a Radio Access Network (RAN) Sharing approach. This new concept allows a single Time 3 telecommunications tower to support telecommunications services from multiple service providers at the same time. The Time 3 Extension initiative was forecasted to be completed by end of 2016.
- The Mobile Broadband Coverage Expansion - 3G and LTE initiatives were implemented to upgrade existing 2G services to 3G and to expand coverage of 3G and LTE to provide coverage to underserved locations. As at 31 December 2015, approximately 1,400 and 300 locations were equipped to receive 3G and LTE services respectively.
- The Fibre Optic Network Expansion initiative was launched in 2014 in order to upgrade existing core network to be able to provide high-speed broadband services to support the growing demand for LTE services. As at 31 December 2015, approximately 330 km of optical fibre network had been installed throughout Malaysia under the USP programme.
- The government has also launched an initiative called 1Malaysia People's Cable System (SKR1M) in the 2014 Budget which involved connecting Peninsular Malaysia with Sabah and Sarawak with submarine fibre optic cable network. SKR1M which is still under implementation is expected to be completed in 2017.

(Sources: MCMC; Vital Factor analysis)

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



12.5 Budget 2018

- Under Budget 2018, a total of RM1 billion was allocated through MCMC to develop telecommunications infrastructures and broadband facilities in Sabah and Sarawak.

(Sources: Ministry of Finance, Malaysia)

12.6 11th Malaysia Plan

- One of the strategies under the 11th Malaysia Plan to improve coverage, quality and affordability of digital infrastructure is to expand and upgrade broadband infrastructure which involves deployment of High-Speed Broadband 2 (HSBB 2) and Suburban Broadband (SUBB).
- The HSBB 2 which is proposed to cover all state capitals and high-impact growth areas is expected to provide broadband speeds of up to 100 Megabits per second (Mbps) to households in these locations by 2020.
- Alternatively, the SUBB is proposed to cover suburban and rural areas and is expected to supply 50% of households in these areas with broadband speeds of up to 20 Mbps by 2020.

(Sources: Economic Planning Unit, Malaysia)

12.7 Capital Expenditure by Telcos

- Providers of telecommunications network supporting services are expected to benefit from telco's ongoing capital expenditure on their networks. This capital expenditure includes expenditure on activities such as upgrading, maintaining and deploying additional network infrastructure to improve their service offerings to their customers. Telcos generally engage telecommunications network supporting services providers to carry out this work. Additional details relating to capital expenditure by telcos are provided in Section 4.1.

12.8 Spectrum Reallocation

- In 2016, MCMC carried out a spectrum reallocation exercise. This led to the reassignment of spectrum in the 900MHz and 1,800 MHz bands among Celcom, Digi, Maxis and U Mobile. In the past, these bands were assigned to Maxis, Celcom and Digi to provide 2G mobile services to their customers.
- To use the new spectrum allocations, telcos have to recalibrate their network equipment at each site to their new respective spectrum allocations. In some cases, telcos may also install new network equipment to redesign their network according to their new spectrum allocations. This exercise, also known as spectrum migration, commenced in September 2016 and is expected to be completed by June 2017.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- MCMC has also expressed plans to optimise spectrums in other bands such as the 2,300MHz and 2,600MHz bands in a similar manner. In general, in Malaysia the 2,300 MHz band is commonly used to provide WiMAX services while the 2,600MHz band is used to provide LTE mobile services.
- In the event that MCMC carries out a spectrum reallocation exercise in the future, operators providing telecommunications network supporting services could potentially benefit as telcos could engage them to carry out network equipment recalibration work, and to install and commission new network equipment.
- In October 2017, MCMC announced that it will be reallocating spectrum within the 700 MHz frequency band to support the deployment of high speed mobile broadband services. Prior to this, the 700 MHz band was used to provide analogue broadcasting services in the country. The band which will be assigned by way of tender is expected to be made available for mobile broadband service from 1 January 2019 onwards.
- Providers of telecommunications network supporting services are expected to positively benefit from this development through higher demand for their services. This is because such telcos may install new equipment or recalibrate existing network equipment to operate within the new frequency range.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Promoters and substantial shareholders' shareholdings

The Promoters and substantial shareholders' shareholdings in our Company before and after the IPO are as follows:

Name	Nationality	Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	⁽¹⁾ %	No. of Shares	%	⁽²⁾ No. of Shares	⁽³⁾ %	No. of Shares	%
Na Boon Aik	Malaysian	87,010,451	50.0	-	-	67,010,451	25.8	-	-
Na Bon Tiam	Malaysian	87,010,451	50.0	-	-	67,010,451	25.8	-	-

Notes:

- (1) Based on the enlarged share capital of 174,021,000 Shares after the Acquisitions.
- (2) After the Offer for Sale.
- (3) Based on the enlarged share capital of 260,000,000 Shares after the IPO.

Except as set out above, we are not aware of any other person(s) who directly or indirectly, jointly or severally, exercise control over us.

8.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) Na Boon Aik

Na Boon Aik, aged 53, is our Managing Director. He was appointed to our Board on 6 June 2017.

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

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

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

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 2017, Binasat was awarded the “BestBrands in Technology – Integrated Telecommunication Solutions” under the “BrandLaureate SMEs Corporate Branding Awards 2016-2017”. Na Boon Aik was also awarded the “Brand Technopreneur of the Year” under the “BrandLaureate SMEs BestBrands Brand Leadership Awards 2016-2017”. Please refer to Section 6.2 of this Prospectus for further details on our Group’s Awards and Recognitions.

Na Boon Aik and our Executive Director, Na Bon Tiam, are siblings.

(ii) Na Bon Tiam

Na Bon Tiam, aged 44, is our Executive Director. He was appointed to our Board on 6 June 2017.

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

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

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

Na Bon Tiam and our Managing Director, Na Boon Aik, are siblings.

8.1.3 Changes in shareholdings of our Promoters and substantial shareholders since incorporation up to the LPD

The significant changes in the shareholdings of our Promoters and substantial shareholders since our incorporation on 17 March 2017 up to the LPD are as follows:

Name	As at date of incorporation				As at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Wong Kian Wei ⁽³⁾	1	50.0	-	-	-	-	-	-
Lim Bee Cheng ⁽³⁾	1	50.0	-	-	-	-	-	-
Na Boon Aik	-	-	-	-	⁽⁴⁾ 87,010,451	50.0	-	-
Na Bon Tiam	-	-	-	-	⁽⁴⁾ 87,010,451	50.0	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Notes:

- (1) Based on total number of 2 Shares.
- (2) Based on the enlarged total number of 174,021,000 Shares after the Acquisitions, including 98 Shares held by Limus bin Ibal, a director of Binasat Sabah.
- (3) Subscriber's shares.
- (4) After the Acquisitions. Please refer to Section 5.2.1 of this Prospectus for further details of the Acquisitions.

8.2 DIRECTORS

8.2.1 Directors' shareholdings

Our Directors' shareholdings in our Company before and after the IPO are as follows:

Name	Designation	Before the IPO				After the IPO ⁽¹⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	⁽²⁾ %	No. of Shares	%	No. of Shares	⁽³⁾ %	No. of Shares	%
Tan Sri Datuk Seri Ahmad Fuad bin Ismail	Independent Non-Executive Chairman	-	-	-	-	1,000,000	0.4	-	-
Na Boon Aik	Managing Director	87,010,451	50.0	-	-	67,010,451	25.8	-	-
Na Bon Tiam	Executive Director	87,010,451	50.0	-	-	67,010,451	25.8	-	-
Dato' Seow Thiam Fatt	Senior Independent Non-Executive Director	-	-	-	-	500,000	0.2	-	-
Dato' Tan Yee Boon	Independent Non-Executive Director	-	-	-	-	500,000	0.2	-	-
Datuk Lalla Nezha binti Tun Mohd Khalil	Independent Non-Executive Director	-	-	-	-	500,000	0.2	-	-

Notes:

- (1) Assuming full subscription of the Pink Form Shares reserved for our eligible Directors.
- (2) Based on the enlarged share capital of 174,021,000 Shares after the Acquisitions.
- (3) Based on the enlarged share capital of 260,000,000 Shares after the IPO.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.2.2 Profiles of Directors**

The profiles of our Managing Director, Na Boon Aik, and our Executive Director, Na Bon Tiam who are also our Promoters are disclosed in Section 8.1.2 of this Prospectus. The profiles of our other Directors are as follows:

(i) Tan Sri Datuk Seri Ahmad Fuad bin Ismail

Tan Sri Datuk Seri Ahmad Fuad bin Ismail, aged 63, is our Independent Non-Executive Chairman. He was appointed to our Board on 6 June 2017. He is the Chairman of our Remuneration Committee and Nomination Committee, and also a member of our Audit and Risk Management Committee.

He holds a Bachelor of Arts Degree in History from University of Malaya in 1976. After his graduation in 1976, he was a tutor at the Department of History in the Faculty of Arts, University of Malaya, before joining the Ministry of Health, Malaysia as an Assistant Secretary in the same year.

After leaving the Ministry of Health, Malaysia in 1982, he went on to hold several key positions in various government agencies from 1982 to 2008. These included the positions of Senior Project Officer of the National Institute of Public Administration, Special Officer to the Director General of Public Service Department, President of Subang Jaya Municipal Council, General Manager at Penang Development Corporation, and Secretary General of the Ministry of Housing and Local Government. He was appointed as the Mayor of Kuala Lumpur from 14 December 2008 to 16 July 2012. He served as an Independent Non-Executive Director at Malaysian Resources Corporation Berhad from 5 February 2014 to 8 October 2014. In March 2014, he was appointed as the Executive Chairman of TCB Ventures Sdn Bhd where he is responsible for planning and approvals, and on business development related matters. He was also appointed as the Chairman of the Public Complaints Bureau Advisory Board of the Prime Minister's Department, a position he has held since September 2016. He also sits on the board of several private companies.

(ii) Dato' Seow Thiam Fatt

Dato' Seow Thiam Fatt, aged 76, is our Senior Independent Non-Executive Director. He was appointed to our Board on 6 June 2017. He is the Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee.

He obtained his Diploma in Accountancy from Perth Technical College of Western Australia in 1962 before he was admitted as an Associate of the Australian Society of Accountants and an Associate of The Institute of Chartered Secretaries and Administrators in 1963.

In 1963, he began his accountancy career in Perth, Australia with Peat Marwick Mitchell & Co., as a Trainee Accountant and was later posted to the Sydney office from 1966 to 1968. He was admitted as an Associate of The Institute of Chartered Accountants in Australia (now known as Chartered Accountants Australia and New Zealand) in 1968. Subsequently in 1969, he was posted to the office in Malaysia as a Qualified Audit Assistant and was later promoted to a Tax Manager position before he left in 1971. He continued his professional career for more than 20 years as a Partner in the accounting firms of Larry Seow & Co, Moores Rowland and Arthur Young from 1972 to 1993. He retired from professional practice in 1994 and held various senior positions in the private and public sectors. In 2000, he joined the SC where he was appointed as the General Manager of the Financial Reporting Surveillance and Compliance Department until 2002.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

He is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and past Fellow of the Institute of Chartered Accountants in Australia (now known as Chartered Accountants Australia and New Zealand). He is also a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He was the President of MICPA and also served as an Independent Director of the Kuala Lumpur Commodities Exchange (KLCE). He was also a Council Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is currently the Chairman of its Audit Committee.

He is currently the Independent Non-Executive Director of AmMetLife Insurance Berhad and the Independent Non-Executive Chairman of Sersol Berhad. He was also an Independent Non-Executive Director of Affin Investment Bank Berhad from 2004 to 2011. In addition, he has been the former Independent Non-Executive Director of ING Insurance Berhad, ING Funds Berhad, Tan Chong Motor Holdings Berhad, and Warisan TC Holdings Berhad.

(iii) Dato' Tan Yee Boon

Dato' Tan Yee Boon, aged 42, is our Independent Non-Executive Director. He was appointed to our Board on 6 June 2017. He is a member of our Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

He obtained a Bachelor of Laws from the University of South Wales in the United Kingdom in 1997 and Certificate of Legal Practice from the Legal Profession Qualifying Board of Malaysia in 1998. He was admitted as an advocate and solicitor of the High Court of Malaya in 1999 and has more than 18 years of experience as an advocate and solicitor in Malaysia. His career started in 1998 as a Chambering Student at Cheang & Ariff in Kuala Lumpur. In 1999 he joined Ranjit Ooi & Robert Low as a Legal Assistant before he left in 2000 to join Khaw & Partners as a Legal Assistant. In 2011, he became a partner of the firm. Subsequently in 2013, he started his own practice and was the founder and partner of Messrs' David Lai & Tan, a legal firm in Kuala Lumpur.

He has been a Non-Executive Director of Worldgate Global Logistics Ltd since March 2016, a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong.

From June 2009 to May 2017 he held the position of Independent Non-Executive Director of Earnest Investments Holdings Limited. In June 2016, he was also appointed Independent Non-Executive Director of China Dynamics (Holdings) Ltd. Both companies are listed on the Main Board of the Stock Exchange of Hong Kong. He also sits on the board of Protasco Berhad and Central Industrial Corporation Berhad, positions he has held since 2013 and 2015, respectively. Additionally, he also holds directorships in several private companies.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(iv) Datuk Lalla Nezha binti Tun Mohd Khalil

Datuk Lalla Nezha binti Tun Mohd Khalil, aged 46, is our Independent Non-Executive Director. She was appointed to our Board on 6 June 2017. She is a member of our Remuneration Committee and Nomination Committee.

Since 1998 to the LPD, she has held directorships in various private companies. In 2005, she was appointed as a Director with Gelombang Makmur Sdn Bhd, a sand mining company located in Melaka where she is currently responsible for administering day-to-day business operations. She sits on the board of private companies in various industries such as property investment, information technology, and construction.

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

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

Please refer to Section 8.2.3 of this Prospectus for further details of our Directors' directorships for the past five years prior to the LPD.

8.2.3 Principal directorships and principal business activities outside our Company

Save as disclosed below, none of our Directors has any involvement in business activities performed outside our Company for the past five years prior to the LPD:

<u>Name</u>	<u>Company</u>	<u>Principal business activities</u>	<u>Involvement in business activities</u>	<u>Equity interest held (%)</u>
Tan Sri Datuk Seri Ahmad Fuad Bin Ismail	Present directorships or shareholdings			
	Arena Klasik Sdn Bhd	Investment holding in property holdings	Director	-
	TCB Ventures Sdn Bhd	Consultancy, property development and investment	Director	-
	Island Golf Properties Bhd	Provision of golfing and social facilities	Director	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Company	Principal business activities	Involvement in business activities	Equity interest held (%)
	Premier Glenmarie Sdn Bhd	(i) Assembly and erection of prefabricated constructions on the site. (ii) Real estate activities with own or leased property (iii) Development of building projects for own operation, i.e. for renting of space in these buildings.	Director	-
	Past directorships			
	Malaysian Resources Corporation Berhad	Principally an investment holding company; also engages in construction related activities, environmental engineering, property development, property investment and provision of management services to its subsidiaries	-	-
	Penang Sentral Sdn Bhd	Property development, managing and maintaining a temporary transport terminal	-	-
	Tradewinds Hotels & Resorts Sdn Bhd	Investment holding in hotels and resorts	-	-
Na Boon Aik	Present directorships or shareholdings			
	Bina Electrical Power Sdn Bhd (winding up)	Dormant	Director / Shareholder	50.0
	Binalite Solutions Sdn Bhd ¹	Providing information technology (IT) services and programming (for software in the medical industry)	Director / Shareholder	25.0
	Binalite Technologies Sdn Bhd ² (striking off in process)	Electrical and mechanical engineering and act as contractor and sub-contractor (mainly involved in mechanical engineering in the construction sector)	Director / Shareholder	60.0

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Company	Principal business activities	Involvement in business activities	Equity interest held (%)
	Biotacs Sdn Bhd	Investment holding in medical equipment	Director / Shareholder	50.0
	Techcellence Sdn Bhd	Investment holding in property holdings	Director / Shareholder	100.0
	NBS Consultancy Sdn Bhd	The company is principally engaged as medical and surgical consultants	Director / Shareholder	6.7
	IP Harmony Networks Sdn Bhd ^{1 3}	To provide information communication technology (ICT) (involved in the trading of ICT equipment)	Director / Shareholder	40.0
	Geneken Sdn Bhd	Medical consultancy services	Director / Shareholder	10.0
	Sky Comm Global Pte Ltd	Investment holding in IT and software related business	Shareholder	66.7
	Past directorships			
	Southern Charm Sdn Bhd	Dormant	-	-
	Binalite Electrical	Contractor for electrical works	-	-
Na Bon Tiam	Present directorships or shareholdings			
	Binalite Solutions Sdn Bhd ¹	Providing information technology services and programming (for software in the medical industry)	Director / Shareholder	25.0
	Binalite Technologies Sdn Bhd ² (striking off in process)	Electrical and mechanical engineering and act as contractor and sub-contractor (mainly involved in mechanical engineering in the construction sector)	Director / Shareholder	40.0
	IP Harmony Networks Sdn Bhd ^{1 3}	To provide information communication technology (ICT) (involved in the trading of ICT equipment)	Director / Shareholder	40.0
	Geneken Sdn Bhd	Medical consultancy services	Director / Shareholder	10.0
	Sky Comm Global Pte Ltd	Investment holding in IT and software related business	Shareholder	33.3

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

<u>Name</u>	<u>Company</u>	<u>Principal business activities</u>	<u>Involvement in business activities</u>	<u>Equity interest held (%)</u>
	Past directorships			
	Binalite Electrical	Contractor for electrical works	-	-
Dato' Seow Thiam Fatt	Present directorships			
	AmMetLife Insurance Berhad	Underwriting of life insurance business	Director	-
	IFB Management Holdings Sdn Bhd	Dormant	Director	-
	Sersol Berhad	Provision of management services and investment holding	Director	-
	Past directorships			
	Warisan TC Holdings Berhad	Investment Holding in trading of consumer goods, travel, automotive, machinery and sale of used vehicle, etc	-	-
	Tan Chong Motor Holdings Berhad	Investment Holding for a conglomerate of businesses related to automotive industry, property investment and insurance, etc	-	-
	Premium Policy Berhad (<i>winding up</i>)	Investment holding of businesses related to insurance	-	-
	Kenanga Funds Berhad	Dormant	-	-
	Angka-Tan Motor Sdn Bhd	Assembly, distribution and sale of commercial and passenger vehicles	-	-
	WTC Automotif (M) Sdn Bhd	Dormant	-	-
	Belize Holdings Sdn Bhd	Investment holding in the provision of corporate travel solutions	-	-
	Mayflower Car Rental Sdn Bhd	Operation of inbound and outbound tours of cars and coaches for rental and leasing and marketing of motor vehicles	-	-
	Mayflower Corporate Travel Services Sdn Bhd	Provision of air ticketing services, inbound and outbound tour	-	-
	TC Management Services Corporation Sdn Bhd	Management services	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Company	Principal business activities	Involvement in business activities	Equity interest held (%)
	Perwiramas Sdn Bhd	Investment holding of businesses related to insurance agency services in automotive industry	-	-
	Tung Pao Sdn Bhd	Distribution and sale of health care and consumer products	-	-
Dato' Tan Yee Boon	Present directorships or shareholdings			
	RunningMind Sdn Bhd	Business management consultancy and advertising services	Director / Shareholder	99.0
	Prevenances Corporate Advisory Sdn Bhd	Providing training management and consultancy into all kinds of insurance and property marketing agents	Director/ Shareholder	50.0
	Central Industrial Corporation Berhad	Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes	Director	-
	Daya CMT Sdn Bhd	Providing industrial facilities management including builder works, facility operation and maintenance services, upgrades and retrofits as well as design and build plant facility	Director	-
	Perfect Propel Sdn Bhd	Investment holding in facilities management services	Director	-
	Protasco Berhad	Investment holding in construction, property development, education, trading, engineering and retail business	Director	-
	Maslog IT Solutions Sdn Bhd	Engaged as developer and provision of technical support of software system for the supply chain management in the logistics and forwarding industry	Shareholder	0.8
	David Lai & Tan Services Sdn Bhd	Dormant	Shareholder	33.3
	Worldgate Global Logistics Ltd	Integrated logistics solution provider	Director	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

<u>Name</u>	<u>Company</u>	<u>Principal business activities</u>	<u>Involvement in business activities</u>	<u>Equity interest held (%)</u>
	China Dynamics (Holdings) Ltd	Mining and production of mineral products, manufacturing of electric bus and electric vehicles and minerals trading	Director	-
	Past directorships			
	Damar Global Holdings Berhad	Activities of holding companies	-	-
	Earnest Investment Holding Ltd	Investment holding in listed and non-listed securities	-	-
Datuk Lalla Nezha binti Tun Mohd Khalil	Present directorships or shareholdings			
	Supreme Goldtree Sdn Bhd	Dormant	Director / Shareholder	25.0
	Rahadian Resources Sdn Bhd ⁴	(i) Other information technology service activities (ii) Wholesale of a variety of goods without any particular specialization (iii) Activities of holding companies in properties	Director / Shareholder	10.0
	GHC Life Industries Sdn Bhd	General contractors, builders for the construction, buy and sell buildings materials	Director / Shareholder	10.0
	Gen Perkasa Sdn Bhd	Dormant	Director / Shareholder	50.0
	Duyung Gemilang Sdn Bhd (striking off in process)	To carry on the business as general importers and exporters, general merchants, commission agents, to carry on the business of investment holding in real property, share and other financial instruments and housing development, to carry on business as principal contractors and sub-contractors or agents for all kinds of construction, structural, civil, mechanical and electrical engineering, plumbing and sanitary and all kinds of work	Director	-
	KHCL Holdings Sdn Bhd	Consulting and project management	Director / Shareholder	30.0

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Company	Principal business activities	Involvement in business activities	Equity interest held (%)
	Gelombang Makmur Sdn Bhd	Dealer to buy, sell and deal in commodities of all kinds including sand, soil, coal, wood, timber and any other natural resources from earth	Director / Shareholder	46.0
	Ultrajed Sdn Bhd (striking off in process)	General trading land and property investment Investment holding	Director	-
	Yayasan Toh Puan Zurina	Non-profit charitable organisation to foster improve assist and aid those requiring haemodialysis	Director	-
	Syarikat Antara Tiga Anak Nusantara Sdn Bhd ⁴	Information technology and general trading in properties	Shareholder	45.0
	Citapadu Sdn Bhd	Investment Holding in property holding	Shareholder	30.0
	Past directorships			
	Ambang Fajar Resources Sdn Bhd	Dormant	-	-
	Citapadu Sdn Bhd	Investment Holding in property holding	-	-
	Zetro Services Sdn Bhd	Engineering consultants in the marine and aviation industries	-	-

Notes:

- ¹ These companies are not involved in the telecommunications network supporting services sector or in similar businesses as our Group. As such, the involvement of our Promoters/Directors in these companies will not give rise to a situation of conflict of interest with our Group.
- ² Binalite Technologies Sdn Bhd is involved in electrical and mechanical engineering and as a contractor and sub-contractor mainly in the construction sector. The company was mainly involved in installation of electrical cables in condominiums or buildings for power supply. It has temporarily ceased operations since 2014 and an application to strike off the company was submitted to CCM on 29 September 2017. As such, the involvement of our Promoters/Directors in these companies will not give rise to a situation of conflict of interest with our Group.
- ³ IP Harmony Sdn Bhd is involved in the trading of ICT equipment. There is no intention for IP Harmony Sdn Bhd to be involved in the telecommunications network supporting services sector or in similar businesses as our Group.
- ⁴ Rahadian Resources Sdn Bhd and Syarikat Antara Tiga Anak Nusantara Sdn Bhd were initially set up with the intention to carry out mainly property investment. Both companies are presently inactive and are not involved in the telecommunications network supporting services sector or similar businesses as our Group. As such, the involvement of Datuk Lalla Nezha binti Tun Mohd Khalil in these companies will not give rise to a situation of conflict of interest with our Group.

As at the LPD, none of our Directors or substantial shareholders have any interest, direct or indirect, or directorship in other businesses or corporations which are carrying on a similar or related trade as our Group or give rise to a situation of conflict of interest with the Group's business.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.4 Directors' remuneration and material benefits in-kind

The aggregate remuneration and material benefits in-kind paid and proposed to be paid for services rendered to our Group for the FYE 2017 and FYE 2018 are as follows:

Directors	Remuneration band	
	FYE 2017 (Actual) RM'000	FYE 2018 (Estimate) RM'000
Tan Sri Datuk Seri Ahmad Fuad bin Ismail	Nil to 50*	100 to 150
Na Boon Aik	550 to 600*	950 to 1,000 [^]
Na Bon Tiam	550 to 600*	900 to 950 [^]
Dato' Seow Thiam Fatt	Nil to 50*	50 to 100
Dato' Tan Yee Boon	Nil to 50*	Nil to 50
Datuk Lalla Nezha binti Tun Mohd Khalil	Nil to 50*	Nil to 50

Notes:

* Based on their respective appointments as our Directors effective since 6 June 2017.

[^] The proposed increase of remuneration for Na Boon Aik and Na Bon Tiam was arrived at after taking into consideration the added responsibilities and risks of an Executive Director of a public listed company, and the time and effort required for the local and regional expansion of our Group's business operations. The additional responsibilities and risks include additional compliance with regulatory requirements for a public listed company, obligations to other public shareholders and liabilities as directors of a public listed company, amongst others.

The remuneration of our Directors, which includes salaries, bonuses, fees and allowances as well as other benefits, must be recommended by our Remuneration Committee and subsequently be approved by our Board, subject to the provisions of our Constitution. Our Directors' fees must be further approved or endorsed by our shareholders in a general meeting.

Save for the issuance of Shares to our Promoters as consideration for the Acquisitions, our eligible Directors' respective entitlement for the Pink Form Shares and as disclosed above, no other amount or benefit has been paid or was intended to be paid or given to any of our Promoter, substantial shareholder or Director, within the two years preceding the date of this Prospectus.

8.2.5 Board practices

According to our Constitution, at the first annual general meeting of our Company, all the Directors shall retire from office. At the annual general meeting in every subsequent year an election of Directors shall take place and one-third of the Directors for the time being, or, if their number is not three, or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors including a Managing Director shall retire from office once at least in each three years but shall be eligible for re-election. A retiring Director shall retain office until the close of the General Meeting at which he retires. An election of Directors shall take place every year and a retiring Director shall be eligible for re-election.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(i) Directors' term of office

As at the LPD, the date of appointment and the date of expiration of the current term of office of our Directors are set out below:

Director	Date of appointment	No. of years and months in service up to the date of this Prospectus (Approximate)	Date of expiration of the current term in office
Tan Sri Datuk Seri Ahmad Fuad bin Ismail	6 June 2017	6 months	At our first annual general meeting
Na Boon Aik*	6 June 2017	6 months	At our first annual general meeting
Na Bon Tiam*	6 June 2017	6 months	At our first annual general meeting
Dato' Seow Thiam Fatt	6 June 2017	6 months	At our first annual general meeting
Dato' Tan Yee Boon	6 June 2017	6 months	At our first annual general meeting
Datuk Lalla Nezha binti Tun Mohd Khalil	6 June 2017	6 months	At our first annual general meeting

Note:

* Na Boon Aik and Na Bon Tiam are our Promoters and substantial shareholders.

(ii) Audit and Risk Management Committee

The members of our Audit and Risk Management Committee are as follows:

Name	Designation	Directorship
Dato' Seow Thiam Fatt	Chairman	Senior Independent Non-Executive Director
Tan Sri Datuk Seri Ahmad Fuad bin Ismail	Member	Independent Non-Executive Chairman
Dato' Tan Yee Boon	Member	Independent Non-Executive Director

The duties and functions of the Audit and Risk Management Committee stated in the terms of reference comprise, amongst others, the following:

- (a) to review the following and report to the Board :
 - (i) with the external auditors, the audit plan, his evaluation of the system of internal controls, and his audit report;
 - (ii) the assistance given by the Company's employees to the external auditors; and
 - (iii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity and the framework to be established;

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (b) to nominate and recommend the appointment/ re-appointment of the external auditors, to consider the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the external auditors and to review the letter of resignation from the external auditors if applicable and report the same to the Board;
- (c) to discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved in the audit;
- (d) to review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - (i) any changes in or implementation of major accounting policies and practices;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
 - (iii) the going concern assumption; and
 - (iv) compliance with accounting standards and other legal requirements;
- (e) to review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (f) to review the internal audit reports and ensure that appropriate actions are taken by the management on the recommendations of the internal audit function;
- (g) to review the adequacy and effectiveness of risk management and internal control systems within the Group; and
- (h) to consider other areas as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

(iii) Remuneration Committee

The members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Tan Sri Datuk Seri Ahmad Fuad bin Ismail	Chairman	Independent Non-Executive Chairman
Dato' Tan Yee Boon	Member	Independent Non-Executive Director
Datuk Lalla Nezha binti Tun Mohd Khalil	Member	Independent Non-Executive Director

The duties and functions of the Remuneration Committee stated in the terms of reference comprise, amongst others, the following:

- (a) to set the remuneration policy for all executive directors and key senior management taking into account all factors which it deems necessary including relevant legal and regulatory requirements;

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (b) to assist the board in developing and administrating a fair and transparent procedure for setting policy on remuneration of directors and key senior management;
- (c) to review and recommend to the Board the remuneration of executive directors, non-executive directors and key senior management in all forms;
- (d) to review the remuneration package for the non-executive directors and the committees to be aligned with their responsibilities and contribution;
- (e) to review at least once a year the performance of the executive directors and the managing director/chief executive officer, COO, CFO and other senior executive officers and recommend to the Board specific adjustments in remuneration and/or reward payments if any reflecting their contributions for the year;
- (f) to ensure that the remuneration packages are determined on the basis of the directors' and senior management's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics; and
- (g) to ensure that the level of remuneration be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the directors and key senior management.

(iv) Nomination Committee

The members of the Nomination Committee are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Tan Sri Datuk Seri Ahmad Fuad bin Ismail	Chairman	Independent Non-Executive Chairman
Dato' Seow Thiam Fatt	Member	Senior Independent Non-Executive Director
Dato' Tan Yee Boon	Member	Independent Non-Executive Director
Datuk Lalla Nezha binti Tun Mohd Khalil	Member	Independent Non-Executive Director

The duties and functions of the Nomination Committee stated in the terms of reference comprise, amongst others, the following:

- (a) to make recommendations to the Board, candidates for all directorships to be approved by our shareholders or our Board, having assessed and considered amongst others, the balance of skills, knowledge, expertise and experience, commitment to effectively discharge his/her role as a Director, character, competence, merits and due regard for the benefits of boardroom diversity;
- (b) to make recommendations to the Board, for the appointment of the chairman, managing director/chief executive officer, COO, CFO, senior independent director and other senior executive officers, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- (c) to review the Board's succession plans;

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (d) to assess annually the independence of our independent directors;
- (e) to recommend to the Board, the Company's gender, age, experience and ethnicity diversity policies, targets and discuss measures to be taken to meet those targets;
- (f) to recommend to the Board, directors to fill the seats on board committees;
- (g) to review annually the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, including core competencies which non-executive directors should bring to the Board;
- (h) to assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment;
- (i) to assess annually the effectiveness and performance of the executive directors;
- (j) to assess the training needs of each Director, review the fulfilment of such training;
- (k) to consider and recommend the independent directors beyond nine years for continuation in office, having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required; and
- (l) to assess annually the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

[The rest of this page has been intentionally left blank]

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.3 KEY MANAGEMENT

8.3.1 Key management's shareholdings in our Company

The key management's shareholdings in our Company before and after the IPO are as follows:

Name	Designation	Before the IPO				After the IPO ⁽¹⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	⁽²⁾ %	No. of Shares	%	No. of Shares	⁽³⁾ %	No. of Shares	%
Na Boon Aik	Managing Director	87,010,451	50.0	-	-	67,010,451	25.8	-	-
Na Bon Tiam	Executive Director	87,010,451	50.0	-	-	67,010,451	25.8	-	-
Zulamran bin Hamat	COO	-	-	-	-	2,500,000	1.0	-	-
Ng Kok Meng	CFO	-	-	-	-	500,000	0.2	-	-
Mohd Haizal bin Abu Zarin	Senior Project Manager	-	-	-	-	500,000	0.2	-	-
Nor Azimuddin bin Arifin	Technical Manager	-	-	-	-	500,000	0.2	-	-

Notes:

- (1) Assuming full subscription of the Pink Form Shares reserved for the Eligible Parties.
- (2) Based on the enlarged share capital of 174,021,000 Shares after the Acquisitions.
- (3) Based on the enlarged share capital of 260,000,000 Shares after the IPO.

[The rest of this page has been intentionally left blank]

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.3.2 Profiles of key management

The profiles of our key management are set out below:

(i) Zulamran bin Hamat

Zulamran bin Hamat, aged 46, is our COO. He obtained his Diploma in Electrical Engineering in 1993 from Universiti Teknologi Malaysia and his Certificate of Competency as Chargeman in 1998.

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

He has been with our Group since 2013. He was also previously involved in the business of engineering works from 2014 till May 2017 as a director and shareholder of Binalite Electrical. He brings with him approximately 19 years of experience in the satellite and telecommunications industry.

As our COO, he works closely with our Promoters to develop our business and manages our Group's day-to-day business operations with primary responsibility for project management and overseeing our in-house technical personnel. He is also a 30.0% shareholder of our subsidiary Satellite NOC.

(ii) Ng Kok Meng

Ng Kok Meng aged 46, is our CFO. He obtained his Diploma in Commerce (Financial Accounting) in 1995 from Tunku Abdul Rahman College, Malaysia. He is a member of the Association of Chartered Certified Accountants since 1999 and a member of Malaysian Institute of Accountants since 2001.

He started his career in 1995 with Ernst & Young, Malaysia as an audit associate where he was responsible for providing audit services to various clients across different industries in Malaysia until 1997. In 1997, he joined Maxis (then known as Binariang Sdn Bhd) as an accounts executive in the finance department. During his tenure in Maxis, he was responsible for handling the accounts of some of the subsidiaries of the company. His last position in Maxis was as senior manager in the business planning department and he was responsible for financial planning which included the review of investment business, budget control and forecast and preparing financial and management reports for the company's enterprise business and technology divisions.

He left Maxis in 2014 and joined U Mobile Sdn Bhd in the same year as an assistant general manager in the finance department. At U Mobile Sdn Bhd, he was responsible for amongst others, financial planning, accounting and operations and enterprise risk management ("ERM") where he was involved in the planning, design and implementation of an ERM framework in U Mobile Sdn Bhd. He left U Mobile Sdn Bhd in 2017.

He joined our Group in August 2017 as CFO and is mainly responsible for the financial management, and corporate affairs of our Group.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(iii) Mohd Haizal bin Abu Zarin

Mohd Haizal bin Abu Zarin, aged 36, is our Senior Project Manager. He obtained his Bachelor of Science (Data Communications and Networking) from Universiti Teknologi MARA in 2014.

He started his career as a Technician in 2003 at Binacom Telesystems where he was responsible for troubleshooting and maintenance for VSAT networks. He continued his employment with Binasat when the business of Binacom Telesystem was transferred to Binasat in 2004. In 2005, he was promoted as an Engineer in Binasat where he was involved in the installation, testing and commissioning of telecommunications equipment. In 2007, he was promoted to Senior Engineer where he was responsible for preparation and coordination of schedules and monitoring engineering projects which included the installation works for VSAT networks. In 2010, he was appointed as a Project Manager and his responsibilities include project management to ensure that projects are delivered on schedule within its scope and budget. He possesses the relevant technical skills and knowledge in satellite and mobile telecommunications network.

(iv) Nor Azimuddin bin Arifin

Nor Azimuddin bin Arifin, aged 35, is our Technical Manager. He obtained his Bachelor of Engineering (Honours) Degree in Telecommunications from the University of Malaya in 2007. He is currently pursuing a Master of Science in Telecommunication and Information Engineering at Universiti Teknologi MARA.

He started his career in 2007 as a Customer Relationship Management Executive at MRCB Technologies Sdn Bhd, a company involved in the provision of information technology and telecommunications services. Subsequently in 2008, he was appointed as a Telecommunications Engineer in the same company where he was involved in fibre infrastructure and copper cabling. In 2009, he joined Sistem Komunikasi Gelombang Sdn Bhd, a VSAT services provider as a Customer Support Engineer where he was involved in VSAT and Satellite communication system. He left in 2012 and joined Binasat as a VSAT Hub Engineer where he managed our Telco customer's VSAT telecommunications hub. He was promoted to Senior Hub Manager in 2013 and Technical Manager in 2016 where he is currently responsible for managing the hub support team and overall VSAT technical support within our Group.

[The rest of this page has been intentionally left blank]

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.4 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT IN OTHER BUSINESSES/ CORPORATIONS

Save as disclosed below and Section 8.2.3, our Executive Directors and key management are not involved in other principal business activities outside our Group:

Name	Company	Principal business activities	Involvement in business activities	Equity interest held %
Zulamran bin Hamat	Binalite Technologies Sdn Bhd (striking off in process)	Electrical and mechanical engineering and act as contractor and sub-contractor	Director*	-
	Binalite Solutions Sdn Bhd	Providing information technology services and programming	Director / Shareholder*	10.0

Notes:

- * Binalite Technologies Sdn Bhd is involved in electrical and mechanical engineering and as a contractor and sub-contractor mainly in the construction sector. The company was mainly involved in installation of electrical cables in condominiums or buildings for power supply. It has temporarily ceased operations since 2014 and an application to strike off the company was submitted to CCM on 29 September 2017. Nonetheless, Zulamran bin Hamat is not involved in the day-to-day operations and decision making in both companies. Hence, his involvement is not expected to affect his ability to perform his roles and responsibilities as COO of the Group.
- ^ Binalite Solutions Sdn Bhd is not involved in the telecommunications network supporting services sector or in similar businesses as our Group. Zulamran bin Hamat's directorship in Binalite Solutions Sdn Bhd is by virtue of his shareholdings in the company. Nonetheless, he is not involved in the day-to-day operations and decision making in Binalite Solutions Sdn Bhd. Hence, his involvement is not expected to affect his ability to perform his roles and responsibilities as COO of the Group.

As set out in Section 5.4.3 of this Prospectus, Zulamran bin Hamat is also a shareholder and director of Satellite NOC. His involvement in Satellite NOC is through his position as COO of the Group and as such we are of the opinion that there is no potential conflict of interest between Zulamran bin Hamat and the Group in view of his shareholding in Satellite NOC based on the reasons as follows:

- (i) The strategic direction and the development of business strategies for our Group is the responsibility of the Promoters. As COO of the Group, Zulamran bin Hamat is required to work closely with them to develop the business of the Group, with primary responsibility for project management and overseeing of the technical personnel of the Group. Furthermore, as key management, Zulamran bin Hamat's key performance indication is based on the performance of the Group and is subject to review and assessment by the Board; and
- (ii) Satellite NOC's principal activity is in the provision of support services for satellite telecommunications network services. As the holder of the NSP and NFP licenses, only services that require the NSP and NFP licenses will be carried out through Satellite NOC. The provision of support services for satellite, mobile and fibre optic telecommunications networks which includes installation and commissioning, and operations and maintenance services for our customers will continue to be undertaken by Binasat.

The involvement of our Executive Directors and key management in those business activities/corporations does not require significant amount of time, as they are not involved in the day-to-day operations and management of the said companies. Hence their above involvement is not expected to affect their ability to perform their executive roles and responsibilities to our Group.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.5 DECLARATION FROM THE PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any corporation of which he was a partner or any corporation of which he was a director or key personnel; or
- (ii) a person disqualified from acting as a director of any corporation, from taking part directly or indirectly in the management of any corporation; or
- (iii) a charge and/or convict in a criminal proceeding or being named as subject of a pending criminal proceeding; or
- (iv) any judgement entered involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.6 FAMILY RELATIONSHIP AND ASSOCIATION

Save for Na Boon Aik and Na Bon Tiam who are siblings, based on the declaration by our Promoters, substantial shareholders, Directors or key management, there are no other family relationships or associations between or amongst our Promoters, substantial shareholders, Directors or key management.

8.7 SERVICE CONTRACTS

As at the LPD, there are no existing and proposed service contract between our Group and our Directors and key management.

8.8 EMPLOYEES

8.8.1 Number of employees

As at the LPD, our Group has a total workforce of 333 employees of whom 153 are permanent employees and 180 are contractual workers.

As at the LPD, all of our employees are Malaysian citizens. None of our employees belong to any trade unions and there has been no industrial dispute since we commenced operations.

A summary of our Group's total workforce by job functions for the Period Under Review as well as at the LPD are set out below:

Categories	Number of employees				As at the LPD
	FYE 2014	FYE 2015	FYE 2016	FYE 2017	
Managerial personnel	12	18	20	21	22
Technical and call centre personnel	166	174	219	240	(1)280
Finance, Human Resources and Administrative personnel	7	8	7	10	10
Clerical and non-executive personnel	13	15	18	21	21
Total workforce	198	215	264	292	333

Note:

(1) As at the LPD, includes 16 call centre personnel.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.8.2 Training and development

We send our technical personnel to attend training courses that are relevant to their jobs in order to develop their skills. The training courses that our technical personnel have attended between 2014 and up to the LPD are listed in the following table:

Training and Development Programmes Undertaken	Organiser	Purpose
<u>Year 2014</u>		
Work at Height	<ul style="list-style-type: none"> • Iratec (M) Sdn Bhd • Max Paragon Sdn Bhd 	Mandatory training for employees working at height to meet the minimum quality standard.
Basic Offshore Safety Induction and Emergency Training	Construction and Industrial Safety Training Centre	To equip employees survival skills when encountering hazards when travelling to and from offshore for our satellite telecommunications network supporting services.
Shell Safety Passport	CBRE, OnyxOnlineLearning.com*	To equip all site personnel with basic knowledge of health and safety protection while working on sites.
<u>Year 2015</u>		
GST Seminar	PS Yap, ISMA Associated	To provide an understanding of key GST concepts and the practical application of GST
Shell Safety Passport	CBRE, OnyxOnlineLearning.com*	To equip all site personnel with basic knowledge of health and safety protection while working on sites.
Work at Height	Iratec (M) Sdn Bhd	Mandatory training for employees working at height to meet the minimum quality standard.
GST 201 Training	Sage Software Sdn Bhd	Introduction and awareness of the GST and to understand the effects to the business and the industry.
Defensive Driving	Safety Driving Centre (Selangor) Sdn Bhd	To educate employees on road safety and ensure they abide by the rules and regulation of the road.
Safety Induction Course for Construction Worker	CIDB	To instil awareness of safe and healthy working place for construction workers of all backgrounds.
Safety Training	Rapid Rail Sdn Bhd	Safety induction training
<u>Year 2016</u>		
Certified IP Associate	Orbitage Sdn Bhd	To improve trainees' practical skills and capabilities in internet protocol (IP).
Basic Offshore Safety Induction and Emergency Training	Construction and Industrial Safety Training Centre	To equip employees survival skills when encountering hazards when travelling to and from offshore.
Safety Induction Course for Construction Worker	CIDB	To instil awareness of safe and healthy working place for construction workers of all backgrounds.
Work at Height	<ul style="list-style-type: none"> • Iratec (M) Sdn Bhd • Max Paragon Sdn Bhd 	Mandatory training for employees working at height to meet the minimum quality standard.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Training and Development Programmes Undertaken	Organiser	Purpose
Shell Safety Passport	CBRE, OnyxOnlineLearning.com*	To equip all site personnel with basic knowledge of health and safety protection while working on sites.
Safety Induction Course for Construction Worker	CIDB	To instil awareness of safe and healthy working place for construction workers of all backgrounds.
<u>Up to the LPD</u>		
Work at Height	<ul style="list-style-type: none"> • Iratec (M) Sdn Bhd • National Institute of Occupational Safety and Health Malaysia 	Mandatory training for employees working at height to meet the minimum quality standard.
Shell Safety Passport	CBRE, OnyxOnlineLearning.com*	To equip all site personnel with basic knowledge of health and safety protection while working on sites.
Contractor Integrity and Code of Ethics Course	CIDB	To provide awareness to the owners of companies about the importance of integrity of construction work.
Transition Training of ISO 9001:2015	Elite Management Consultancy	To brief employees on the upgrades of ISO 9001:2015 and to facilitate smooth transition to ISO 9001:2015 standard from ISO 9001:2008, as set out in Section 6.3.3(vi) of this Prospectus.
Internal Auditor Training	Elite Management Consultancy	To provide employees an understanding on the changes from ISO 9001:2008 to ISO 9001:2015 standards and how to conduct process-based internal audits based on ISO 9001:2015 standard.
7 Habits of Highly Effective People v4.0	Leadership Resources (M) Sdn. Bhd	To equip leaders to effectively lead a team.

Note:

* The training course is conducted online.

[The rest of this page has been intentionally left blank]

9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

9.1.1 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 26 October 2017, approved the relief sought by us from having to comply with certain requirements under Division I, Part I of the Prospectus Guidelines. The details of the waiver sought are as follows:

Ref.	Details of waiver sought
Paragraph 18.01 (b)	In relation to the Maxis Agreements to be made available for public inspection, to redact selected sensitive commercial terms and technical specifications in the Maxis Agreements.

In addition, SC had, vide its letter dated 26 October 2017, approved our application for the resultant equity structure under the equity requirement for public listed companies pursuant to our Listing, subject to the following conditions:

No.	Details of conditions imposed	Status of Compliance
(1)	Binasat Communications to allocate the difference between the prescribed equity requirement of 12.5% of the enlarged share capital and the actual equity interests of Bumiputera investors upon listing, to Bumiputera investors to be approved by the Ministry of International Trade and Industry within one year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or 5 years after being listed on the ACE Market, whichever is earlier (" Compliance Date ") ;	To be complied
(2)	Binasat Communications to submit to the SC, a proposal to comply with the Bumiputera equity condition at least six months prior to the Compliance Date; and	To be complied
(3)	Kenanga IB/ Binasat Communications to submit to the SC the equity structure upon completion of the Listing	To be complied

9.1.2 Bursa Securities

Bursa Securities had, vide its letter dated 12 October 2017, approved:

- (i) the admission of our Company to the Official List of the ACE Market of Bursa Securities; and
- (ii) the listing of and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities.

The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of Compliance
(1)	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company.	Complied
(2)	Submit the following information in respect of the moratorium on the shareholdings of promoters to the Bursa Depository: <ol style="list-style-type: none"> (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares. 	Complied vide Kenanga IB's letter to Bursa Depository dated 24 November 2017

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of conditions imposed	Status of Compliance
(3)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal.	Complied
(4)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements.	To be complied upon Listing
(5)	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements on the first day of listing.	To be complied upon Listing
(6)	In relation to the public offering to be undertaken by Binasat Communications, to announce at least (two) 2 market days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement ; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche, in format attached in appendix I of the approval letter of Bursa Securities dated 12 October 2017; and (iv) Disclosure of placees who become substantial shareholder of Binasat Communications arising from the public offering, if any. Kenanga IB to ensure that the overall distribution of Binasat Communications' securities is properly carried out to provide an orderly trading in the secondary market	To be complied upon Listing
(7)	Binasat Communications /Kenanga IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied upon Listing

9.2 MORATORIUM ON SHARES

As at the date of submission of our listing application to Bursa Securities, we met the quantitative criteria for admission to the ACE Market of Bursa Securities. Pursuant thereto and in compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters for a period of six months from the date of our admission to the Official List ("**Moratorium Period**").

The details of our Shares held by our Promoters which will be subject to moratorium are as follows:

Name	Moratorium Shares During the First 6-Month Moratorium		Moratorium Shares During the Second 6-Month Moratorium	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Na Boon Aik	67,010,451	25.8	58,500,000	22.5
Na Bon Tiam	67,010,451	25.8	58,500,000	22.5
Total	134,020,902	51.6	117,000,000	45.0

Note:

(1) Based on our enlarged share capital of 260,000,000 Shares after the IPO.

The moratorium, which is fully accepted by our Promoters, will be specifically endorsed on the share certificate representing the entire shareholdings of our Promoters to ensure that our Company's share registrar does not register any transfer that contravenes the moratorium restrictions. In addition, our Promoters have also provided undertakings that they will comply with the said moratorium condition relating to the sale of their Shares as mentioned above.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.1 RELATED PARTY TRANSACTIONS****10.1.1 Non-Recurrent Related Party Transactions**

There are no material related party transaction which are non-recurrent in nature and that have been entered into or proposed to be entered into by our Group with related parties during the Period Under Review and up to the LPD.

10.1.2 Recurrent Related Party Transactions

Related party transactions are deemed recurrent if they are entered into at least once every three years, in the ordinary course of business and are of a revenue nature necessary for the day-to-day operations of our Group. Save as disclosed below, there are no other existing or proposed recurrent related party transactions that our Group has entered into or are to be entered into by our Group with our related parties for the Period Under Review:

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Actual			
				FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000	FYE 2017 RM'000
Binasat	Binalite Electrical	Na Boon Aik, our Promoter and substantial shareholder was a director and shareholder of Binalite Electrical ⁽¹⁾	Subcontract services provided by Binalite Electrical to Binasat for outside plant fibre projects	2,716	3,604	5,700	814
			Rental of equipment by Binasat to Binalite Electrical	-	-	36	6
Binasat	IP Harmony Networks Sdn Bhd ⁽²⁾	Na Boon Aik and Na Bon Tiam, both our Promoters and substantial shareholders are common directors and shareholders of Binasat and IP Harmony Networks Sdn Bhd	Purchase of satellite phone and GPS tracker for our teams to communicate in remote areas.	-	-	3	26

Notes:

- (1) Na Boon Aik resigned as director and disposed of his entire equity interest (30% shareholdings) in Binalite Electrical to a non-related party on 30 August 2016. Pursuant to the disposal, transactions with Binalite Electrical will no longer be deemed as a related party transaction.
- (2) Moving forward, our Directors do not foresee any recurrent related party transactions with IP Harmony Networks Sdn Bhd. Nonetheless, our Directors will continue to ensure that future transactions with IP Harmony Networks Sdn Bhd (if any) will be carried out on an arm's length basis and will not be prejudicial to the Group.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Our Directors are of the opinion that these recurrent related party transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our Group.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the terms of such transactions were agreed upon within a 12-month period, are entered into with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous with each other.

Upon Listing, our Audit and Risk Management Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, annually in our Company's annual report. In the event there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed related-party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related-party transactions.

In the event there are any proposed related party transactions that require the prior approval of shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.2 INTEREST IN SIMILAR BUSINESS

Save as disclosed below, as at the LPD, none of our Directors or substantial shareholders have any interest, direct or indirect, in the following:

- (a) any other businesses and corporations carrying on a similar trade as our Group; and
- (b) any other businesses and corporations which are the customers or suppliers of our Group.

Na Boon Aik and Na Bon Tiam, both our Promoters and substantial shareholders are directors and shareholders of IP Harmony Networks Sdn Bhd, a supplier of satellite phone and GPS tracker to our Group. However, moving forward our Directors do not foresee any recurrent related party transactions with IP Harmony Networks Sdn Bhd. In the event there are any recurrent related party transactions subsequent to our Listing, we will seek the necessary approvals as set out in the Listing Requirements. Our Directors or Audit Committee will ensure that related party transactions with IP Harmony Networks Sdn Bhd, if any, will be carried out on an arm's length basis and not prejudicial to our Group.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

10.3 OTHER TRANSACTIONS

10.3.1 There were no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the Period Under Review.

10.3.2 There were no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of our related parties during the Period Under Review and as at the LPD.

10.4 DECLARATION BY THE ADVISERS

- (i) Kenanga IB has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent in respect of our IPO.
- (ii) Crowe Horwath has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our IPO.
- (iii) Cheang & Ariff has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors in respect of our IPO.
- (iv) Vital Factor has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants in respect of our IPO.

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our pro forma financial information as set out below have been prepared for illustrative purposes only and should be read together with the accompanying notes and assumptions included in the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as set out in Section 12 of this Prospectus and the Accountants' Report as set out under Section 13 of this Prospectus.

11.1.1 Statements of Profit or Loss and Other Comprehensive Income

The table below presents the audited combined statements of profit or loss and other comprehensive income of our Group for FYE 2014, FYE 2015 and FYE 2016 as well as audited consolidated statement of profit or loss and other comprehensive income of our Group for FYE 2017 which have been extracted from the Accountants' Report in Section 13 of the Prospectus.

	Audited			
	FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000	FYE 2017 RM'000
Revenue	31,819	39,435	46,434	54,519
Cost of sales	(23,380)	(27,925)	(30,593)	(33,964)
Gross profit	8,439	11,510	15,841	20,555
Other income	36	215	18	121
	8,475	11,725	15,859	20,676
Administrative expenses	(2,810)	(3,325)	(4,703)	(5,645)
Other operating expenses	(858)	(1,794)	(1,272)	(1,145)
Profit from operations	4,807	6,606	9,884	13,886
Finance costs	(132)	(193)	(229)	(221)
PBT	4,675	6,413	9,655	13,665
Taxation	(1,307)	(1,684)	(2,488)	(3,642)
PAT	3,368	4,729	7,167	10,023
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	3,368	4,729	7,167	10,023
Total comprehensive income attributable to:				
Owners of the Company	3,372	4,730	7,168	10,027
Non-controlling interest	(4)	(1)	(1)	(4)
	3,368	4,729	7,167	10,023

11. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2014	FYE 2015	FYE 2016	FYE 2017
GP Margin (%) ⁽¹⁾	26.52	29.19	34.12	37.70
PBT Margin (%) ⁽²⁾	14.69	16.26	20.79	25.06
PAT Margin (%) ⁽³⁾	10.58	11.99	15.43	18.38
Effective tax rate (%)	27.96	26.26	25.77	26.65
EBITDA (RM'000)	5,629	7,593	10,920	15,008
Number of ordinary shares ('000)	174,021	174,021	174,021	174,021
Basic and diluted EPS (sen) ⁽⁴⁾⁽⁵⁾	1.94	2.72	4.12	5.76

Notes:

- (1) GP margin is computed based on GP over revenue.
- (2) PBT margin is computed based on PBT over revenue.
- (3) PAT margin is computed based on PAT over revenue.
- (4) Basic and diluted EPS is computed based on the PAT divided by the issued share capital of 174,021,000 Shares before our IPO.
- (5) Our Group does not have any outstanding convertible securities.

There was no share of profits of associated companies or joint ventures, and no exceptional or extraordinary items throughout the financial years under review.

The audited financial statements of our Group for the financial years under review were not subject to any qualification or modification, save for the financial statements of Binasat Sabah for the FPE 2015 and Satellite NOC for the financial year ended 31 August 2014 and 31 August 2015 where the auditors emphasised that the financial statements were prepared on a going concern basis on the assumption that the directors will provide continuous financial support to enable the respective companies to meet its liabilities as and when they fall due. The financial support given by the directors were payments on behalf for administrative expenses incurred as both companies had yet to commence operations during the years under review.

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION (Cont'd)**11.1.2 Pro Forma Consolidated Statements of Financial Position**

Our pro forma consolidated statements of financial position as at 30 June 2017 has been prepared for illustrative purposes only to show the effects on our consolidated statements of financial position based on the assumption that the Public Issue and the use of proceeds from our Public Issue had been effected on 30 June 2017.

You should read this pro forma consolidated statements of financial position together with the accompanying notes and assumptions included in the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as set out in Section 12 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

	Audited as at 30 June 2017	Adjustment for Public Issue and use of proceeds	Pro Forma I After Public Issue and use of proceeds
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
PPE	8,061	24,060	32,121
Investment properties	4,461		4,461
Deferred tax assets	53		53
	<u>12,575</u>		<u>36,635</u>
Current assets			
Trade receivables	18,275		18,275
Other receivables, deposits and prepayments	1,646		1,646
Cash and bank balances	11,297	12,290	23,587
	<u>31,218</u>		<u>43,508</u>
TOTAL ASSETS	<u>43,793</u>		<u>80,143</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17,402	(39,550)	56,952
Retained profits	24,055	3,200	20,855
Merger deficit	(16,052)		(16,052)
Equity attributable to owners of the Company	<u>25,405</u>		<u>61,755</u>
Non-controlling interest	139		139
TOTAL EQUITY	<u>25,544</u>		<u>61,894</u>

11. FINANCIAL INFORMATION (Cont'd)

	Audited as at 30 June 2017	Adjustment for Public Issue and use of proceeds	Pro Forma I After Public Issue and use of proceeds
	RM'000	RM'000	RM'000
Non-current liabilities			
Hire purchase payables	648		648
Term loans	6,867		6,867
	<u>7,515</u>		<u>7,515</u>
Current liabilities			
Trade payables	6,977		6,977
Other payables, deposits and accruals	2,059		2,059
Amount owing to directors	202		202
Hire purchase payables	241		241
Term loans	894		894
Current tax liabilities	361		361
	<u>10,734</u>		<u>10,734</u>
TOTAL LIABILITIES	<u>18,249</u>		<u>18,249</u>
TOTAL EQUITY AND LIABILITIES	<u>43,793</u>		<u>80,143</u>
Number of ordinary shares ('000)	174,021		260,000
NA (RM'000)	25,405		61,755
NA per Share (sen)	14.60		23.75
Borrowings (RM'000)	8,650		8,650
Gearing (times) ⁽¹⁾	0.34		0.14
Current ratio (times) ⁽²⁾	2.91		3.92

Notes:

- (1) Gearing is computed based on total borrowings divided by the total equity of our Group.
- (2) Current ratio is computed based on total current assets divided by the total current liabilities of our Group.

11. FINANCIAL INFORMATION (Cont'd)**11.1.3 Consolidated Statement of Cash Flows**

You should read the consolidated statement of cash flows together with the accompanying notes and assumptions included in the Accountants' Report as set out in Section 13 of this Prospectus.

	FYE 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	13,665
Adjustments for:	
Allowance for impairment losses on trade receivables	23
Depreciation of PPE	1,054
Depreciation of investment properties	69
Gain on disposal of PPE	(4)
Interest expenses	221
Interest income	(1)
Reversal of impairment losses on trade receivables	(33)
Operating profit before working capital changes	14,994
Increase in trade and other receivables	(6,493)
Increase in trade and other payables	2,034
Cash flows from operations	10,535
Interest paid	(221)
Interest received	1
Tax paid	(3,240)
Net cash from operating activities	7,075
CASH FLOWS FOR INVESTING ACTIVITIES	
Proceeds from disposal of PPE	116
Purchase of PPE	(566)
Purchase of investment properties	(136)
Net cash for investing activities	(586)
CASH FLOWS FOR FINANCING ACTIVITIES	
Dividends paid	(2,000)
Proceeds from issuance of shares	250
Drawdown of term loans	136
Repayment of term loans	(496)
Net repayment of hire purchase obligations	(293)
Net repayment to directors	(67)
Net cash for financing activities	(2,470)
Net increase in cash and cash equivalents	4,019
Cash and cash equivalents at beginning of the financial year	7,278
Cash and cash equivalents at the end of the financial year	11,297

11. FINANCIAL INFORMATION (Cont'd)**11.2 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

	Unaudited as at 31 October 2017	After IPO and use of proceeds
	RM'000	RM'000
Cash and cash equivalents	13,495	25,785
Indebtedness:		
<u>Non-current</u>		
Term loans (Secured and Guaranteed)	7,196	7,196
Hire purchase payables (Secured and Guaranteed)	635	635
<u>Current</u>		
Term loans (Secured and Guaranteed)	470	470
Hire purchase payables (Secured and Guaranteed)	242	242
Total debts	8,543	8,543
Contingent liabilities (Secured and Guaranteed) ⁽¹⁾	3,430	3,430
Total indebtedness	11,973	11,973
Capitalisation:		
Total capitalisation (Shareholders' equity)	28,234	64,584
Total capitalisation and indebtedness	40,207	76,557
Gearing ratio (times) ⁽²⁾	0.30	0.13

Notes:

- (1) This amount represents performance guarantee extended by Binasat to its customers for the purpose of performance bonds.
- (2) Calculated based on total debts divided by total capitalisation (Shareholders' equity).

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION *(Cont'd)*

11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with the Accountants' Report and the related notes thereon as set out in Section 13 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, particularly the risk factors as set out in Section 4 of this Prospectus.

11.3.1 Revenue

Our Company is principally an investment holding company while our Subsidiaries are principally involved in the provision of support services for the telecommunication industry in the following key segments:

- (i) Satellite communication ("**Satellite**");
- (ii) Mobile telecommunication ("**Mobile**"); and
- (iii) Fibre optic network ("**Fibre Optic**").

As a telecommunication network supporting services provider, it is common for us to enter into frame agreements with our customers. Such frame agreements set forth the terms that govern individual purchases made by our customers during the agreement tenure.

Once the frame agreement has taken effect, customers will, from time to time, within the agreement tenure, issue individual purchase orders to us. These purchase orders specify, amongst others, the detailed scope and quantity of services, equipment or parts required. Typically, there is no contract value assigned to the frame agreement and customers are not obliged to make a minimum purchase or issue purchase orders at specific time intervals.

Our revenue is derived from the provision of engineering that includes installation and commissioning works ("**Engineering**"), operations and maintenance ("**O&M**") and other supporting services covering three key major telecommunications mediums in Malaysia, namely Satellite, Mobile and Fibre Optic telecommunications networks for Telcos, network equipment suppliers, turf club operators and others. Other supporting services in the Satellite segment comprises downlink and uplink services for live telecasts for turf club, sporting and other events, as well as the provision of VSAT related IT support services, while other supporting services for the Mobile Segment is in relation to the supply of fuel for power generation at the BTS.

Our revenues are driven by the following key factors:

- our ability to secure contracts or agreements from customers either by way of direct negotiations or through tenders;
- our ability to obtain purchase orders from customers which is dependent on amongst others, our quality of services provided, availability of resources and project turnaround time, etc;
- pricing or schedule of rate which is subject to amongst others, job scope, complexity of work, geographical location, requirement for special tools, equipment or vehicles and deliverable timing, etc; and
- number of sites awarded.

As at the LPD, our revenue is mainly derived from the domestic market through our subsidiary, Binasad. Please refer to Section 6 of this Prospectus for our Group's detailed business overview.

11. FINANCIAL INFORMATION (Cont'd)

Our year-on-year Group's total revenue grew from approximately RM31.82 million for the FYE 2014 to approximately RM54.52 million for the FYE 2017, which represented a CAGR of approximately 19.7%. In addition, an average of 48.7% of our revenue for the Period Under Review is recurring in nature through our O&M services for the Satellite (including uplink and downlink services), Mobile and Fibre Optic segments. Recurring revenue from these services contributed approximately 55.9%, 48.5%, 46.1% and 46.9% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

Analysis of revenue by business segment and activities

Our principal sources of revenue are derived from the Satellite, Mobile and Fibre Optic segments. The following table set out our combined revenue by business segments and activities from FYE 2014 to FYE 2017:

	Audited							
	FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Satellite								
- Engineering	9,333	29.3	11,785	29.9	11,540	24.9	14,019	25.7
- O&M	7,771	24.4	9,690	24.5	8,540	18.4	10,928	20.0
- Others	1,487	4.7	3,032	7.7	2,936	6.3	2,939	5.4
	18,591	58.4	24,507	62.1	23,016	49.6	27,886	51.1
Mobile								
- Engineering	76	0.2	1,951	5.0	6,244	13.4	5,292	9.7
- O&M	7,998	25.2	5,652	14.3	8,345	18.0	10,314	18.9
- Others	-	-	482	1.2	81	0.2	134	0.3
	8,074	25.4	8,085	20.5	14,670	31.6	15,740	28.9
Fibre Optic								
- Engineering	4,661	14.6	6,053	15.4	7,168	15.4	9,528	17.5
- O&M	493	1.6	790	2.0	1,580	3.4	1,365	2.5
	5,154	16.2	6,843	17.4	8,748	18.8	10,893	20.0
Total revenue	31,819	100.0	39,435	100.0	46,434	100.0	54,519	100.0
Activities								
- Engineering	14,070	44.1	19,789	50.3	24,952	53.7	28,839	52.9
- O&M	16,262	51.2	16,132	40.8	18,465	39.8	22,607	41.5
- Others	1,487	4.7	3,514	8.9	3,017	6.5	3,073	5.6
Total revenue	31,819	100.0	39,435	100.0	46,434	100.0	54,519	100.0

Satellite

The majority of our revenue is derived from the Satellite segment which accounted for approximately 58.4%, 62.1%, 49.6% and 51.1% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. For our Satellite segment, we provide Engineering, O&M and other services. Our Engineering services for the Satellite segment include installation, commissioning and decommissioning of VSAT terminals at end users' site. In addition, we also procure satellite equipment for our customers in accordance to their requirements. Our Satellite Engineering services contributed approximately 29.3%, 29.9%, 24.9% and 25.7% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

11. FINANCIAL INFORMATION (Cont'd)

Our Satellite O&M services include the provision of scheduled and unscheduled maintenance at the VSAT ground stations or terminals and operations of the network server services at the hub station. The other services provided under the Satellite segment comprises our downlink and uplink services for live telecasts for turf club, sporting and other events, as well as the provision of VSAT related IT support services. The Satellite O&M services and other services generate recurring revenue to our Group.

Our Satellite O&M services accounted for approximately 24.4%, 24.5%, 18.4% and 20.0% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively while our other services contributed approximately 4.7%, 7.7%, 6.3% and 5.4% to our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

Mobile

Our second largest revenue contribution is from the Mobile segment which accounted for approximately 25.4%, 20.5%, 31.6% and 28.9% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. Our Group provides Engineering and O&M services for the Mobile segment. Our Mobile Engineering services include site survey, installation and commissioning work which involves civil, mechanical and electrical works; tower or rooftop pole installation; transceivers and mobile network equipment. Our Mobile Engineering services contributed approximately 0.2%, 5.0%, 13.4% and 9.7% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

Our Mobile O&M services include the provision of scheduled and unscheduled services which cover the maintenance of passive and active infrastructure at BTS sites. Our Mobile O&M services contributed approximately 25.2%, 14.3%, 18.0% and 18.9% of the total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. Other services revenue recorded in the FYE 2015, FYE 2016 and FYE 2017 under our Mobile segment is related to the supply of fuel for power generation at the BTS.

Fibre Optic

Revenue from the Fibre Optic segment accounted for approximately 16.2%, 17.4%, 18.8% and 20.0% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. Our Group provides Engineering and O&M services under the Fibre Optic segment. Our provision of Engineering services for Fibre Optic network includes both outside plant and inside plant. Outside plant service comprises installation and commissioning services involving fibre-to-the curb as well as last mile connection to designated premises. In contrast, inside plant service comprises setting up of network infrastructure at designated premises which may consist of high-rise buildings and commercial complex to link up with the outside plant installation. Profit margins for Engineering services for outside plant are typically lower compared to inside plant as they would involve civil works to be carried out by subcontractors for underground and above ground installation which are not required for inside plant. The Fibre Optic Engineering services contributed approximately 14.6%, 15.4%, 15.4% and 17.5% of the total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

In addition to Engineering services, we also provide O&M services for fibre optic equipment. We are also engaged to provide call centre services involving technical support for a customer. Our Fibre Optic O&M services which include call centre services contributed approximately 1.6%, 2.0%, 3.4% and 2.5% of the total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

11. FINANCIAL INFORMATION (Cont'd)

Commentary on Revenue**Comparison between FYE 2014 and FYE 2015**

Our Group recorded revenue of RM39.44 million for the FYE 2015 of which Satellite, Mobile and Fibre Optic contributed RM24.51 million, RM8.09 million and RM6.84 million respectively, representing approximately 62.1%, 20.5% and 17.4% of the total revenue for the FYE 2015 respectively. Our Engineering services contributed approximately RM19.79 million or approximately 50.3% of the total revenue while the O&M services contributed approximately RM16.14 million or approximately 40.8% of the total revenue for the FYE 2015.

Our Group's overall revenue increased by 23.9% from RM31.82 million for the FYE 2014 to RM39.44 million in the FYE 2015. The higher revenue in the FYE 2015 was attributable to the increase in revenue from the Satellite and Fibre Optic segments of RM5.92 million and RM1.68 million respectively.

The increase in revenue from the Satellite segment was mainly from a contract secured for the upgrade of VSAT systems which includes the supply, installation and commissioning of new VSAT equipment and provision of relevant Engineering services. We also provided technical support and services to our equipment supplier to facilitate the implementation of the aforesaid project which resulted in higher O&M revenue recorded for the FYE 2015. In addition, we also recorded an increase in revenue from our downlink services for overseas racing events during the FYE 2015.

We recorded an increase in revenue in the Fibre Optic segment due to an increase in work order secured for the outside plant engineering services which contributed approximately RM3.42 million.

Our revenue for the Mobile segment for the FYE 2015 recorded a marginal increase of 0.1% from RM8.07 million in the FYE 2014 to RM8.09 million in the FYE 2015. Revenue from our Mobile O&M services decreased by 29.3% in FYE 2015 as we relinquished a low yielding contract for O&M services in 2014. However, it was partly offset by an increase in revenue from our Engineering services from RM0.07 million to RM1.95 million due to new contracts and work orders secured for the installation and commissioning services for Mobile network.

Comparison between FYE 2015 and FYE 2016

Our Group recorded a revenue of RM46.43 million for the FYE 2016 of which Satellite, Mobile and Fibre Optic contributed RM23.02 million, RM14.66 million and RM8.75 million respectively, representing approximately 49.6%, 31.6% and 18.8% of the total revenue for the FYE 2016 respectively. Our Engineering services contributed approximately RM24.95 million or approximately 53.7% of the total revenue while the O&M services contributed approximately RM18.46 million or approximately 39.8% of the total revenue for the FYE 2016.

Our revenue increased by 17.7% from RM39.44 million in the FYE 2015 to RM46.43 million in the FYE 2016. The higher revenue recorded during the financial year was mainly contributed by the increase in revenue from the Mobile and Fibre Optic segments of RM6.57 million and RM1.91 million respectively.

The increase in revenue from the Mobile segment by 81.4% from RM8.09 million in FYE 2015 to RM14.66 million in FYE 2016 was mainly due to an increase in Engineering work orders secured particularly for the telecommunication equipment installation works and the expansion of our O&M services with an additional project secured and increased number of sites coverage during the financial year.

The growth in revenue for the Fibre Optic segment was mainly due to increased work orders secured for the installation and commissioning of outside plant Fibre Optic network amounting to RM4.83 million during the financial year. In addition, we also recorded higher revenue from the Fibre Optic O&M segment where we secured a new contract and additional sites coverage during the financial year.

11. FINANCIAL INFORMATION (Cont'd)

However, contribution from the Satellite segment was lower in FYE 2016 as revenue from our Satellite O&M services had decreased by 11.9% to RM8.54 million from RM9.69 million in FYE 2015. This was mainly due to the completion of the project secured in FYE 2015 for the upgrade of VSAT systems.

Comparison between FYE 2016 and FYE 2017

Our Group recorded revenue of RM54.52 million for the FYE 2017 of which Satellite, Mobile and Fibre Optic contributed RM27.89 million, RM15.74 million and RM10.89 million respectively, representing approximately 51.1%, 28.9% and 20.0% of the total revenue for the FYE 2017 respectively. Our Engineering services contributed approximately RM28.84 million or approximately 52.9% of the total revenue while the O&M services contributed approximately RM22.61 million or approximately 41.5% of the total revenue for the FYE 2017.

Our Group's overall revenue increased by 17.4% from RM46.43 million in the FYE 2016 to RM54.52 million in the FYE 2017. The increase was due to the higher revenue contribution from all three segments. The increase in revenue from the Satellite segment by 21.2% from RM23.02 million in FYE 2016 to RM27.89 million in FYE 2017 was mainly attributable to the Engineering services provided for the supply and set up of new VSAT equipment and hubs which also resulted in additional O&M services and hubs managed.

Revenue from the Mobile segment increased by 7.3% from RM14.67 million in FYE 2016 to RM15.74 million in FYE 2017 mainly due to the expansion of our O&M services with the increase in the number of sites maintained.

Revenue from the Fibre Optic segment increased by 24.5% from RM8.75 million in FYE 2016 to RM10.89 million in FYE 2017 mainly due to higher work orders and projects secured for the installation and commissioning of outside plant Fibre Optic network during the financial year.

11.3.2 Cost of sales

Our cost of sales comprises mainly purchase of equipment and direct materials, direct labour costs, sub-contractor costs and direct project expenses.

(i) Equipment and direct materials

Equipment relates to the purchase of telecommunications equipment such as the servers, satellite dishes, modems, spares and related parts while the direct materials include cables, galvanised steel structure or materials, fencing, padlocks, cements, etc.

(ii) Labour and sub-contractor costs

Labour and sub-contractor costs relates to the direct staff costs such as salaries, EPF, allowances for our technicians, engineers and project managers who are directly involves in the day-to-day operations while the sub-contractor costs are mainly cost of our sub-contractors engaged to assist in our projects such as civil works for laying and installing fibre optic cables, rigging services and engineering services.

(iii) Project expenses

Direct project expenses mainly consists of rental of equipment, special vehicles such as sky lifts, cranes, boats, four wheel drives, etc, petrol, toll and parking expenses, upkeep of motor vehicles and other miscellaneous project expenses.

Cost of sales are affected by, among others, fluctuation in prices of equipment and direct materials, headcounts, the ability to source for sub-contractors at reasonable prices, and the ability to execute projects in a timely and cost effective manner.

11. FINANCIAL INFORMATION (Cont'd)Cost of sales by business segments

The following table sets out the breakdown of our cost of sales by business segments from FYE 2014 to FYE 2017:

	Audited							
	FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Satellite								
- Equipment and direct materials	906	3.9	6,183	22.1	4,885	16.0	8,827	26.0
- Labour/ sub-contractor cost	10,005	42.8	9,292	33.3	8,168	26.7	6,473	19.1
- Project expenses	1,533	6.5	2,413	8.6	1,778	5.8	1,634	4.8
	12,444	53.2	17,888	64.0	14,831	48.5	16,934	49.9
Mobile								
- Equipment and direct materials	1,199	5.1	910	3.3	563	1.8	457	1.3
- Labour/ sub-contractor cost	5,388	23.1	4,232	15.1	7,530	24.6	8,818	26.0
- Project expenses	972	4.2	992	3.6	1,162	3.8	1,564	4.6
	7,559	32.4	6,134	22.0	9,255	30.2	10,839	31.9
Fibre Optic								
- Equipment and direct materials	169	0.7	54	0.2	107	0.4	48	0.1
- Labour/ sub-contractor cost	3,085	13.2	3,681	13.2	6,185	20.2	5,784	17.0
- Project expenses	123	0.5	168	0.6	215	0.7	359	1.1
	3,377	14.4	3,903	14.0	6,507	21.3	6,191	18.2
Total cost of sales	23,380	100.0	27,925	100.0	30,593	100.0	33,964	100.0

11. FINANCIAL INFORMATION (Cont'd)**Cost of sales by type of cost**

The following table sets out the breakdown of our cost of sales by type of cost from FYE 2014 to FYE 2017:

	Audited							
	FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equipment and direct materials	2,274	9.7	7,147	25.6	5,555	18.2	9,332	27.5
Labour/ subcontractor costs	18,478	79.1	17,205	61.6	21,883	71.5	21,075	62.1
Project expenses	2,628	11.2	3,573	12.8	3,155	10.3	3,557	10.4
Total cost of sales	23,380	100.0	27,925	100.0	30,593	100.0	33,964	100.0

Our Group incurred cost of sales of RM23.38 million, RM27.93 million, RM30.59 million and RM33.96 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

Commentary on Cost of Sales**Comparison between FYE 2014 and FYE 2015**

Our Group incurred cost of sales of RM27.93 million for the FYE 2015 which consisted of equipment and direct materials of RM7.15 million, labour and sub-contractor costs of RM17.21 million and direct project expenses of RM3.57 million, representing approximately 25.6%, 61.6% and 12.8% of the total cost of sales for the FYE 2015 respectively.

Our Group's overall cost of sales increased by 19.4% from RM23.38 million in the FYE 2014 to RM27.93 million in the FYE 2015 in tandem with our increase in revenue of 23.9%. The increase in our cost of sales during the FYE 2015 was mainly due to the increase in equipment and direct material cost incurred for the Satellite segment which involved the purchase of telecommunication equipment in relation to a new contract secured on the upgrade of VSAT systems. Nevertheless, the overall increase in our cost of sales was partly offset by the decrease in labour and subcontractor costs as well as direct material purchases for the Mobile segment as a result of our continuous effort in utilising our in-house resources which decreased costs and the relinquishment of a low yielding O&M contract in FYE 2014.

Comparison between FYE 2015 and FYE 2016

Our Group incurred cost of sales of RM30.59 million for the FYE 2016 which consisted of equipment and direct materials of RM5.55 million, labour and sub-contractor costs of RM21.88 million and direct project expenses of RM3.16 million, representing approximately 18.2%, 71.5% and 10.3% of the total cost of sales for the FYE 2016 respectively.

Our Group's overall cost of sales increased by 9.5% from RM27.93 million in the FYE 2015 to RM30.59 million in the FYE 2016 mainly due to the increase in staff cost particularly for the Mobile segment as we secured additional O&M work orders and site coverage during the year. In addition, the subcontractor costs for the Fibre Optic segment also increased due to additional outside plant engineering services secured. We recorded a decrease in cost of sales in the Satellite segment arising from our continuous cost savings efforts that include insourcing and resource sharing to optimise the utilisation of our resources as well as the completion of a project secured in FYE 2015 for the upgrade of VSAT systems.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2016 and FYE 2017**

Our Group incurred cost of sales of RM33.96 million for the FYE 2017 which consisted of equipment and direct materials of RM9.33 million, labour and sub-contractor costs of RM21.07 million and direct project expenses of RM3.56 million, representing approximately 27.5%, 62.1% and 10.4% of the total cost of sales for the FYE 2017 respectively.

Our Group's overall cost of sales increased by 11.0% from RM30.59 million in the FYE 2016 to RM33.96 million in the FYE 2017 in tandem with the increase in our revenue of 17.4%. The increase in our cost of sales was primarily due to the increase in the purchase of equipment amounting to RM3.94 million for the Satellite segment, mainly for the supply and set up of new VSAT equipment and hubs. In addition, we also recorded higher cost of sales in Mobile segment mainly due to higher labour cost incurred arising from the increased number of employees to support the O&M services.

The overall increase in the cost of sales however was partly offset by lower subcontractors cost for both the Satellite and Fibre Optic segments due to our continuous cost reduction efforts by utilising our in-house resources to carry out the engineering works.

11.3.3 GP and GP Margin

The following tables sets out the breakdown of our GP and GP margin by business segments from FYE 2014 to FYE 2017:

GP by business segments

	Audited							
	FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Satellite	6,147	72.8	6,619	57.5	8,185	51.7	10,952	53.3
Mobile	515	6.1	1,951	17.0	5,415	34.2	4,901	23.8
Fibre Optic	1,777	21.1	2,940	25.5	2,241	14.1	4,702	22.9
Total GP	8,439	100.0	11,510	100.0	15,841	100.0	20,555	100.0

GP Margin by business segments

	Audited					
	FYE 2014		FYE 2015		FYE 2016	FYE 2017
		%		%	%	%
Satellite		33.1		27.0	35.6	39.3
Mobile		6.4		24.1	36.9	31.1
Fibre Optic		34.5		42.9	25.6	43.2
Overall GP margin		26.5		29.2	34.1	37.7

Our Group recorded GP of RM8.44 million, RM11.51 million, RM15.84 million and RM20.55 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively, which represent GP margin of 26.5%, 29.2%, 34.1% and 37.7% for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

11. FINANCIAL INFORMATION (Cont'd)

Commentary on GP and GP Margin**Comparison between FYE 2014 and FYE 2015**

Our GP increased by 36.4% from RM8.44 million recorded in the FYE 2014 to RM11.51 million in FYE 2015. The increase was mainly attributed to the increase in GP from all three business segments in tandem with the higher revenue recorded for the FYE 2015.

The overall GP margin for the FYE 2015 improved to 29.2% as compared to 26.5% recorded in the FYE 2014. This is mainly due to the improvement in the GP margin for the Mobile and Fibre Optic segments as a result of the relinquishment of a low yielding Mobile O&M contract in FYE 2014 as well as the overall cost reduction efforts by our Group that included resource sharing and insourcing to achieve costs effectiveness and resource efficiency.

The lower GP margin achieved for the Satellite segment was mainly due to a lower margin project secured in FYE 2015 in relation to the upgrade of VSAT systems.

Comparison between FYE 2015 and FYE 2016

For the FYE 2016, our GP increased by 37.6% to RM15.84 million, from RM11.51 million recorded in the FYE 2015. The increase was mainly due to the increase in GP from both the Satellite and Mobile segments.

The overall GP margin for the FYE 2016 improved to 34.1% as compared to 29.2% recorded in the FYE 2015. This is mainly due to the improvement in the GP margin for the Satellite segment arising from our continuous cost savings efforts. In addition, the improvement in the GP margin for the Mobile segment also contributed to the overall increase in our GP margin as a result of higher margin work orders in Engineering and additional O&M services and sites covered during the financial year.

Nevertheless, our Fibre Optic segment recorded lower GP margin mainly due to higher outside plant engineering services performed during the financial year which typically have lower margins as compared to inside plant engineering as well as the revision in pricing for Fibre Optic Engineering services during the financial year.

Comparison between FYE 2016 and FYE 2017

For the FYE 2017, our GP had increased by 29.8% to RM20.55 million as compared to the GP of RM15.84 million recorded in the FYE 2016. The increase was mainly due to the increase in GP from both the Satellite and Fibre Optic segments.

The overall GP margin for the FYE 2017 improved to 37.7% as compared to 34.1% recorded in the FYE 2016. This is mainly due to the improvement in the GP margin for the Satellite and Fiber Optic segments as a result of the following:

- (i) our continuous cost savings efforts by developing, utilising and optimising our in-house resources to carry out the engineering works;
- (ii) an increase in O&M services and hubs managed under Satellite segment; and
- (iii) contribution from our O&M services for our fibre optic segment.

However, our Mobile segment recorded lower GP margin mainly due to higher labour cost incurred arising from the increased number of employees to support the O&M services.

11. FINANCIAL INFORMATION (Cont'd)**11.3.4 Other Operating Income**

Our other operating income from FYE 2014 to FYE 2017 comprises the following:

	Audited							
	FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on foreign exchange – realised	5	13.9	1	0.4	-	-	-	-
Gain on disposal of PPE	-	-	182	84.7	9	50.0	4	3.3
Interest income	29	80.5	32	14.9	1	5.6	1	0.8
Rental income	-	-	-	-	7	38.9	71	58.7
Others	2	5.6	-	-	1	5.5	45	37.2
Total other operating income	36	100.0	215	100.0	18	100.0	121	100.0

Our Group recorded other operating income of RM0.04 million, RM0.22 million, RM0.02 million and RM0.12 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. The other operating income mainly consists of gain on disposal of PPE, realised gain on foreign exchange, interest income and rental income.

Commentary on Other Operating Income**Comparison between FYE 2014 and FYE 2015**

For the FYE 2015, our Group recorded other operating income of RM0.22 million, representing an increase of 497.2% as compared to approximately RM0.04 million recorded in the FYE 2014. The substantial increase in the other operating income was mainly due to the gain on disposal of a property in Ampang amounting to RM0.18 million and interest income of RM0.03 million recorded during the financial year. The property in Ampang was purchased in 2008 for RM0.31 million and was disposed in 2015 for RM0.50 million. The gain on foreign exchange in FYE 2014 and FYE 2015 were mainly in relation to purchases of bandwidth for satellite uplink and downlink services from a teleport based in Singapore. The gain was due to the realisation of the difference in the rate of foreign exchange on the date of invoice by the supplier and our date of payment.

Comparison between FYE 2015 and FYE 2016

For the FYE 2016, our Group's other operating income decreased by 91.6% to RM0.02 million from RM0.22 million in FYE 2015. The lower other operating income recorded is mainly due to the disposal of a property in Ampang amounting RM0.18 million in FYE 2015 and the lower interest income arising from the upliftment of fixed deposits during the financial year.

Comparison between FYE 2016 and FYE 2017

For the FYE 2017, our Group recorded other operating income of approximately RM0.12 million mainly arising from the rental income from our new investment property in Skudai, Johor of RM60,500, gain on disposal of 7 motor vehicles and reversal of impairment loss on receivables of RM33,108 in relation to debt recovered from a customer previously provided for as doubtful debts in FYE 2016.

11. FINANCIAL INFORMATION (Cont'd)**11.3.5 Administrative and Other Operating Expenses**

The breakdown of our administrative and other operating expenses from FYE 2014 to FYE 2017 are as follows:

	Audited							
	FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>Administrative expenses</u>								
Staff costs	881	31.3	1,107	33.3	1,528	32.5	1,535	27.2
Directors' remuneration	530	18.9	659	19.8	1,010	21.5	1,114	19.7
Upkeep of PPE	44	1.6	48	1.4	583	12.4	144	2.6
Professional and consultant fees	154	5.5	157	4.7	127	2.7	938	16.6
Travelling and accommodation expenses	141	5.0	218	6.6	238	5.0	157	2.8
Rental expenses	87	3.1	112	3.4	118	2.5	209	3.7
Others/ miscellaneous	973	34.6	1,024	30.8	1,099	23.4	1,548	27.4
Total administrative expenses	2,810	100.0	3,325	100.0	4,703	100.0	5,645	100.0
<u>Other operating expenses</u>								
Depreciation	851	99.2	1,019	56.8	1,036	81.5	1,122	98.0
Allowance for impairment losses on trade receivables	-	-	775	43.2	209	16.4	23	2.0
Bad debts written off	1	0.1	-	-	27	2.1	-	-
Loss on disposal of PPE	6	0.7	-	-	-	-	-	-
Total other operating expenses	858	100.0	1,794	100.0	1,272	100.0	1,145	100.0
Total Administrative and Other Operating Expenses	3,668	100.0	5,119	100.0	5,975	100.0	6,790	100.0

Our Group incurred administrative and other operating expenses of RM3.67 million, RM5.12 million, RM5.98 million and RM6.79 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively, representing 11.5%, 13.0%, 12.9% and 12.5% of our total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

Our Group incurred administrative expenses of RM2.81 million, RM3.33 million, RM4.70 million and RM5.64 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively, which mainly comprised staff costs (including bonus), directors' remuneration, upkeep of PPE, professional and consultant fees, travelling and accommodation expenses, rental expenses and others administrative expenses. Other administrative expenses mainly comprised entertainment expenses, utilities and office amenities, road tax and insurance charges, courier and transportation charges, etc.

Our Group incurred other operating expenses of RM0.86 million, RM1.79 million, RM1.27 million and RM1.14 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively, which mainly comprised depreciation charges, allowance for impairment losses on trade receivables, bad debts written off and loss on disposal of PPE.

11. FINANCIAL INFORMATION (Cont'd)

Commentary on Administrative and Other Operating Expenses**Comparison between FYE 2014 and FYE 2015**

For the FYE 2015, our Group incurred administrative and other operating expenses of RM5.12 million, representing an increase of 39.5% as compared to RM3.67 million recorded for the FYE 2014. The increase in the other operating expenses during the financial year was mainly due to the allowance for impairment losses on trade receivables of RM0.78 million and the increase in the depreciation charges of RM0.17 million which was in line with the increase in our PPE. The allowance for impairment on trade receivables in FYE 2015 is mainly in relation to the non-collectable amount outstanding for more than one year from an equipment supplier for the installation of RAN Equipment to support connection in rural areas. The company, with whom we had worked with since 2009, has been declared bankrupt and the amount has been fully provided for in FYE 2015. Our staff costs and directors' remuneration also increased by RM0.23 million and RM0.13 million respectively in correspondence to the increase in our revenue and operation requirements.

Comparison between FYE 2015 and FYE 2016

For the FYE 2016, our Group incurred administrative and other operating expenses of RM5.98 million, representing an increase of 16.7% from RM5.12 million recorded for the FYE 2015. The increase was mainly due to the increase in the upkeep of PPE of RM0.54 million which is in relation to the renovation and refurbishment of our head office in Bukit Permai, Cheras. The increase in the staff costs and directors' remuneration by RM0.42 million and RM0.35 million respectively is in line with the increase in revenue and our operating requirements during the financial year. The increase in the administrative and other operating expenses was however partly offset by the lower allowance for impairment losses on trade receivables provided during the financial year.

Comparison between FYE 2016 and FYE 2017

For the FYE 2017, our Group incurred administrative and other operating expenses of RM6.79 million, representing an increase of 13.6% as compared to the RM5.98 million recorded for the FYE 2016. The increase was mainly due to the increase in professional and consultant fees of RM0.81 million in relation to our Listing and other miscellaneous expenses amounting to RM0.45 million during the financial year. The miscellaneous expenses included licensing fees paid to MCMC for the new NFP and NSP individual licences that are currently under Satellite NOC as well as office amenities such as telephone charges and staff events in line with the increase in the number of employees for the FYE 2017. Our Group also incurred drawing fees in relation to resubmission of a revised layout-plan as built to MPAJ for renovation works of our office premises set out in Section 6.18.1 of this Prospectus.

The increase in administrative and other operating expenses in FYE 2017 was offset by lower expenses incurred for upkeep of PPE of RM0.44 million.

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION (Cont'd)**11.3.6 Finance Costs**

	Audited							
	FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loans	103	78.0	146	75.7	186	81.2	176	79.6
Hire Purchase	27	20.5	35	18.1	32	14.0	45	20.4
Overdraft	2	1.5	12	6.2	11	4.8	-	-
Total	132	100.0	193	100.0	229	100.0	221	100.0

Our finance costs consist of interest expenses on term loans, hire purchase and bank overdraft. Our Group incurred finance costs of RM0.13 million, RM0.19 million, RM0.23 million and RM0.22 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. The increase in finance cost over the Period Under Review was mainly due to higher outstanding term loan and hire purchase from RM5.73 million in FYE 2014 to RM8.65 million in FYE 2017.

Commentary on Finance Costs**Comparison between FYE 2014 and FYE 2015**

For the FYE 2015, our Group incurred finance costs of RM0.19 million, representing an increase of 46.2% as compared to the FYE 2014. The increase in the finance costs during the financial year is mainly due to higher drawdown of term loans and hire purchase. The terms loans were in relation to our acquisition of a 3 storey cluster factory in Skudai, Johor and progressive claims for 3-storey shop office under construction in Johor Bahru, Johor. The hire purchase was for the purchase of three new motor vehicles.

Comparison between FYE 2015 and FYE 2016

For the FYE 2016, our Group incurred finance costs of RM0.23 million, representing an increase of 18.7% as compared to the FYE 2015. The increase in the finance costs during the financial year is mainly due to further drawdown of term loans due to progressive claims for a 3-storey shop office under construction in Johor Bahru, Johor and hire purchase for the purchase of two new motor vehicles.

Comparison between FYE 2016 and FYE 2017

For the FYE 2017, our Group incurred finance costs of RM0.22 million, representing a decrease of 3.5% as compared to the FYE 2016 mainly due to partial repayment of term loans. This was offset by higher finance cost on hire purchase due to the purchase of four new motor vehicles during the financial year.

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION (Cont'd)**11.3.7 Tax Expenses**

The taxation and effective tax rate of our Company are as follows:

	Audited			
	FYE 2014	FYE 2015	FYE 2016	FYE 2017
Tax (RM'000)	1,307	1,684	2,488	3,642
Effective tax rate (%)	28.0	26.2	25.8	26.7
Malaysia statutory tax rate (%)	25.0	25.0	24.0	24.0

Our Company incurred effective tax rate of 28.0%, 26.2%, 25.8% and 26.7% for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. We incurred higher effective tax rates as compared to the Malaysia statutory tax rate mainly due to add back of non-deductible expenses such as depreciation, term loans interests restriction and professional fees in relation to the proposed Listing during the Period Under Review.

11.3.8 PBT and PAT

The table below sets out our PBT and PAT from FYE 2014 to FYE 2017:

	Audited			
	FYE 2014	FYE 2015	FYE 2016	FYE 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	31,819	39,435	46,434	54,519
PBT	4,675	6,413	9,655	13,665
PAT	3,368	4,729	7,167	10,023
PBT margin (%)	14.7	16.3	20.8	25.1
PAT margin (%)	10.6	12.0	15.4	18.4

Our Group recorded PBT of RM4.68 million, RM6.41 million, RM9.66 million and RM13.67 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. In addition, we recorded PAT of RM3.37 million, RM4.73 million, RM7.17 million and RM10.02 million for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively. The increase in our PAT and PBT during the Period Under Review is line with the increase in our revenue and GP.

Commentary on historical PBT and PAT**Comparison between FYE 2014 and FYE 2015**

Our Group recorded PBT of RM6.41 million for the FYE 2015 after taking into account the GP of RM11.51 million, other operating income of RM0.22 million, administrative and other operating expenses of RM5.12 million and finance costs of RM0.19 million. The PAT of RM4.73 million was arrived at after deducting the tax expenses of RM1.68 million.

The increase in the PBT of 37.2% in the FYE 2015 as compared to the FYE 2014 was mainly due to higher GP recorded particularly from the Mobile and Fibre Optic segments but was partly offset by the allowance for impairment losses on trade receivables. We also recorded higher PBT margin and PAT margin of 16.3% and 12.0% respectively during the financial year as compared to the FYE 2014 mainly due to better GP margin achieved and our cost savings and prudent resources management in particular on the fixed overheads.

11. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2015 and FYE 2016

Our Group recorded PBT of RM9.66 million for the FYE 2016 after taking into account the GP of RM15.84 million, other operating income of RM0.02 million, administrative and other operating expenses of RM5.98 million and finance costs of RM0.23 million. The PAT of RM7.17 million was arrived at after deducting the tax expenses of RM2.49 million. The increase in the PBT by 50.5% in the FYE 2016 as compared to the FYE 2015 was mainly due to higher GP recorded particularly from the Satellite and Mobile segments during the financial year.

We also recorded higher PBT margin and PAT margin of 20.8% and 15.4% respectively as compared to the FYE 2015 mainly due to better GP margin achieved and our continuous cost savings and resources management in particular on the fixed overheads.

Comparison between FYE 2016 and FYE 2017

Our Group recorded PBT of RM13.67 million for the FYE 2017 after taking into account the GP of RM20.55 million, other operating income of RM0.12 million, administrative and other operating expenses of RM6.79 million and finance costs of RM0.22 million. The PAT of RM10.02 million was arrived at after deducting the tax expenses of RM3.64 million. The increase in the PBT by 41.5% in the FYE 2017 as compared to the FYE 2016 is due mainly to higher GP recorded particularly from the Satellite and Fiber Optic segment during the financial year.

We recorded higher PBT margin and PAT margin of 25.1% and 18.4% respectively as compared to the FYE 2016 mainly due to higher GP margin achieved during the financial year.

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION (Cont'd)**11.4 SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The financial position and results of operations of our Group have been, and will continue to be affected by various key factors primarily relating to the industry in which we are operating in. These factors include but are not limited to the following:

(i) Opportunities and prospect of the telecommunications network supporting services industry

Our Group provides supporting services across three major network mediums and technologies namely, the satellite communication, mobile network telecommunications and fibre optic network, and hence our business is closely associated with the development and prospect of the telecommunications industry.

The prospect and outlook of the telecommunications network supporting service segment are mainly driven by amongst others:

- the constant technological advancements in the telecommunications industry;
- continuous high capital expenditures intensity by the telecommunication service providers to meet the increasing data demand, services quality and reliability;
- the competitive landscape in the telecommunication industry;
- the universal service provision (USP) programme implemented by MCMC; and
- government initiatives to develop the telecommunication infrastructure and system.

For instance, any new introduction of technologies in the telecommunications industry such as the introduction of LTE wireless communications in the mobile telecommunication network has resulted in new business opportunities for the telecommunication support service providers in implementing the Engineering and O&M works.

Further, under the 11th Malaysia Plan, the government initiated the High Speed Broadband Project Phase 2 (HSBB 2) and the Sub-Urban Broadband Project (SUBB) to improve the coverage, quality and affordability of digital infrastructure by expanding and upgrading broadband infrastructure. This initiative driven by the government has created business opportunities for fibre optic related works nationwide.

Hence, any positive development in the telecommunications industry will either directly or indirectly, create new potential business opportunities for the telecommunication support service providers.

Given our diverse experience and technical know-how in all three major telecommunication network mediums and technologies, we can tap and access to wider business opportunities to grow and expand our business. Please refer to Section 7 of this Prospectus for further details on the industry outlook.

(ii) Competition

Our Group is operating in the telecommunications network supporting services industry where the market is relatively fragmented and thus we are subject to competition from other operators providing network supporting services in Malaysia in terms of track records, quality of services, pricing, availability of resources such as skilled labours, tools and equipment, network of service centres and others.

11. FINANCIAL INFORMATION (Cont'd)

Nevertheless, our competitive advantages and key strengths have enabled us to compete effectively in the industry that we are operating in, which include the following:

- (i) we have built a proven and established track record of approximately 13 years;
- (ii) we have a network of experienced in-house technical personnel across Malaysia;
- (iii) we have an experienced management team to drive the business;
- (iv) we provide supporting services across three different network mediums, namely satellite, mobile and fibre optic networks;
- (v) we are well established in the industry to provide services relating to satellite network and operations and maintenance;
- (vi) we continuously emphasise maintaining our quality standards; and
- (vii) we have recurring revenue to help sustain our business.

Although we will continue to take measures to maintain our competitiveness through our competitive advantages and key strengths set out in Section 6.3.3 of this Prospectus, there is no assurance that our business, performance and results of operations will not be materially and adversely affected if we are unable to do so.

Please refer to Sections 4 and 7 of this Prospectus for further details on the risk factors and the competitive analysis on the telecommunications network supporting services industry in Malaysia.

(iii) Dependency on Maxis and Huawei frame agreements

Our Group is dependent on certain frame agreements with our major customers, namely Maxis and Huawei as a significant portion of our revenue depends on the contribution from both Maxis and Huawei. For the Period Under Review, Maxis contributed 80.0% in FYE 2014, 59.1% in FYE 2015, 58.0% in FYE 2016 and 49.5% in FYE 2017 to our Group's total revenue; while Huawei contributed 12.8% in FYE 2014, 15.0% in FYE 2015, 30.1% in FYE 2016 and 26.3% in FYE 2017 to our Group's total revenue. Any loss of any of our Group's major customers will materially and adversely affect our Group's business, operating results and financial position especially in the short to medium term.

We commenced our first project with Maxis and Huawei since year 2005 and 2011 respectively and have undertaken various scope of work comprising Engineering works and O&M services with Maxis in the Satellite, Mobile and Fibre Optic segments and Huawei in the Mobile and Fibre Optic segments over the years. We believe that our track record and continuous effort to develop good understanding with our major customers and the delivery of timely and quality services in meeting their requirements and expectations will help us to further strengthen our long-term relationships as well as ensuring continuity of business with them.

Notwithstanding the above, we will continue to leverage on our experience in the telecommunications network supporting services segment which will help us to secure new projects moving forward. In addition, to mitigate the risk of this dependency, we will continue to expand our customer base and business through our future plans and strategies as detailed in Section 6.20 of this Prospectus. Please refer to Section 4.1.2 of this Prospectus for further details on this risk factor.

11. FINANCIAL INFORMATION (Cont'd)

(iv) Fulfilment of contractual obligations under our O&M services

Our Group generates recurring revenue through our O&M services and other services under the Satellite segment (uplink and downlink services). Recurring revenue from these services contributed approximately 55.9%, 48.5%, 46.1% and 46.9% of the total revenue for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 respectively.

We enter into contracts or agreements for our O&M and uplink and downlink services with our customers that typically stipulate the agreed service level requirements such as restoration response time or compliance with occupational health and safety requirements. If we are unable to comply with the service levels agreed with our customers, we may be subject to service level penalties that may adversely affect our business, financial position and results of operations. Please refer to Section 4.1.3 of this Prospectus for further details on this risk factor.

Please refer to Section 4 of this Prospectus for other factors that may affect the financial conditions and results of our Group. Nevertheless, our competitive strengths and advantages as set out in Section 6.3.3 of this Prospectus provide the foundation for the sustainability of our business and financial growth. Our future plans and strategies as set out in Section 6.20 will further contribute to the sustainable growth in our financial performance.

11.5 LIQUIDITY AND CAPITAL RESOURCES**11.5.1 Working Capital**

Our Group's operations have been financed through a combination of shareholders' equity, internally generated funds and borrowings from financial institutions. These funds are principally utilised for business growth and working capital purposes, such as purchase of telecommunication equipment, payment to suppliers and sub-contractors, repayment of bank borrowings and payment for operating and administrative expenses.

Based on our financial position as at 30 June 2017, our current assets and current liabilities stood at RM31.22 million and RM10.73 million respectively, which translated to a current ratio of 2.91 times.

As at the LPD, our Group has cash and bank balances of RM13.01 million and available banking facilities amounting to RM17.45 million, of which approximately RM4.50 million has yet to be utilised.

Having made all reasonable enquiries, our Board is of the opinion that, after taking into consideration the cash and cash equivalents of our Group, the expected funds to be generated from operating activities, the banking facilities available and the proceeds to be raised from our IPO, our Group will have sufficient funds for a period of 12 months from the date of this Prospectus to meet our working capital requirements.

11. FINANCIAL INFORMATION (Cont'd)**11.5.2 Cash Flows**

The table below sets out a summary of our statements of cash flows for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017:

	Audited			
	FYE 2014	FYE 2015	FYE 2016	FYE 2017
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	13,321	196	2,882	7,075
Net cash for investing activities	(4,355)	(1,497)	(849)	(586)
Net cash for financing activities	(1,573)	(321)	(3,747)	(2,470)
Net increase/(decrease) in cash and cash equivalents	7,393	(1,622)	(1,714)	4,019
Cash and cash equivalents at beginning of the financial year	3,221	10,614	8,992	7,278
Cash and cash equivalents at end of the financial year	10,614	8,992	7,278	11,297

Net cash from operating activities

We derive our cash inflows for operating activities principally from the receipts of our services rendered. Our cash outflows from operations are principally payments to suppliers and subcontractors, staff expenses, administrative expenses and other operating expenses.

FYE 2014

Our Group generated a net cash inflow from our operating activities of RM13.32 million for the FYE 2014 on the back of PBT of RM4.68 million after adjusting for, amongst others, the following:

- (i) depreciation of PPE of RM0.79 million and investment properties of RM0.06 million;
- (ii) decrease in trade and other receivables of RM8.82 million mainly due to the lower revenue recorded in FYE 2014;
- (iii) decrease in trade and other payables of RM0.41 million mainly due to lower purchases and subcontractor costs; and
- (iv) tax paid of RM0.62 million.

FYE 2015

Our Group generated a net cash inflow from our operating activities of RM0.20 million for the FYE 2015 on the back of PBT of RM6.41 million after adjusting for, amongst others, the following:

- (i) depreciation of PPE of RM0.95 million and investment properties of RM0.07 million;
- (ii) gain on disposal of PPE of RM0.18 million in relation to the disposal of a property in Ampang for RM0.50 million that was purchased in 2008 for RM0.31 million;
- (iii) allowance for impairment losses on trade receivables of RM0.78 million in relation to trade receivables outstanding more than one year from several debtors mainly in relation to services provided for installation of satellite and mobile network;

11. FINANCIAL INFORMATION (Cont'd)

- (iv) increase in trade and other receivables of RM2.62 million mainly due to increase in sales during the financial year;
- (v) decrease in trade and other payables of RM2.63 million mainly due to an increase in payment made to our subcontractors and suppliers within the credit period; and
- (vi) tax paid of RM2.58 million.

FYE 2016

Our Group generated a net cash inflow from our operating activities of RM2.88 million for the FYE 2016 on the back of PBT of RM9.66 million after adjusting for, amongst others, the following:

- (i) depreciation of PPE of RM0.97 million and investment properties of RM0.07 million;
- (ii) gain on disposal of PPE of RM0.01 million in relation to disposal of three motor vehicles that were purchased in 2010 and 2011;
- (iii) allowance for impairment losses of RM0.21 million was in relation to trade receivables outstanding for more than one year. Bad debts written off of RM0.03 million were in relation to discrepancies in the invoices of a customer which was subsequently deemed non recoverable. Such discrepancies in invoices occur in the course of our operations, but are generally resolved with our customers;
- (iv) increase in trade and other receivables of RM3.62 million mainly due to further increase in sales during the financial year;
- (v) decrease in trade and other payables of RM1.86 million mainly due to an increase in payment made to our subcontractors and suppliers within the credit period; and
- (vi) tax paid of RM2.63 million.

FYE 2017

Our Group generated a net cash inflow from our operating activities of RM7.07 million for the FYE 2017 on the back of PBT of RM13.67 million after adjusting for, amongst others, the following:

- (i) depreciation of PPE of RM1.05 million and investment properties of RM0.07 million;
- (ii) increase in trade and other receivables of RM6.49 million mainly due to further increase in sales during the financial year;
- (iii) increase in trade and other payables of RM2.03 million mainly due to higher purchase of equipment and direct materials from our supplier in June 2017; and
- (iv) tax paid of RM3.24 million.

11. FINANCIAL INFORMATION (Cont'd)

Net cash for investing activities

Net cash flows for investing activities represent cash used to acquire PPE and investment properties net of proceeds from sales of PPE.

FYE 2014

Our Group recorded net cash outflow from investing activities of RM4.36 million which was mainly attributed to purchases of PPE and progress payment for the purchase of investment properties amounting to RM4.43 million during the financial year.

FYE 2015

Our Group recorded net cash outflow from investing activities of RM1.50 million during the financial year. This was mainly attributed to purchases of PPE and progress payment for the purchase of investment properties of RM1.97 million. However, the outflow was partly offset by the proceeds from disposal of PPE of RM0.47 million.

FYE 2016

Our Group recorded net cash outflow from investing activities of RM0.85 million which was mainly attributed to purchases of PPE and progress payment for the purchase of investment properties amounting to RM0.86 million during the financial year.

FYE 2017

Our Group recorded net cash outflow from investing activities of RM0.59 million which was due to purchases of PPE and progress payment for the purchase of investment properties amounting to RM0.70 million during the financial year. This was offset by proceeds from disposal of PPE amounting to RM0.12 million.

Net cash for financing activities

Cash flows for financing activities represent net cash sourced from owners or shareholders and lenders or financial institutions (short term or long term) to finance our operations. Financing activities that generate positive cash flow include receiving cash from issuing shares and drawdown of loans. Financing activities that generate negative cash flow include repayment of debts or borrowings and dividends pay out.

FYE 2014

Our Group recorded net cash outflow from financing activities of RM1.57 million mainly due to repayment of term loans, hire purchase and bankers' acceptance of RM0.96 million, repayment of directors' advances of RM0.78 million which were advances by the Directors for working capital and other expenses such as travelling and entertainment expenses. The outflow was partly offset by the drawdown of term loans of RM0.17 million during the financial year.

FYE 2015

Our Group recorded net cash outflow from financing activities of RM0.32 million mainly due to net repayment of term loans and hire purchase of RM0.65 million, repayment of directors' advances of RM0.14 million, which were advances by the Directors for working capital and other expenses. The outflow was partly offset by the drawdown of additional term loans of RM0.47 million during the financial year.

11. FINANCIAL INFORMATION (Cont'd)**FYE 2016**

Our Group recorded net cash outflow from financing activities of RM3.75 million mainly due to net repayment of term loans and hire purchase of RM0.65 million and dividend payment of RM4.00 million. The outflow was partly offset by the drawdown of additional term loans of RM0.48 million and net advances from directors of RM0.43 million for our working capital requirements during the financial year.

FYE 2017

Our Group recorded net cash outflow from financing activities of RM2.47 million mainly due to dividend paid of RM2.0 million, repayment of term loans and hire purchase of RM0.79 million and repayment to Directors of RM0.07 million. The outflow was partly offset by the drawdown of additional term loans of RM0.14 million and proceeds from issuance of shares of RM0.25 million during the financial year.

11.5.3 Borrowings

As at 30 June 2017, all our borrowings are secured and interest bearing, details of which are as follows:

	As at 30 June 2017
	RM'000
(a) <u>Short term</u>	
Term Loans ⁽¹⁾	894
Hire Purchase payables ⁽²⁾	241
	<u>1,135</u>
(b) <u>Long Term</u>	
Term Loans ⁽¹⁾	6,867
Hire Purchase payables ⁽²⁾	648
	<u>7,515</u>
Total Borrowings	<u>8,650</u>
Gearing ratio as at 30 June 2017 (times) ⁽³⁾	0.34
Gearing ratio after our IPO (times) ⁽⁴⁾	0.14

Notes:

- (1) Term loans were utilised to finance the purchase of our investment property.
- (2) Hire purchase were utilised to finance the purchase of motor vehicles.
- (3) Based on our pro forma shareholders' equity as at 30 June 2017 of RM25.41 million before our Public Issue.
- (4) Based on our pro forma shareholders' equity as at 30 June 2017 of RM61.76 million, after our Public Issue and the use of proceeds from our Public Issue.

11. FINANCIAL INFORMATION (Cont'd)

The details of the types of credit facilities that we use and its balances as at the LPD are as follows:

Type of financial instruments	Tenure	Interest Rates	Credit Limit RM'000	Balance as at the LPD RM'000
Term loan	20 to 25 years	4.52% to 4.62% per annum	9,632	7,666
Hire purchase	3 to 8 years	3.59% to 6.34% per annum	1,510	970
Bankers' acceptances	120 days	- Acceptance commission at 1.00% per annum (Local) - Acceptance commission at 0.75% per annum (Foreign)	1,000	-
Overdraft facilities	Existing (on demand)	BLR + 0.5% per annum	500	-
Letter of credit	120 days	Commission at 0.10% per month	1,000	-
Trust receipts	120 days	- BLR + 1.00% per annum (Local) - BLR + 0.75% per annum (Foreign)	1,000	-
Bank guarantee	Existing (ranging from 1 to 3 years)	- Commission at 1.50% per month (Performance) - Commission at 1.50% per month (Financial) - Commission at 1.00% per month (Tender)	3,316	3,430*
Shipping guarantee	Existing (No fixed tenure)	Commission at 0.15% per month	1,000	-

Note:

* The excess is earmarked against our current account.

As at the LPD, all our bank borrowings are interest bearing and denominated in RM. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during the Period Under Review and up to the LPD.

The short term banking facilities available to our Group include finance leases, bankers' acceptance, bank overdrafts and term loans, which are generally used for working capital purposes and purchase of motor vehicles. The long term banking facilities of our Group include finance leases and term loans, which are used for the purchase of property assets and motor vehicles.

As at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank borrowings, which can materially affect our business operations, financial position or results of operations or the investment by holders of securities in our Group.

11. FINANCIAL INFORMATION (Cont'd)

11.5.4 Type of financial instruments used

As at the LPD, save for the bank borrowings as disclosed in Section 11.5.3 above, our Group does not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and cash equivalents, and trade and other receivables, as well as financial liabilities such as borrowings and trade and other payables. These are shown in the combined statements of financial position of our Group.

As at the LPD, our Group has not used any financial instruments for hedging purposes.

11.5.5 Treasury Policies and Objectives

Our Group has been financing its operations through internally generated funds as well as external sources of funds, such as shareholders' funds, credit term from suppliers as well as short term and long term bank borrowings.

Our Group conducts our operations mainly in RM. However, we invoice our overseas customer in US dollar, of which the US dollar funds received are normally maintained in our foreign currency account to settle any of our US dollar purchases such as satellite downlink and uplink services. This provides a natural hedge to fluctuations in foreign exchange and our exposure to foreign exchange risks is minimal. Therefore, we do not require any hedging policy nor have we entered into any forward foreign currency exchange contract.

Our Group has not entered into any interest rate swap to hedge against fluctuations in interest rates. Our Group manage its exposure to interest rate movements by maintaining a combination of both fixed-rate and floating-rate borrowings.

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION (Cont'd)**11.5.6 Material Capital Expenditures and Divestitures**

Save as disclosed below, we have not incurred any other material capital expenditures for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 and up to the LPD:

	FYE 2014	FYE 2015	FYE 2016	FYE 2017	From 1 July 2017 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Buildings ⁽¹⁾	3,138	981	480	136	68
Renovation ⁽²⁾	401	165	75	197	-
Computer ⁽³⁾	54	36	21	29	9
Motor vehicles ⁽⁴⁾	883	568	182	714	244
Tools and equipment ⁽⁵⁾	381	426	77	49	-
Furniture and fittings ⁽⁶⁾	203	16	165	86	33
Total material capital expenditures	5,060	2,192	1,000	1,211	354

Notes:

- (1) The material capital expenditure incurred for buildings in FYE 2014 was in relation to the acquisition of our investment property in Skudai, Johor. For FYE 2015, the capital expenditures incurred for buildings were in relation to the acquisition of our investment property in Sepang, Selangor for RM0.30 million and progressive claims for a 3 storey shop office under construction in Johor Bahru, Johor for RM0.68 million. For FYE 2016, FYE 2017, and up to the LPD, the Company incurred RM0.48 million, RM0.13 million and RM0.07 million respectively for progressive claims for a 3 storey shop office under construction in Johor Bahru, Johor. Please refer to Section 6.18 of this Prospectus for further details of the material properties owned by our Group.
- (2) The material capital expenditures incurred was for the renovation of our head office in Bukit Permai, Cheras.
- (3) The material capital expenditures incurred for computers were in relation to the purchase of laptops and computer software.
- (4) The material capital expenditure incurred for motor vehicles includes motor vehicles financed by cash and hire purchase. The material capital expenditure incurred for motor vehicles in FYE 2014 was in relation to the acquisition of eight motor vehicles. For FYE 2015, the capital expenditures incurred were in relation to the acquisition of 13 motor vehicles. For FYE 2016, the capital expenditures incurred were in relation to the acquisition of five motor vehicles. The material capital expenditure incurred for motor vehicles in FYE 2017 were in relation to the acquisition of six motor vehicles by our Group while the material capital expenditure incurred for motor vehicles up to the LPD were in relation to the acquisition of two motor vehicles. The motor vehicles were acquired to replace our aging fleet and for our business operations.
- (5) The material capital expenditures incurred in were in relation to the purchase of tools and equipment for our day to day operations including digital earth testers, welding machines, antenna testers, generators, forklift, mobile crane, flyway equipment and a lift, amongst others.
- (6) The material capital expenditures incurred for furniture and fittings include the purchase of office furniture and office equipment. The material capital expenditure incurred for furniture and fittings in FYE 2014 was in relation to the refurbishment of our head office in Bukit Permai, Cheras.

The material capital expenditures were mainly financed via a combination of bank borrowings and internally generated funds.

11. FINANCIAL INFORMATION (Cont'd)

Save as disclosed below, there are no other material capital divestitures for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 and up to the LPD:

	FYE 2014	FYE 2015	FYE 2016	FYE 2017	From 1 July 2017 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Buildings	-	(1)286	-	-	-
Motor vehicles	78	-	-	112	52
Total material capital divestitures	78	286	-	112	52

Note:

(1) Disposal of property in FYE 2015 was in relation to a property in Ampang that was purchased in 2008 and disposed off to a non-related party on 9 March 2015.

11.5.7 Material Capital Commitments

As at the LPD, our Board, after having made all reasonable enquiries, confirm that there are no material commitment which upon becoming enforceable, may have a material impact on the financial position of our Group.

11.5.8 Material Litigation/Arbitration

As at the LPD, our Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on the financial position or business of our Group.

11.5.9 Contingent Liabilities

As at the LPD, save for the bank guarantees amounted to RM3.43 million granted to our customers for the purpose of performance bonds, our Board is not aware of any contingent liabilities, which upon becoming enforceable may have a material impact on the financial performance and position of our Group.

11.6 KEY FINANCIAL RATIOS

The key financial ratios of our Group based on the audited combined financial statement for the FYE 2014, FYE 2015, FYE 2016 and FYE 2017 have been prepared for illustrative purposes only and on the assumption that the current structure of our Group has been in existence throughout the relevant financial years under review.

	FYE 2014	FYE 2015	FYE 2016	FYE 2017
Trade receivables turnover period (days) ⁽¹⁾	82	82	85	122
Trade payables turnover period (days) ⁽²⁾	154	100	67	75
Current ratio (times) ⁽³⁾	1.17	1.93	2.56	2.91
Gearing ratio (times) ⁽⁴⁾	0.63	0.66	0.52	0.34

Notes:

- (1) Calculated based on the closing trade receivables balances over total revenue as at their respective reporting dates.
- (2) Calculated based on the closing trade payables balances and related party balance over total cost of sales as at their respective reporting dates.
- (3) Calculated based on current assets over current liabilities.
- (4) Calculated based on total interest-bearing borrowings over total equity.

11. FINANCIAL INFORMATION (Cont'd)**(i) Trade Receivables**

The normal credit period granted to our customers ranges from 30 to 90 days. Our credit terms to customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as our business relationship with our customers, the customers' payment history and creditworthiness while new customers are subject to our credit verification and assessment process.

For the FYE 2014 to FYE 2016, our trade receivables' turnover period was within the range of credit period granted to the customers. As at 30 June 2017, 90.1% of our net trade receivables were within the normal credit period. For the FYE 2017, the trade receivables' turnover period increased to 122 days mainly due to higher billing of sales to our customers for the outside plant fibre optic network projects and increased telecommunication network engineering services completed in the month of June 2017.

The ageing analysis of our net trade receivables as at 30 June 2017 is as follows:

	Within credit period			Exceeding credit period		Total
	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade receivables	10,811	2,641	3,005	682	2,110	19,249
Less: Provision for doubtful debts	-	-	-	-	(974)	(974)
Net trade receivables	10,811	2,641	3,005	682	1,136	18,275
Percentage of total trade receivables (%)	59.2	14.5	16.4	3.7	6.2	100.0
Subsequent collections up to the LPD	7,794	2,510	2,751	575	868	14,498
Outstanding balance as at the LPD	3,017	131	254	107	268	3,777

As at the LPD, we have collected RM14.50 million or 79.3% of the total trade receivables outstanding as at 30 June 2017. We are in the process of collecting the remaining amount of RM3.78 million. For those amounts which exceeded the 90 days credit period, we have collected RM1.44 million as at the LPD. The relatively longer outstanding period is due to time taken for the verification of supporting documents and submission of additional supporting documents as well as uploading to the payment system of our customers.

Provision for doubtful debts on trade receivables of RM0.97 million were in relation to trade receivables outstanding for more than one year from 26 debtors mainly in relation to services provided for installation of satellite and mobile network. RM0.56 million of the provision for doubtful debts were in relation to the non-collectible amount outstanding from an equipment supplier for the installation of RAN Equipment to support connection in rural areas. The company, with whom we had worked with since 2009, has been declared bankrupt since April 2015. RM0.41 million of the provision for doubtful debts was amount owing from the remaining debtors.

As part of our credit control policy, we continuously monitor our cash flow and shall execute a recovery action plan for any receivable which have exceeded the normal credit period granted by more than 30 days, which include constant reminders and close follow up with our customers to minimise such occurrences.

Notwithstanding the above, our Board is of the opinion that the remaining amount of RM3.78 million is recoverable and no provision for impairment for trade receivables is required after taking into consideration these customers' credentials, payment track record as well as our relationship with them.

11. FINANCIAL INFORMATION (Cont'd)**(ii) Trade Payables**

The normal credit period extended by our subcontractors and suppliers ranges from 30 days to 90 days. Our trade payable turnover period for the FYE 2014 was 154 days which gradually improved to 100 days in the FYE 2015 and 67 days in FYE 2016 as a result of the change in our payment policy to forge better working relationship with our subcontractors and suppliers to support our growth, negotiate for better pricing and continued support from them. The increase in our trade payable turnover period to 75 days in FYE 2017 was mainly due to higher cost of sales incurred for the outside plant fibre optic network projects completed in the month of June 2017.

The ageing analysis of our trade payables as at 30 June 2017 is as follows:

	Within credit period			Exceeding credit period		Total
	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade payables	4,210	266	1,071	806	624	6,977
Percentage of total trade payables (%)	60.3	3.8	15.4	11.6	8.9	100.0
Subsequent payments up to the LPD	3,309	158	1,046	774	309	5,596
Outstanding balance as at the LPD	901	108	25	32	315	1,381

As at 30 June 2017, 79.5% of our trade payables were within the credit period. As at the LPD, RM5.60 million or 80.2% of our trade payables has been settled. The remaining balance of RM1.38 million mainly relates to payables to our supplier as set out above. The outstanding balance exceeding credit period amounting to RM0.35 million consists mainly of the retention sum withheld by us pending our customers' final acceptance of telecommunication installation and commissioning work for mobile network that we had outsourced to our subcontractors. Such outstanding amount will be settled accordingly upon receipt of final acceptance from our customers. Based on our past experience, we have not encountered any major discrepancies with regards to final acceptance by our customers, and as such we expect to settle the outstanding amount with our subcontractors accordingly upon receipt of the final acceptance from our customers.

(iii) Current Ratio

Our current ratio has gradually increased from 1.17 times as at FYE 2014 to 2.91 times as at FYE 2017 mainly due to the decrease in trade and other payables from RM12.94 million in the FYE 2014 to RM9.04 million in the FYE 2017 and improvement in our current assets position comprising mainly trade receivables and cash and bank balances due to business growth.

(iv) Gearing Ratio

Our Group's borrowings mainly comprise term loans and hire purchase to finance our office buildings, investment properties and motor vehicles with minimal utilisation of trade financing to support our day-to-day operations. Despite the increase in our total borrowings during the Period Under Review, our gearing ratio has improved from 0.63 times in the FYE 2014 to 0.34 times in the FYE 2017. The improvement was mainly due to the increase in our shareholders' fund from RM9.12 million in the FYE 2014 to RM25.41 million in the FYE 2017 as result of our PAT recorded that had contributed to an increase in our retained earnings over the Period Under Review.

11. FINANCIAL INFORMATION (Cont'd)

11.7 ORDER BOOK

Our Group does not maintain an order book. This is due to the nature of our business in which we usually enter into frame agreements with our customers, in particular telecommunications operators and equipment suppliers for the provision of our telecommunications network supporting services.

These frame agreements typically have no contract value assigned, and set out the delivery timeframes and type of services and equipment to be provided.

Our customers will from time to time issue purchase orders to us during the tenure of the frame agreements. Hence, our revenue from all these frame agreements is dependent on the work orders or purchase orders issued by our customers. Based on our past experience and dealings with our customers, we have not encountered any issues in the renewal and/or extension of the frame agreements and obtaining the work orders and purchase orders that had a material impact on our business.

11.8 TREND INFORMATION

As at the LPD, to the best of the knowledge and belief of our Board, the financial conditions and operations of our Group have not been and are not expected to be affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that it reasonably expects to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section and in Section 4 of this Prospectus;
- (b) material commitment for capital expenditure save as disclosed in Section 11.5.6 of this Prospectus;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue and/or profits, save for those that had been disclosed in this section and in Section 4 of this Prospectus; and
- (e) known trends, demands, commitments, events or uncertainties that have had or that our Group reasonably expects to have, a material favourable or unfavourable impact on our liquidity and capital resources.

[The rest of this page has been intentionally left blank]

11. FINANCIAL INFORMATION (Cont'd)

11.9 DIVIDEND POLICY

Our Company does not have any formal dividend policy presently. However, it is the intention of our Board to retain adequate reserves for our future growth as well as to reward our shareholders with participation in the profits of our Group.

As an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends or other distributions received from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend upon various factors including, the availability of distributable reserves; our Group's operating results and financial condition; and our capital expenditure plans.

We had declared and paid a first interim single tier dividend of RM2.0 million on 30 November 2015 and a second interim single tier dividend of RM2.0 million on 2 February 2016 respectively for FYE 2016. The total dividend amounting to RM4.0 million for FYE 2016 represents approximately 55% of our Group's PAT for FYE 2016.

For FYE 2017, we have declared and paid a first interim single tier dividend of RM 2.0 million on 26 May 2017, which represents approximately 20% of our Group's PAT for FYE 2017.

Our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year.

No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

[The rest of this page has been intentionally left blank]

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Melaka Office
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.crowehorwath.com.my
info.mlk@crowehorwath.com.my

23 NOV 2017

The Board of Directors
Binasat Communications Berhad
No.17 & 19, Jalan Bukit Permai Utama 3
Taman Industri Bukit Permai
56100 Cheras
Kuala Lumpur

Dear Sirs

**BINASAT COMMUNICATIONS BERHAD
("BINASAT COMMUNICATIONS" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 JUNE 2017**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2017 of Binasat Communications and its subsidiaries ("the Group") by the Board of Directors for inclusion in the Prospectus of Binasat Communications in connection with the listing of and quotation for the entire issued share capital of Binasat Communications on the ACE Market of Bursa Securities ("Listing").

The applicable criteria on the basis of which the Board of Directors have compiled the Pro Forma Consolidated Statements of Financial Position are set out in Note 1 of Appendix A, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions set out in Appendix A of this letter on the Group's financial position as at 30 June 2017.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the Group's financial statements for the financial year ended 30 June 2017, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position as at 30 June 2017 and the related notes on the basis set out in Note 1 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis set out in Note 1 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance that the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted statements of financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would be as presented.

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Reporting Accountants' Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in Note 1 of Appendix A and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria on the basis used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in Note 1 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Other Matters

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus of Binasat Communications in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink that reads "Crowe Horwath".

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

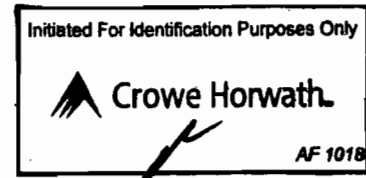
23 NOV 2017

Melaka

A handwritten signature in black ink that reads "Piong Yew Peng".

Piong Yew Peng
Approval No: 03070/06/2019 J
Chartered Accountant

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



APPENDIX A

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

1 BASIS OF PREPARATION

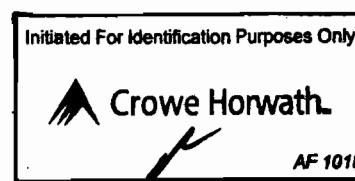
The Pro Forma Consolidated Statements of Financial Position as at 30 June 2017 are compiled based on the audited consolidated financial statements for the financial year ended 30 June 2017.

The financial statements used in the preparation of this Pro Forma Consolidated Statements of Financial Position were not subject to any audit qualification or emphasis of matter.

The Pro Forma Consolidated Statements of Financial Position have been prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the accounting policies of the Group.

The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of Listing Exercise as mentioned in Note 1.1 are completed and implemented on 30 June 2017.

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



APPENDIX A

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONT'D)**

1 BASIS OF PREPARATION (CONT'D)

1.1 Listing Exercise

The Group seeks a listing on the ACE Market of Bursa Securities. The details of the listing scheme are as follows:-

(i) Public Issue

Public issue of 85,979,000 new ordinary shares in the Company ("Shares"), representing approximately 33.07% of the enlarged share capital of Binasat Communications, at an issue price of RM0.46 per Share to be allocated in the following manner:

- 13,000,000 new Shares available for application by the Malaysian public;
- 13,000,000 new Shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group; and
- 59,979,000 new Shares available by way of private placement to selected investors.

(ii) Offer For Sale

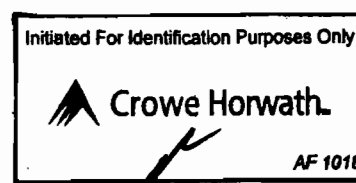
Offer for sale of 40,000,000 existing Shares, representing 15.38% of the enlarged share capital of Binasat Communications, at the offer price of RM0.46 per share, payable in full upon application, is subject to the terms and conditions stated in this Prospectus and will be made available by way of private placement to selected eligible investors.

The Offer For Sale will not have any financial impact to the Pro Forma Consolidated Statements of Financial Position.

(ii) Listing

The admission and the listing of and quotation for the entire enlarged share capital of RM56,952,442 comprising 260,000,000 Shares on the ACE Market of Bursa Securities will be sought.

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



APPENDIX A

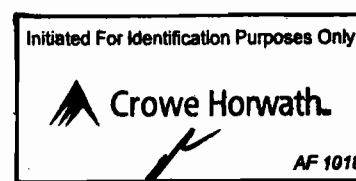
**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONT'D)**

2 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

The Pro Forma Consolidated Statements of Financial Position of Binasat Communications as set out below have been prepared for illustrative purposes only and to show the effects of the events and transactions referred in the notes to the Pro Forma Consolidated Statements of Financial Position had they been effected on 30 June 2017.

	Note	Audited as at 30 June 2017 RM'000	Adjustment for Public Issue and Utilisation of Proceeds RM'000	Pro Forma I After Public Issue and Utilisation of Proceeds RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2.2	8,061	24,060	32,121
Investment properties		4,461		4,461
Deferred tax assets		53		53
		<u>12,575</u>		<u>36,635</u>
CURRENT ASSETS				
Trade receivables		18,275		18,275
Other receivables, deposits and prepayments		1,646		1,646
Cash and bank balances	2.3	11,297	12,290	23,587
		<u>31,218</u>		<u>43,508</u>
TOTAL ASSETS		<u>43,793</u>		<u>80,143</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	2.4	17,402	(39,550)	56,952
Retained profits	2.5	24,055	3,200	20,855
Merger deficit		(16,052)		(16,052)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>25,405</u>		<u>61,755</u>
Non-controlling interest		139		139
TOTAL EQUITY		<u>25,544</u>		<u>61,894</u>

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



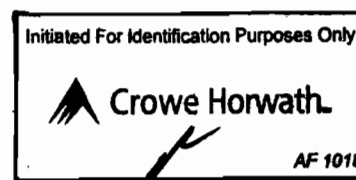
APPENDIX A

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONT'D)**

2 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

	Note	Audited as at 30 June 2017 RM'000	Adjustment for Public Issue and Utilisation of Proceeds RM'000	Pro Forma I After Public Issue and Utilisation of Proceeds RM'000
NON-CURRENT LIABILITIES				
Hire purchase payables		648		648
Term loans		6,867		6,867
		<u>7,515</u>		<u>7,515</u>
CURRENT LIABILITIES				
Trade payables		6,977		6,977
Other payables, deposits and accruals		2,059		2,059
Amount owing to directors		202		202
Hire purchase payables		241		241
Term loans		894		894
Current tax liabilities		361		361
		<u>10,734</u>		<u>10,734</u>
TOTAL LIABILITIES		<u>18,249</u>		<u>18,249</u>
TOTAL EQUITY AND LIABILITIES		<u>43,793</u>		<u>80,143</u>
<i>Number of ordinary shares ('000)</i>		174,021		260,000
<i>Net assets (NA) (RM'000)</i>		25,405		61,755
<i>NA per ordinary share (sen)</i>		14.60		23.75
<i>Total bank borrowings (RM'000)</i>		8,650		8,650
<i>Gearing ratio (times)</i>		0.34		0.14

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



APPENDIX A

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONT'D)**

2.1 Pro Forma I

Pro Forma I incorporates the effect of the Public Issue as set out in Note 1.1 and the utilisation of proceeds from Public Issue.

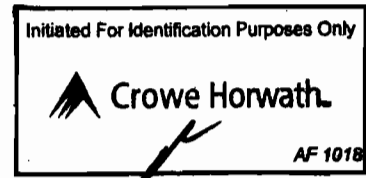
The proceeds from the Public Issue will be utilised as follows:-

Details of the utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Setting up of teleport	14,360	36.3	Within twenty-four (24) months
Expansion of fiber optic business	4,800	12.1	Within twelve (12) months
Expansion of operations and maintenance services for mobile telecommunication network services	4,900	12.4	Within twelve (12) months
Overseas expansion	1,500	3.8	Within eighteen (18) months
Working capital	10,790	27.3	Within twenty-four (24) months
Estimated listing expenses *	3,200	8.1	Within three (3) months
Total	39,550	100.0	

Notes:-

* - *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



APPENDIX A

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONT'D)**

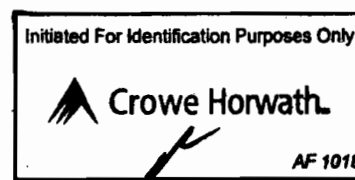
2.2 Property, plant and equipment

	RM'000
As at 30 June 2017	8,061
Add: Estimated capital expenditure	
- Setting up of teleport	14,360
- Expansion of fiber optic business	4,800
- Expansion of operations and maintenance services for mobile telecommunication network services	4,900
As per Pro Forma I	32,121

2.3 Cash and bank balances

	RM'000
As at 30 June 2017	11,297
Public Issue	39,550
Less: Estimated listing expenses	(3,200)
Less: Estimated capital expenditure	
- Setting up of teleport	(14,360)
- Expansion of fiber optic business	(4,800)
- Expansion of operations and maintenance services for mobile telecommunication network services	(4,900)
As per Pro Forma I	23,587

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



APPENDIX A

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONT'D)**

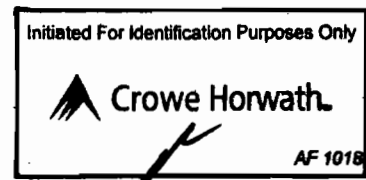
2.4 Share capital

	Number of Ordinary Shares (‘000)	Amount of Share Capital RM’000
As at 30 June 2017	174,021	17,402
Public Issue	85,979	39,550
As per Pro Forma I	260,000	56,952

2.5 Retained profits

	RM’000
As at 30 June 2017	24,055
Estimated listing expenses	(3,200)
As per Pro Forma I	20,855

12. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



APPENDIX A

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONT'D)**

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated

23 NOV 2017

On behalf of the Board,


Na Boon Aik


Na Bon Tiam

13. ACCOUNTANTS' REPORT



23 NOV 2017

The Board of Directors
Binasat Communications Berhad
No.17 & 19, Jalan Bukit Permai Utama 3
Taman Industri Bukit Permai
56100 Cheras
Kuala Lumpur

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Melaka Office
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.crowehorwath.com.my
info.mlk@crowehorwath.com.my

Dear Sirs

REPORTING ACCOUNTANT'S OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANT'S REPORT OF BINASAT COMMUNICATIONS BERHAD ("BINASAT COMMUNICATIONS" OR "THE COMPANY")

OPINION

We have audited the accompanying financial statements of the Company and its subsidiaries (collectively known as the "Group"). The financial statements comprise:-

- i) The combined statements of financial position as at 30 June 2014, 2015 and 2016, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 30 June 2014, 2015 and 2016;
- ii) The consolidated statement of financial position as at 30 June 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended 30 June 2017; and
- iii) A summary of significant accounting policies and other explanatory information, as set out on pages 5 to 73.

This historical financial information has been prepared for inclusion in the prospectus of Binasat Communications in connection with the listing of and quotation for the entire issued share capital of Binasat Communications on the ACE Market of Bursa Malaysia Securities Berhad ("Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 13.02 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as of 30 June 2014, 2015, 2016 and 2017 and of their financial performance and their cash flows for each of the financial years then ended 30 June 2014, 2015, 2016 and 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

13. ACCOUNTANTS' REPORT (Cont'd)



**BINASAT COMMUNICATIONS BERHAD
ACCOUNTANTS' REPORT**

(Incorporated in Malaysia)
Company No: 1222656-D

BASIS OF OPINION

We conducted our audit in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION

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

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

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group 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 information.

13. ACCOUNTANTS' REPORT (Cont'd)



**BINASAT COMMUNICATIONS BERHAD
ACCOUNTANTS' REPORT**

(Incorporated in Malaysia)
Company No: 1222656-D

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (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 skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 Group'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 information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

13. ACCOUNTANTS' REPORT (Cont'd)



BINASAT COMMUNICATIONS BERHAD
ACCOUNTANTS' REPORT
(Incorporated in Malaysia)
Company No: 1222656-D

OTHER MATTERS

The significant event subsequent to the end of the financial year ended 30 June 2017 has been disclosed in Note 33 to this Report.

RESTRICTION ON DISTRIBUTION AND USE

We understand that this report will be used solely for the purpose of inclusion in the Prospectus of Binasat Communications in connection with the listing of and quotation for the entire issued share capital of Binasat Communications on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to read "Crowe Horwath", with a long horizontal stroke extending to the right.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

23 NOV 2017

Melaka

A handwritten signature in black ink, appearing to read "Piong Yew Peng", with a long horizontal stroke extending to the right.

Piong Yew Peng
Approval No: 03070/06/2019 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
STATEMENTS OF FINANCIAL POSITION

		Audited As at 30 June			
	←	←	→	→	
NOTE	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	8,620	8,595	8,151	8,061
Investment properties	6	3,075	3,987	4,394	4,461
Deferred tax assets	7	-	-	-	53
		<u>11,695</u>	<u>12,582</u>	<u>12,545</u>	<u>12,575</u>
CURRENT ASSETS					
Trade receivables	8	7,165	8,922	10,789	18,275
Other receivables, deposits and prepayments	9	1,018	1,109	2,630	1,646
Fixed deposit with licensed banks	10	1,053	1,084	-	-
Current tax assets		-	65	102	-
Cash and bank balances		9,561	8,288	7,278	11,297
		<u>18,797</u>	<u>19,468</u>	<u>20,799</u>	<u>31,218</u>
TOTAL ASSETS		<u>30,492</u>	<u>32,050</u>	<u>33,344</u>	<u>43,793</u>

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
STATEMENTS OF FINANCIAL POSITION (CONT'D)**

		Audited As at 30 June			
	NOTE	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	1,000	1,000	1,004	17,402
Reserves	12	8,130	12,860	16,028	8,003
Total equity attributable to owners of the Company		9,130	13,860	17,032	25,405
Non-controlling interest	13	(5)	(6)	(6)	139
TOTAL EQUITY		9,125	13,854	17,026	25,544
NON-CURRENT LIABILITIES					
Hire purchase payables	14	479	528	490	648
Term loans	15	4,836	7,559	7,697	6,867
Deferred tax liabilities	7	52	39	8	-
		5,367	8,126	8,195	7,515
CURRENT LIABILITIES					
Trade payables	16	8,300	6,136	3,182	6,977
Other payables, deposits and accruals	17	4,643	1,190	1,348	2,059
Amount owing to directors	18	236	92	514	202
Amount owing to related parties	19	1,583	1,533	2,472	-
Hire purchase payables	14	122	158	183	241
Term loans	15	299	581	424	894
Bank overdraft	20	-	380	-	-
Current tax liabilities		817	-	-	361
		16,000	10,070	8,123	10,734
TOTAL LIABILITIES		21,367	18,196	16,318	18,249
TOTAL EQUITY AND LIABILITIES		30,492	32,050	33,344	43,793
Number of ordinary shares ('000)		174,021#	174,021#	174,021#	174,021
Net assets ("NA") (RM'000)		9,130	13,860	17,032	25,405
NA per ordinary share (sen)		5.25	7.96	9.79	14.60

Note :

(#) – It is assumed to be the number of shares before public issue.

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	Audited			
		FYE 30 June			
		2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	21	31,819	39,435	46,434	54,519
Cost of sales		(23,380)	(27,925)	(30,593)	(33,964)
Gross profit ("GP")		8,439	11,510	15,841	20,555
Other income	22	36	215	18	121
		8,475	11,725	15,859	20,676
Administrative expenses		(2,810)	(3,325)	(4,703)	(5,645)
Other operating expenses		(858)	(1,794)	(1,272)	(1,145)
Profit from operations		4,807	6,606	9,884	13,886
Finance costs		(132)	(193)	(229)	(221)
Profit before taxation ("PBT")	23	4,675	6,413	9,655	13,665
Income tax expense	24	(1,307)	(1,684)	(2,488)	(3,642)
Profit after taxation/Total comprehensive income for the financial year		3,368	4,729	7,167	10,023
Profit after taxation/Total comprehensive income for the financial year attributable to :-					
- Owners of the Company		3,372	4,730	7,168	10,027
- Non-controlling interest		(4)	(1)	(1)	(4)
		3,368	4,729	7,167	10,023
GP Margin (%)		26.52	29.19	34.12	37.70
PBT Margin (%)		14.69	16.26	20.79	25.06
PAT Margin (%)		10.58	11.99	15.43	18.38
Effective tax rate (%)		27.96	26.26	25.77	26.65
Earning before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		5,629	7,593	10,920	15,008
Number of ordinary shares ('000)		174,021#	174,021#	174,021#	174,021
Basic and diluted earnings per share ("EPS") (sen)	25	1.94	2.72	4.12	5.76

Note :

#) – It is assumed to be the number of shares before public issue.

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
STATEMENTS OF CHANGES IN EQUITY

NOTE	Non-distributable			Distributable		Attributable to the owners of the Company RM'000	Non-controlling interest RM'000	Total Equity RM'000
	Share Capital RM'000	Retained Profits RM'000	Share Capital RM'000	Retained Profits RM'000				
	1,000	4,758	5,758	(1)				5,757
	-	3,372	3,372	(4)				3,368
	1,000	8,130	9,130	(5)				9,125
	*	-	*	-				*
	-	4,730	4,730	(1)				4,729
	1,000	12,860	13,860	(6)				13,854
	-	7,168	7,168	(1)				7,167
26	4	-	4	1				5
	-	(4,000)	(4,000)	-				(4,000)
	4	(4,000)	(3,996)	1				3,995
	1,004	16,028	17,032	(6)				17,026

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Non-distributable ---> Distributable					Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Retained Profits RM'000	Attributable to the owners of the Company RM'000	Non- controlling interest RM'000	
NOTE						
<u>Audited</u>						
Balance at 1.7.2016	1,004	-	16,028	17,032	(6)	17,026
Profit after taxation/ Total comprehensive income for the financial year	-	-	10,027	10,027	(4)	10,023
Contributions by and distributions to owners of the Group:-						
- Issuance of shares by the Company at date of incorporation	*	-	-	*	-	*
- Issuance of shares by subsidiary	346	-	-	346	149	495
- Issuance of shares pursuant to acquisition of subsidiaries	16,052	(16,052)	-	-	-	-
- Dividends paid by a subsidiary before acquisition	-	-	(2,000)	(2,000)	-	(2,000)
Total transactions with owners	16,398	(16,502)	(2,000)	1,654	149	(1,505)
Balance at 30.6.2017	17,402	(16,052)	24,055	25,405	139	25,544

Note :

(*) - Amount is less than RM500

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
STATEMENTS OF CASH FLOWS**

	NOTE	Audited			
		FYE 30 June			
		2014	2015	2016	2017
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		4,675	6,413	9,655	13,665
Adjustment for:-					
Allowance for impairment losses on trade receivables		-	775	209	23
Bad debt written off		1	-	27	-
Depreciation of property, plant and equipment		788	950	969	1,054
Depreciation of investment properties		63	69	68	69
Loss/(Gain) on disposal of property, plant and equipment		6	(182)	(9)	(4)
Reversal of impairment losses on trade receivables		-	-	-	(33)
Interest expenses		132	193	229	221
Interest income		(29)	(32)	(1)	(1)
Operating profit before working capital changes		5,636	8,186	11,147	14,994
Decrease/(Increase) in trade and other receivables		8,820	(2,623)	(3,624)	(6,493)
(Decrease)/Increase in trade and other payables		(413)	(2,627)	(1,857)	2,034
CASH FLOWS FROM OPERATIONS		14,043	2,936	5,666	10,535
Interest paid		(132)	(193)	(229)	(221)
Interest received		29	32	1	1
Tax refunded		-	-	69	-
Tax paid		(619)	(2,579)	(2,625)	(3,240)
NET CASH FROM OPERATING ACTIVITIES		13,321	196	2,882	7,075
CASH FLOWS FOR INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		72	468	9	116
Purchase of property, plant and equipment	5(a)	(1,289)	(984)	(383)	(566)
Purchase of investment properties		(3,138)	(981)	(475)	(136)
NET CASH FOR INVESTING ACTIVITIES		(4,355)	(1,497)	(849)	(586)

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
STATEMENTS OF CASH FLOWS (CONT'D)**

	← Audited → ← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
NOTE				
CASH FLOW FOR FINANCING ACTIVITIES				
Dividends paid	-	-	(4,000)	(2,000)
Proceeds from issuance of shares	-	*	-	250
Drawdown of term loans	170	474	475	136
Repayment of term loans	(333)	(509)	(494)	(496)
Repayment of bankers' acceptance	(468)	-	-	-
Net repayment of hire purchase payables	(162)	(142)	(155)	(293)
Net (repayment to)/advances from directors	(780)	(144)	427	(67)
NET CASH FOR FINANCING ACTIVITIES	(1,573)	(321)	(3,747)	(2,470)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,393	(1,622)	(1,714)	4,019
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	3,221	10,614	8,992	7,278
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27 10,614	8,992	7,278	11,297

Note :

(*) - Amount is less than RM500

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS****1. ABBREVIATIONS**

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

Abbreviations

Binasat Communications	Binasat Communications Berhad (1222656-D)
"Binasat Group" or "Group"	Binasat Communications, Binasat, Binasat Sabah and Satellite NOC collectively
Binasat	Binasat Sdn Bhd (516089-U)
Binasat Sabah	Binasat (Sabah) Sdn Bhd (1089166-U)
Satellite NOC	Satellite NOC Sdn Bhd (1025540-P)
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
PERS	Private Entity Reporting Standards
FPE	Financial Period Ended
FYE	Financial Year Ended
"Binasat Communications Shares" or "Shares"	Ordinary shares in Binasat Communications
RM and sen	Ringgit Malaysia and sen, respectively
CA 2016	Companies Act, 2016

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. GENERAL INFORMATION****2.1 INCORPORATION AND PRINCIPAL ACTIVITIES**

Binasat Communications was incorporated in Malaysia under the Companies Act, 2016 on 17 March 2017 as a private limited company. Subsequently on 21 June 2017, the Company was converted to a public limited company under the name of Binasat Communications Berhad.

For the purpose of listing the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company undertook a restructuring exercise via the acquisition of subsidiaries as disclosed in Note 2.2 to the financial statements.

Details of the subsidiaries upon listing are as follows:-

Name of subsidiary	Date and place of incorporation	Effective equity interest %	Issued share capital RM	Principal activities
Binasat	6 June 2000 Malaysia	100	1,000,000	provision of support services for satellite, mobile and fiber optic telecommunications networks
Binasat Sabah	15 April 2014 Malaysia	100	100	dormant
Satellite NOC	23 November 2012 Malaysia	70	500,000	provision of support services for satellite telecommunications network

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. GENERAL INFORMATION (CONT'D)****2.2 RESTRUCTURING EXERCISE**

The Company entered into three (3) Share Sales and Purchase Agreements on 5 June 2017 to acquire the equity interests in the following companies:-

- i) Acquisition of the entire equity interest in Binasat for a purchase consideration of RM17,052,000 satisfied by the issuance of 170,520,000 new ordinary shares in the Company at an issue price of RM0.10 per Binasat Communications Share.
- ii) Acquisition of the entire equity interest in Binasat Sabah for a purchase consideration of RM99.80 satisfied by the issuance of 998 new ordinary shares in the Company at an issue price of RM0.10 per Binasat Communications Share.
- iii) Acquisition of the 70% equity interest in Satellite NOC for a purchase consideration of RM350,000 satisfied by the issuance of 3,500,000 new ordinary shares in the Company at an issue price of RM0.10 per Binasat Communications Share.

The acquisitions of the above companies were completed on 5 June 2017 and consolidated using merger method.

2.3 SHARE CAPITAL

As at the date of this report, the share capital of Binasat Communications is RM17,402,101.80 comprising 174,021,000 shares.

The details of the changes in the issued share capital of Binasat Communications since its incorporation are as follows:-

<i>Date of allotment</i>	<i>No of shares allotted</i>	<i>Cumulative no of shares allotted</i>	<i>Consideration</i>	<i>Cumulative issued share capital RM</i>
17 March 2017	2	2	Cash	2.00
5 June 2017	170,520,000	170,520,002	Acquisition of Binasat	17,052,002.00
5 June 2017	998	170,521,000	Acquisition of Binasat Sabah	17,052,101.80
5 June 2017	3,500,000	174,021,000	Acquisition of Satellite NOC	17,402,101.80

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****3. DIVIDENDS**

No dividend has been declared by Binasat Communications since the date of its incorporation.

Details of dividends paid by the subsidiary companies during the financial years under review are as follows:

Company	Related to	Paid on	Type of dividend	Dividend rate (RM/Share)	Net amount (RM'000)
Binasat	FYE 30 June 2016	30 November 2015	1 st interim single tier dividend	RM2.00	2,000
Binasat	FYE 30 June 2016	2 February 2016	2 nd interim single tier dividend	RM2.00	2,000
Binasat	FYE 30 June 2017	26 May 2017	1 st interim single tier dividend	RM2.00	2,000

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**4.1 BASIS OF PREPARATION**

For the purposes of inclusion of financial statements in the Prospectus of Binasat Communications in connection with the listing of and quotation for the entire issued share capital on the ACE Market of Bursa Malaysia Securities Berhad, the financial statements comprise:-

- i) The combined statements of financial position as at 30 June 2014, 2015 and 2016, combined statements of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the financial years ended 30 June 2014, 2015 and 2016; and
- ii) The consolidated statement of financial position as at 30 June 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended 30 June 2017.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the financial statements from the day that control commences until the date that control ceases.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 BASIS OF PREPARATION (CONT'D)**

The financial statements of the Group for the relevant period were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

Combined financial statements of the Group for FYE 30 June 2014, 2015 and 2016

The combined financial statements of the Group were prepared based on the separate financial statements of the entities within the Group for the relevant financial years as follows:

Company	Relevant financial years/periods	Accounting standards applied	Auditors
Binasat	FYE 30 June 2014*	PERS	Siew Boon Yeong & Associates
	FYE 30 June 2015	MFRS	Crowe Horwath
	FYE 30 June 2016	MFRS	Crowe Horwath
Binasat Sabah	FPE from 15 April 2014 (date of incorporation) to 30 June 2015*	PERS	Wong Chau Hwa & Co
	FYE 30 June 2016	MFRS	Crowe Horwath
Satellite NOC	FYE 31 August 2014*	PERS	Wong Chau Hwa & Co
	FYE 31 August 2015*	PERS	Wong Chau Hwa & Co
	FYE 31 August 2016	MFRS	Crowe Horwath

* These financial statements have been re-audited by us, and for the purposes of these combined financial statements, certain comparative figures have been reclassified to conform with the presentation of the latest financial statements for the FYE 30 June 2017. Details of the reclassification are disclosed in Note 35 to this report.

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

The separate statutory audited financial statements of Binasat, Binasat Sabah and Satellite NOC were not subject to any modified audit opinions, except for the financial statements of Binasat Sabah for FPE 2015 and Satellite NOC for FYE 2014 and FYE 2015 that the auditors emphasised that the financial statements were prepared on going concern basis on the assumption that the directors will provide continuous financial supports.

The separate statutory audited financial statements of Satellite NOC for the FYE 31 August 2014, 2015 and 2016 were realigned to FYE 30 June 2014, 2015 and 2016 for the purpose of these combined financial statements to be coterminous with the financial year end of the Group.

Consolidated financial statements of the Group for FYE 30 June 2017

The consolidated financial statements of the Group for FYE 30 June 2017 were prepared based on the audited consolidated financial statements of the Company for FYE 30 June 2017. The audited financial statements used were not subject to any modified audit opinions.

All material intra-group transactions and balances have been eliminated on consolidation.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE**

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

MFRSSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	1 January 2017
• Amendments to MFRS 12: Clarification of the Scope of Standard	
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	1 January 2018
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE (CONT'D)**

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

MFRS 15: Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15 & Amendments to MFRS 15: Clarifications to MFRS 15

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates and Judgements (Cont'd)****(ii) Income Taxes**

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

(iii) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(iv) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates and Judgements (Cont'd)****(v) *Classification of Leasehold Land***

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

(vi) *Fair Value Estimates for Certain Financial Assets and Financial Liabilities*

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Combination

The Group resulting from the restructuring exercise, as disclosed in Note 2.2 above, comprises entities under common control. Accordingly, the combined financial statements have been accounted for using principles of merger accounting.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup transactions, balances, income and expenses are eliminated on combination. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Combination (Cont'd)****(i) Business Combinations**

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Combination (Cont'd)****(ii) Non-Controlling Interests**

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

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

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

(iv) Loss of Control

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Functional and Foreign Currencies***(i) Functional and Presentation Currency*

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

The combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(ii) Foreign Currency Transactions and Balances

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

(d) Financial Instruments

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

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

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

A financial instrument is recognised initially at its fair value. 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.

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

At the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

At the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loan and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

- *Available-for-sale Financial Assets*

As at the end of the financial year, there were no financial assets classified under this category.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)***(ii) Financial Liabilities*

- *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. Derivatives are also classified as held for trading unless they are designated as hedges.

- *Other Financial Liabilities*

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of liability for at least 12 months after the reporting date.

(iii) Equity Instruments

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

Ordinary shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

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

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)***(iv) 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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.

(e) Investments in subsidiaries

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

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

(f) Property, Plant and Equipment

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

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

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Property, Plant and Equipment (Cont'd)**

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

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

Leasehold land and buildings	Over the lease period of 54 years
Computer and signboard	20%
Furniture fittings and equipment	20%
Motor vehicles	20%
Renovation	20%
Tools and equipment	20%

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

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

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

(g) Investment Properties

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Investment Properties (Cont'd)**

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

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

Freehold land and investment property under construction is not depreciated.

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

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

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

(h) Impairment**(i) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss and investments in subsidiaries), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Impairment (Cont'd)***(ii) Impairment of Non-Financial Assets*

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

An impairment loss is recognised in profit or loss immediately.

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

(i) Leased Assets*Finance Assets*

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Leased Assets (Cont'd)

Finance Assets (Cont'd)

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

(j) Income Taxes

(i) 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).

(ii) Deferred Tax

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Income Taxes (Cont'd)

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

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

(iii) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

(k) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(l) 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(n) Employee Benefits**(i) Short-term Benefits**

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

(ii) Defined Contribution Plans

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

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Related Parties**

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(p) Contingent Liabilities**

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

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

(q) Operating Segments

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

(r) Earnings Per Ordinary Share

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

Diluted earnings per ordinary share is determined by adjusting the combined profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding.

(s) 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.

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Fair Value Measurements (Cont'd)

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.

(t) Revenue and Other Income

(i) Sales of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns, goods and services tax, cash and trade discounts.

(ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of reporting period. The stage of completion is determined by reference to the surveys of work performed. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Interest Income

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

(iv) Rental Income

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

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Net book value	LEASEHOLD LAND AND BUILDINGS		COMPUTER & SIGNBOARD		FURNITURE FITTINGS & EQUIPMENT		MOTOR VEHICLES		RENOVATION		TOOLS & EQUIPMENT		TOTAL	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2013	6,776	114	69	383	82	140	7,564							
Additions	-	54	203	883	401	381	1,922							
Disposal	-	-	-	(78)	-	-	(78)							
Depreciation charges	(128)	(48)	(67)	(311)	(104)	(130)	(788)							
At 30 June 2014	6,648	120	205	877	379	391	8,620							
At 1 July 2014	6,648	120	205	877	379	391	8,620							
Additions	-	36	16	568	165	426	1,211							
Disposal	(286)	-	-	-	-	-	(286)							
Depreciation charges	(119)	(49)	(63)	(389)	(134)	(196)	(950)							
At 30 June 2015	6,243	107	158	1,056	410	621	8,595							
At 1 July 2015	6,243	107	158	1,056	410	621	8,595							
Additions	5	21	165	182	75	77	525							
Depreciation charges	(119)	(47)	(75)	(384)	(146)	(198)	(969)							
At 30 June 2016	6,129	81	248	854	339	500	8,151							
At 1 July 2016	6,131	81	247	853	339	500	8,151							
Additions	-	41	86	714	186	49	1,076							
Disposals	-	-	-	(112)	-	-	(112)							
Depreciation charges	(129)	(44)	(94)	(413)	(169)	(205)	(1,054)							
At 30 June 2017	6,002	78	239	1,042	356	344	8,061							

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	LEASEHOLD LAND AND BUILDINGS RM'000	COMPUTER & SIGNBOARD RM'000	FURNITURE FITTINGS & EQUIPMENT RM'000	MOTOR VEHICLES RM'000	RENOVATION RM'000	TOOLS & EQUIPMENT RM'000	TOTAL RM'000
At 30 June 2014							
Cost	6,926	321	364	1,832	607	797	10,847
Accumulated depreciation	(278)	(201)	(159)	(955)	(228)	(406)	(2,227)
Net book value	6,648	120	205	877	379	391	8,620
At 30 June 2015							
Cost	6,608	357	380	2,400	772	1,223	11,740
Accumulated depreciation	(365)	(250)	(222)	(1,344)	(362)	(602)	(3,145)
Net book value	6,243	107	158	1,056	410	621	8,595
At 30 June 2016							
Cost	6,613	378	545	2,490	847	1,300	12,173
Accumulated depreciation	(484)	(297)	(297)	(1,636)	(508)	(800)	(4,022)
Net book value	6,129	81	248	854	339	500	8,151
At 30 June 2017							
Cost	6,613	419	632	2,889	1,033	1,349	12,935
Accumulated depreciation	(611)	(341)	(393)	(1,847)	(677)	(1,005)	(4,874)
Net book value	6,002	78	239	1,042	356	344	8,061

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) Included in property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Cost of property, plant and equipment purchased	1,922	1,211	525	1,076
Amount financed through hire purchase	(633)	(227)	(142)	(510)
Cash disbursed for purchase of property, plant and equipment	<u>1,289</u>	<u>984</u>	<u>383</u>	<u>566</u>

(b) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles with a total net book value of RM877,632 (2016: RM592,409; 2015: RM644,552; 2014: RM610,866), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 14 to the financial statements.

(c) The leasehold land and buildings of the Group have been pledged to licensed bank as security for banking facilities granted to the Group as disclosed in Notes 15 and 20 to the financial statements.

6. INVESTMENT PROPERTIES

	AS AT 1.7.2013 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGES RM'000	AS AT 30.6.2014 RM'000
Net book value				
Freehold land and buildings	-	3,138	(63)	<u>3,075</u>
	AS AT 1.7.2014 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGES RM'000	AS AT 30.6.2015 RM'000
Net book value				
Freehold land and buildings	3,075	303	(69)	3,309
Building in progress	-	678	-	678
	<u>3,075</u>	<u>981</u>	<u>(69)</u>	<u>3,987</u>

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****6. INVESTMENT PROPERTIES (CONT'D)**

	AS AT 1.7.2015 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGES RM'000	AS AT 30.6.2016 RM'000
Net book value				
Freehold land and buildings	3,309	-	(68)	3,241
Building in progress	678	475	-	1,153
	<u>3,987</u>	<u>475</u>	<u>(68)</u>	<u>4,394</u>

	AS AT 1.7.2016 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGES RM'000	AS AT 30.6.2017 RM'000
Net book value				
Freehold land and buildings	3,241	-	(69)	3,172
Building in progress	1,153	136	-	1,289
	<u>4,394</u>	<u>136</u>	<u>(69)</u>	<u>4,461</u>

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
At 30.6.2014			
Freehold land and buildings	3,138	(63)	3,075

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
At 30.6.2015			
Freehold land and buildings	3,441	(132)	3,309
Building in progress	678	-	678
	<u>4,119</u>	<u>(132)</u>	<u>3,987</u>

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
At 30.6.2016			
Freehold land and buildings	3,441	(200)	3,241
Building in progress	1,153	-	1,153
	<u>4,594</u>	<u>(200)</u>	<u>4,394</u>
At 30.6.2017			
Freehold land and buildings	3,441	(269)	3,172
Building in progress	1,289	-	1,289
	<u>4,730</u>	<u>(269)</u>	<u>4,461</u>

The following items are recognised in profit or loss:-

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Rental income	-	-	7	71
Direct operating expenses:-				
- Miscellaneous charges	-	-	-	1
- Quit rent and assessment fees	-	*	-	22
- Repair and maintenance	-	-	-	16

Note :

(*) - Amount is less than RM500

The above investment properties were pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 15 and 20 to the financial statements.

As at the date of this report, the estimated fair values of the investment properties (excluding building in progress) approximate RM3,312,000 which were determined based on information available through internet search and directors best estimate.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****7. DEFERRED TAX LIABILITIES/(ASSETS)**

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
At 1 July	62	52	39	8
Recognised in profit or loss (Note 24)	(10)	(13)	(31)	(61)
At 30 June	<u>52</u>	<u>39</u>	<u>8</u>	<u>(53)</u>

The deferred tax liabilities/(assets) are attributable to the following:-

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Accelerated capital allowances over depreciation	131	121	137	115
Hire purchases payables	(79)	(82)	(129)	(133)
Provisions	-	-	-	(35)
	<u>52</u>	<u>39</u>	<u>8</u>	<u>(53)</u>

8. TRADE RECEIVABLES

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Trade receivables	7,165	9,697	11,773	19,249
Allowance for impairment losses	-	(775)	(984)	(974)
	<u>7,165</u>	<u>8,922</u>	<u>10,789</u>	<u>18,275</u>
Allowance for impairment losses:-				
At 1 July	-	-	775	984
Additions	-	775	209	23
Reversal	-	-	-	(33)
At 30 June	<u>-</u>	<u>775</u>	<u>984</u>	<u>974</u>

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Other receivables	437	676	319	319
Accrued sales	-	261	2,093	873
Deposits	578	152	193	342
Prepayments	3	20	25	112
	<u>1,018</u>	<u>1,109</u>	<u>2,630</u>	<u>1,646</u>

10. FIXED DEPOSIT WITH LICENSED BANKS

The fixed deposit with licensed banks of the Group at the end of the reporting period bore interest rates of Nil (2016: Nil, 2015: 3%, 2014: 3%) per annum. The fixed deposit maturity periods are 365 days.

11. SHARE CAPITAL

This represents the share capital of the Group at the end of each reporting period.

	← As at 30 June →			
	2014	2015	2016	2017
	Number of shares ('000)			
At 1 July	1,000	1,000	1,000	1,004
Issuance of ordinary shares	-	*	4	346
Adjustment pursuant to restructuring exercise	-	-	-	(1,350)
Issuance of shares pursuant to acquisition of subsidiaries	-	-	-	174,021
At 30 June	<u>1,000</u>	<u>1,000</u>	<u>1,004</u>	<u>174,021</u>

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****11. SHARE CAPITAL (CONT'D)**

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
At 1 July	1,000	1,000	1,000	1,004
Issuance of ordinary shares	-	*	4	346
Adjustment pursuant to restructuring exercise	-	-	-	(1,350)
Issuance of shares pursuant to acquisition of subsidiaries	-	-	-	17,402
At 30 June	1,000	1,000	1,004	17,402

Note :

(*) - Amount is less than RM500

For the purpose of this report, the total number of shares as at 30 June 2014, 30 June 2015 and 30 June 2016 represent the aggregate number of issued shares of all entities within the Group, net of shares held by non-controlling interest. Pursuant to the Restructuring Exercise, the total number of shares as at 30 June 2017 represents the number of issued shares of the Company.

12. RESERVES

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Merger deficit	-	-	-	(16,052)
Retained profits	8,130	12,860	16,028	24,055
	8,130	12,860	16,028	8,003

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

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****13. NON-CONTROLLING INTEREST**

- (a) The non-controlling interests at the end of the reporting period comprise the followings:-

	Effective Equity Interest %	As at 30 June			
		2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Satellite NOC Sdn. Bhd.	30	(5)	(6)	(6)	139

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

	As at 30 June			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
<u>At 30 June</u>				
Current asset	78	79	330	573
Current liabilities	(96)	(99)	(348)	(110)
Net assets	<u>(18)</u>	<u>(20)</u>	<u>(18)</u>	<u>463</u>
<u>Financial Year Ended 30 June</u>				
Loss for the financial year	(15)	(3)	(3)	(14)
Total comprehensive expenses	<u>(15)</u>	<u>(3)</u>	<u>(3)</u>	<u>(14)</u>
Total comprehensive expenses attributable to non-controlling interests	<u>(5)</u>	<u>(1)</u>	<u>(1)</u>	<u>(4)</u>
Net cash flows from/(for) operating activities	*	*	1	(28)
Net cash flows from financing activities	-	-	250	271

Note :

(*) - Amount is less than RM500

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****14. HIRE PURCHASE PAYABLES**

The hire purchase payables are repayable as follows:-

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Minimum hire purchase payments:				
- not later than 1 year	149	188	210	283
- later than 1 year and not later than 5 years	524	521	491	604
- later than 5 years	-	55	44	110
	<u>673</u>	<u>764</u>	<u>745</u>	<u>997</u>
Less: Future finance charges	(72)	(78)	(72)	(108)
Present value of hire purchase payables	<u>601</u>	<u>686</u>	<u>673</u>	<u>889</u>
<u>Current</u>				
Not later than 1 year	<u>122</u>	<u>158</u>	<u>183</u>	<u>241</u>
<u>Non-current</u>				
Later than 1 year and not later than 5 years	479	473	448	587
Later than 5 years	-	55	42	61
	<u>479</u>	<u>528</u>	<u>490</u>	<u>648</u>
	<u>601</u>	<u>686</u>	<u>673</u>	<u>889</u>

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 3.59% to 6.34% (2016: 3.59% to 6.34%; 2015: 3.59% to 6.34%; 2014: 4.75% to 6.34%). The interest rates are fixed at the inception of the hire purchase arrangements.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****15. TERM LOANS**

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
<u>Current</u>				
Not later than 1 year	299	581	424	894
<u>Non-current</u>				
Later than 1 year and not later than 5 years	1,112	2,238	1,880	2,312
Later than 5 years	3,724	5,321	5,817	4,555
	<u>4,836</u>	<u>7,559</u>	<u>7,697</u>	<u>6,867</u>
	<u>5,135</u>	<u>8,140</u>	<u>8,121</u>	<u>7,761</u>

The bank term loans are repayable over 240 to 300 (2016: 240 to 300, 2015: 72 to 300, 2014: 72 to 240) monthly instalments from the date of drawdown for the Group and are secured in the same manner as the bank overdraft as disclosed in Note 20 to the financial statements.

The above borrowings bore effective interest rates of 4.57% (2016: 4.45%, 2015: 4.71%, 2014: 4.50%) per annum.

16. TRADE PAYABLES

The normal trade credit terms granted to the Group is 30 to 90 days. Other credit terms are granted on a case-by-case basis.

17. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Other payables	2,945	121	118	488
Deposits	111	107	129	949
Accrued charges	1,587	785	1,053	127
Goods and services tax payable	-	177	48	495
	<u>4,643</u>	<u>1,190</u>	<u>1,348</u>	<u>2,059</u>

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****18. AMOUNT OWING TO DIRECTORS**

The amount owing to directors is unsecured, interest free and with no fixed terms of repayment. The amounts owing are to be settled in cash.

19. AMOUNT OWING TO RELATED PARTIES

	← As at 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Companies in which certain directors have substantial financial interest				
Trade				
Binalite Electrical Engineering Sdn Bhd	1,410	1,364	2,472	-
IP Harmony Networks Sdn Bhd	173	169	-	-
	<u>1,583</u>	<u>1,533</u>	<u>2,472</u>	<u>-</u>

The trade balances are subject to the normal trade credit terms ranging from 30 to 90 days. The amounts owing are to be settled in cash.

20. BANK OVERDRAFT

	← As at 30 June →			
	2014 %	2015 %	2016 %	2017 %
Bank overdraft	-	7.35	-	-

The bank overdraft and term loans are secured by the following:-

- (i) Legal charges over the Group's freehold land and buildings, leasehold land and buildings and building in progress; and
- (ii) Jointly and severally guaranteed by certain directors of the Group.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****21. REVENUE**

Revenue represents the gross invoiced value of goods supplied and services rendered less returns and trade discounts, if any.

22. OTHER INCOME

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Commission received	2	-	-	-
Interest income	29	32	1	1
Other income	-	-	1	12
Rental income	-	-	7	71
Gain on disposal of property, plant and equipment	-	182	9	4
Reversal of impairment losses on trade receivables	-	-	-	33
Gain on foreign exchange - realised	5	1	-	-
	36	215	18	121

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. PROFIT BEFORE TAXATION

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Profit before taxation is stated after charging/(crediting):				
Allowance for impairment losses on trade receivables	-	775	209	23
Audit fee				
- current year	23	30	34	61
- under provision in prior year	1	-	-	(1)
Bad debts written off	1	-	27	-
Depreciation of property, plant and equipment	788	950	969	1,054
Depreciation of investment properties	63	69	68	69
Directors' fee	-	-	-	13
Directors' non-fee emoluments	530	659	1,010	1,114
Incorporation fee	-	2	-	-
Interest expenses	132	193	229	221
Rental of boat, motor vehicles, and equipment	394	259	122	194
Rental of equipment	393	1,103	804	887
Rental of forklift	61	110	190	217
Rental of hostel	8	32	36	30
Rental of premises	78	80	82	179
Staff costs	5,579	6,139	8,750	10,851

Included in staff costs is EPF contribution of RM904,834 (2016: RM709,180; 2015: RM625,580; 2014: RM528,133).

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. INCOME TAX EXPENSE

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Current tax expense:				
- for the financial year	1,317	1,734	2,523	3,655
- (over)/under provision in the previous financial year	-	(37)	(4)	48
	<u>1,317</u>	<u>1,697</u>	<u>2,519</u>	<u>3,703</u>
Deferred tax liability (Note 7)				
- for the financial year	6	(1)	(51)	(51)
- (over)/under provision in the previous financial year	(16)	(12)	20	(10)
	<u>(10)</u>	<u>(13)</u>	<u>(31)</u>	<u>(61)</u>
Total tax expense	<u>1,307</u>	<u>1,684</u>	<u>2,488</u>	<u>3,642</u>

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

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Profit before taxation	<u>4,675</u>	<u>6,413</u>	<u>9,655</u>	<u>13,665</u>
Tax expense at statutory tax rate	1,169	1,603	2,317	3,280
Tax effect of :-				
Reduction in tax rate on small scale company up to RM500,000	(25)	(25)	(25)	(30)
Non-deductible expenses	179	155	180	354
(Over)/under provision of income tax in the previous financial year	-	(37)	(4)	48
(Over)/under provision of deferred tax in the previous financial year	(16)	(12)	20	(10)
Taxation for the year	<u>1,307</u>	<u>1,684</u>	<u>2,488</u>	<u>3,642</u>

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. EARNINGS PER SHARE

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Profit after taxation/ Total comprehensive income attributable to owners of the Company	3,372	4,730	7,168	10,027
Number of ordinary shares ('000)	174,021#	174,021#	174,021#	174,021
Basic and diluted earnings per share (sen)	1.94	2.72	4.12	5.76

Note :

(#) – It is assumed to be the number of shares before public issue.

26. DIVIDENDS

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Paid:-				
In respect of the current financial year				
First interim single tier dividend of RM2.00 per ordinary share	-	-	2,000	2,000
Second interim single tier dividend of RM2.00 per ordinary share	-	-	2,000	-
	-	-	4,000	2,000

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****27. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the followings:-

	←————— As at 30 June —————→			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Cash and bank balances	9,561	8,288	7,278	11,297
Fixed deposit with licensed banks	1,053	1,084	-	-
Bank overdraft	-	(380)	-	-
	10,614	8,992	7,278	11,297

28. RELATED PARTY DISCLOSURES**(a) Identities of related parties**

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

Related parties of the Group includes:-

Companies in which certain directors have substantial financial interest

- (i) Binalite Electrical Engineering Sdn Bhd ("Binalite")*
- (ii) IP Harmony Networks Sdn Bhd ("IP Harmony")

Note :

- (*) – Binalite ceased to be a related party on 30 August 2016 after the director disposed of the shares in Binalite and resigned as director of Binalite.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****28. RELATED PARTY DISCLOSURE (CONT'D)****(b) Significant related party transactions**

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group carried out the following transactions with related parties during the year.

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Binalite				
Sub-contractor fees	2,716	3,604	5,700	814
Rental of equipment	-	-	(36)	(6)
IP Harmony				
Purchases	-	-	3	26

(c) Key management personnel compensation (exclude directors' remuneration):-

	← FYE 30 June →			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Short-term employee benefits	215	361	400	641
Defined contribution plan	25	40	46	69
	<u>240</u>	<u>401</u>	<u>446</u>	<u>710</u>

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****29. OPERATING SEGMENTS**

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

MAJOR CUSTOMERS

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

	Revenue			
	←	FYE 30 June		→
	2014	2015	2016	2017
	RM'000	RM'000	RM'000	RM'000
Customer A	25,451	23,291	26,938	27,001
Customer B	4,081	5,930	13,974	14,349
Customer C	474	5,421	1,313	1,508

30. CAPITAL COMMITMENT

	As at 30 June			
	←	2015	2016	2017
	2014	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
Approved and contracted but not provided for in the financial statement	1,223	678	203	68

31. CONTINGENT LIABILITIES

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

	As at 30 June			
	←	2015	2016	2017
	2014	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
Performance guarantee extended by subsidiary to third parties	-	606	409	3,430

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****32. FINANCIAL INSTRUMENTS**

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

(a) Financial Risk Management Policies

Binasat Communications' policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk**(i) Foreign Currency Risk**

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

(ii) Interest Rate Risk

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

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 15 and 20 to the financial statements.

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

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****32. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (CONT'D)****(i) Market Risk (Cont'd)****(iii) Equity Price Risk**

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

(ii) Credit Risk

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

The Group uses ageing analysis to monitor the credit quality of trade receivables. Any receivables having significant balances pass due for more than 1 year which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on customer credit worthiness, change in customer's payment terms, prior experience and the current economic environment.

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2016: 2; 2015: 2; 2014: 2) customers which constituted approximately 67% (2016: 74%; 2015: 82%; 2014: 73%) of its trade receivables at the end of the reporting period.

Exposure to Credit Risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****32. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(ii) Credit Risk (Cont'd)**Ageing Analysis

The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
30.6.2014			
Not past due	6,153	-	6,153
Past due			
- less than 3 months	47	-	47
- 3 to 6 months	26	-	26
- over 6 months	157	-	157
- over 1 year	782	-	782
	<u>7,165</u>	<u>-</u>	<u>7,165</u>
	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
30.6.2015			
Not past due	5,465	-	5,465
Past due			
- less than 3 months	3,279	-	3,279
- 3 to 6 months	160	-	160
- over 6 months	-	-	-
- over 1 year	793	(775)	18
	<u>9,697</u>	<u>(775)</u>	<u>8,922</u>

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing Analysis (Cont'd)

The ageing analysis of trade receivables (including amount owing by related parties) is as follows (cont'd):-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
30.6.2016			
Not past due	6,806	-	6,806
Past due			
- less than 3 months	2,959	-	2,959
- 3 to 6 months	493	-	493
- over 6 months	108	-	108
- over 1 year	1,407	(984)	423
	<u>11,773</u>	<u>(984)</u>	<u>10,789</u>
30.6.2017			
Not past due	16,457	-	16,457
Past due			
- less than 3 months	1,087	-	1,087
- 3 to 6 months	155	-	155
- over 6 months	472	-	472
- over 1 year	1,078	(974)	104
	<u>19,249</u>	<u>(974)</u>	<u>18,275</u>

13. ACCOUNTANTS' REPORT (Cont'd)

**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing Analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(iii) Liquidity Risk

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

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis

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 (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
30.6.2014						
Trade payables	-	8,300	8,300	8,300	-	-
Other payables, deposits and accruals	-	4,643	4,643	4,643	-	-
Amount owing to directors	-	236	236	236	-	-
Amount owing to related parties	-	1,583	1,583	1,583	-	-
Hire purchase payables	4.75 - 6.34	601	673	149	524	-
Term loans	4.50	5,135	7,849	445	1,674	5,730
		20,498	23,284	15,356	2,198	5,730

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1-5 YEARS RM'000	OVER 5 YEARS RM'000
30.6.2015						
Trade payables	-	6,136	6,136	6,136	-	-
Other payables, deposits and accruals	-	1,013	1,013	1,013	-	-
Amount owing to directors	-	92	92	92	-	-
Amount owing to related parties	-	1,533	1,533	1,533	-	-
Hire purchase payables	3.59 - 6.34	686	764	188	521	55
Term loans	4.71	8,140	13,713	743	2,871	10,099
Bank overdraft	7.35	380	380	380	-	-
		17,980	23,631	10,085	3,392	10,154

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
30.6.2016						
Trade payables	-	3,182	3,182	3,182	-	-
Other payables, deposits and accruals	-	1,300	1,300	1,300	-	-
Amount owing to directors	-	514	514	514	-	-
Amount owing to related parties	-	2,472	2,472	2,472	-	-
Hire purchase payables	3.59 - 6.34	673	745	210	491	44
Term loans	4.45	8,121	13,008	642	2,719	9,647
		16,262	21,221	8,320	3,210	9,691

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
30.6.2017						
Trade payables	-	6,977	6,977	6,977	-	-
Other payables, deposits and accruals	-	1,564	1,564	1,564	-	-
Amount owing to directors	-	202	202	202	-	-
Hire purchase payables	3.59 – 6.34	889	997	283	604	110
Term loans	4.57	7,761	11,725	642	2,872	8,211
		17,393	21,465	9,668	3,476	8,321

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

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

The Group manages its capital based on gearing ratio that complies with debt covenants and regulatory, if any. The Group's strategies were unchanged from the previous financial year. The gearing ratio is calculated as net borrowings from financial institutions divided by total equity.

The gearing ratio of the Group at the end of the reporting period was as follows:-

	←	As at 30 June		→
	2014	2015	2016	2017
	RM'000	RM'000	RM'000	RM'000
Hire purchase payables	601	686	673	889
Term loans	5,135	8,140	8,121	7,761
Bank overdraft	-	380	-	-
	<u>5,736</u>	<u>9,206</u>	<u>8,794</u>	<u>8,650</u>
Less:				
- Fixed deposit with licensed banks	(1,053)	(1,084)	-	-
- Cash and bank balances	<u>(9,561)</u>	<u>(8,288)</u>	<u>(7,278)</u>	<u>(11,297)</u>
Net debt	<u>(4,878)</u>	<u>(166)</u>	<u>1,516</u>	<u>(2,647)</u>
Total equity	<u>9,125</u>	<u>13,854</u>	<u>17,026</u>	<u>25,544</u>
Gross gearing ratio (times)	<u>0.63</u>	<u>0.66</u>	<u>0.52</u>	<u>0.34</u>
Net gearing ratio (times)	<u>na</u>	<u>na</u>	<u>0.09</u>	<u>na</u>

Gross gearing ratio is computed based on total bank borrowings divided by total equity. Net gearing ratio is computed based on total bank borrowings net of cash and cash equivalents of the Group, divided by total equity.

There was no change in the Group's approach to capital management during the financial years under review.

Note :

(na) – not applicable

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	←	As at 30 June		→
	2014	2015	2016	2017
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Loans and receivables</u>				
<u>financial assets</u>				
Trade receivables	7,165	8,922	10,789	18,275
Other receivables and deposits	1,015	1,089	2,605	1,534
Fixed deposit with licensed banks	1,053	1,084	-	-
Cash and bank balances	9,561	8,288	7,278	11,297
	<u>18,794</u>	<u>19,383</u>	<u>20,672</u>	<u>31,106</u>
Financial liabilities				
<u>Other financial liabilities</u>				
Trade payables	8,300	6,136	3,182	6,977
Other payables, deposits and accruals	4,643	1,013	1,300	1,564
Amount owing to directors	236	92	514	202
Amount owing to related parties	1,583	1,533	2,472	-
Hire purchase payables	601	686	673	889
Term loans	5,135	8,140	8,121	7,761
Bank overdraft	-	380	-	-
	<u>20,498</u>	<u>17,980</u>	<u>16,262</u>	<u>17,393</u>

(d) 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 Group that mature within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of the non-current portion of term loans that carry floating interest rates approximated their carrying amounts as they are re-priced to market interest rates on or near the reporting date.

13. ACCOUNTANTS' REPORT (Cont'd)**BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****32. FINANCIAL INSTRUMENTS (CONT'D)****(d) Fair Value Information (Cont'd)**

The fair value of the non-current portion of hire purchase payables that carry fixed interest rates approximated their carrying amounts as the impact of discounting is not material.

33. SIGNIFICANT EVENT AFTER REPORTING PERIOD

Subsequent to the financial year ended 30 June 2017, the Company obtained approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

34. EXPLANATION OF TRANSITION TO MFRS

The combining entities adopted the MFRS Framework for the first time during the following financial years ended:-

<i>Subsidiary</i>	Financial year ended adopted the MFRS Framework	Date of transitions to MFRS
Binasat	30 June 2015	1 July 2014
Binasat Sabah	30 June 2016	1 July 2015
Satellite NOC	31 August 2016	1 September 2015

The accounting policies set out in Section 4.3 of this report have been applied in preparing the combined financial statements for the above financial years ended as well as comparative information presented in these report for the above financial years and in the preparation of the opening MFRS statement of financial position at the date of the transition to MFRSs.

There is no significant impact arising from the transition from PERS to MFRSs on the statements of financial position, statements of other comprehensive income and profit or loss and statements of cash flows for the subsidiaries of Binasat Communications. Accordingly, subsidiaries of Binasat Communications have not adjusted any amount in previously reported the financial statements that were prepared in accordance with the previous PERS Framework.

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. COMPARATIVE FIGURES

Certain comparative figures of the subsidiaries for the FYE 30 June 2014, 2015 and 2016 have been reclassified to conform with the presentation of the current financial year ended 30 June 2017 as well as for the purpose of this report. These reclassifications do not have an impact on the profit of the Group.

30 June 2014	Binasat RM'000	Satellite NOC ⁽⁶⁾ RM'000	Total RM'000	Reclassifications RM'000	Combined elimination entries ⁽⁶⁾ RM'000	As restated RM'000
Statements of financial position (Extract)						
Non-current assets						
Property, plant and equipment	11,695	-	11,695	(3,075) ⁽¹⁾	-	8,620
Investment properties	-	-	-	3,075 ⁽¹⁾	-	3,075
Current assets						
Trade receivables	7,659	-	7,659	(494) ⁽²⁾	-	7,165
Other receivables, deposits and prepayments	1,279	-	1,279	(248) ⁽²⁾	(13)	1,018
Equity						
Retained earnings/(Accumulated losses)	8,143	(18)	8,125	-	5	8,130
Non-controlling interest	-	-	-	-	(5)	(5)
Non-current liability						
Term loans	4,935	-	4,935	(99) ⁽³⁾	-	4,836
Current liabilities						
Trade payables	10,575	-	10,575	(2,275) ⁽²⁾	-	8,300
Other payables and accruals	4,690	16	4,706	(50) ⁽²⁾	(13)	4,643
Amount owing to related parties	-	-	-	1,583 ⁽²⁾	-	1,583
Term loans	200	-	200	99 ⁽³⁾	-	299

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. COMPARATIVE FIGURES (CONT'D)

	Binasat RM'000	Satellite NOC ⁽⁶⁾ RM'000	Total RM'000	Reclassifications RM'000	Combined elimination entries ⁽⁵⁾ RM'000	As restated RM'000
30 June 2014						
<u>Statements of other comprehensive income and profit or loss (Extract)</u>						
Cost of sales	-	-	-	23,380 ⁽⁴⁾	-	23,380
Purchases	2,274	-	2,274	(2,274) ⁽⁴⁾	-	-
Sub-contractor costs	13,621	-	13,621	(13,621) ⁽⁴⁾	-	-
Depreciation	851	-	851	(851) ⁽⁴⁾	-	-
Administrative expenses	-	13	13	2,797 ⁽⁴⁾	-	2,810
Staff costs	7,280	-	7,280	(7,280) ⁽⁴⁾	-	-
Other operating expenses	3,006	3	3,009	(2,151) ⁽⁴⁾	-	858
<u>Statements of cash flows (Extract)</u>						
Net cash from operating activities	12,541	-	12,541	780 ⁽²⁾	-	13,321
Net cash for financing activities	(793)	-	(793)	(780) ⁽²⁾	-	(1,573)

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. COMPARATIVE FIGURES (CONT'D)

30 June 2015	Binasat RM'000	Binasat Sabah RM'000	Satellite NOC ⁽⁶⁾ RM'000	Total RM'000	Reclassifications RM'000	Combined elimination entries ⁽⁶⁾ RM'000	As restated RM'000
Statements of financial position (Extract)							
Non-current assets							
Property, plant and equipment	12,582	-	-	12,582	(3,987) ⁽¹⁾	-	8,595
Investment properties	-	-	-	-	3,987 ⁽¹⁾	-	3,987
Current assets							
Trade receivables	9,187	-	-	9,187	(265) ⁽²⁾	-	8,922
Other receivables, deposits and prepayments	861	-	-	861	261 ⁽²⁾	(13)	1,109
Equity							
Retained earnings/(Accumulated losses)	12,879	(4)	(21)	12,854	-	6	12,860
Non-controlling interest	-	-	-	-	-	(6)	(6)
Current liabilities							
Trade payables	6,309	-	-	6,309	(173) ⁽²⁾	-	6,136
Other payables and accruals	1,180	4	19	1,203	-	(13)	1,190
Amount owing to related parties	1,364	-	-	1,364	169 ⁽²⁾	-	1,533

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. COMPARATIVE FIGURES (CONT'D)

30 June 2015	Binasat RM'000	Binasat Sabah RM'000	Satellite NOC ⁽⁶⁾ RM'000	Total RM'000	Reclassifications RM'000	Combined elimination entries ⁽⁶⁾ RM'000	As restated RM'000
<u>Statements of other comprehensive income and profit or loss (Extract)</u>							
Cost of sales	20,212	-	-	20,212	7,713 ⁽⁴⁾	-	27,925
Administrative expenses	4,892	4	-	4,896	(1,571) ⁽⁴⁾	*	3,325
Staff costs	6,139	-	-	6,139	(6,139) ⁽⁴⁾	-	-
Other operating expenses	1,794	-	3	1,797	(3) ⁽⁴⁾	-	1,794
<u>Statements of cash flows (Extract)</u>							
Net cash from operating activities	510	-	1	511	(65) ⁽²⁾	(250)	196
Net cash for investing activities	(1,023)	-	-	(1,023)	(474) ⁽¹⁾	-	(1,497)
Net cash for financing activities	(1,110)	*	-	(1,110)	539 ^(1,2)	250	(321)

Note :

(*) - Amount is less than RM500

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. COMPARATIVE FIGURES (CONT'D)

30 June 2016	Binasat RM'000	Binasat Sabah RM'000	Satellite NOC ⁽⁶⁾ RM'000	Total RM'000	Reclassifications RM'000	elimination RM'000	Combined entries ⁽⁶⁾ RM'000	As restated RM'000
Statements of financial position (Extract)								
Current assets								
Trade receivables	12,494	-	-	12,494	(1,705) ⁽²⁾	-	-	10,789
Other receivables, deposits and prepayments	953	-	-	953	1,692 ⁽²⁾	-	(15)	2,630
Equity								
Share capital	1,000	*	5	1,005	-	-	(1)	1,004
Retained earnings/(Accumulated losses)	16,053	(8)	(24)	16,021	-	-	7	16,028
Non-controlling interest	-	-	-	-	-	-	(6)	(6)
Current liabilities								
Other payables and accruals	1,332	8	23	1,363	-	-	(15)	1,348
Amount owing to directors	202	-	325	527	(13) ⁽²⁾	-	-	514
Statements of other comprehensive income and profit or loss (Extract)								
Administrative expenses	3,599	4	4	3,607	1,096 ⁽⁴⁾	-	-	4,703
Staff costs	1,096	-	-	1,096	(1,096) ⁽⁴⁾	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. COMPARATIVE FIGURES (CONT'D)

30 June 2016	Binasat RM'000	Binasat Sabah RM'000	Satellite NOC ⁽⁶⁾ RM'000	Total RM'000	Reclassifications RM'000	Combined elimination entries ⁽⁶⁾ RM'000	As restated RM'000
Statements of cash flows							
(Extract)							
Net cash from operating activities	2,604	-	1	2,605	277 ⁽²⁾	-	2,882
Net cash for financing activities	(3,720)	-	250	(3,470)	(277) ⁽²⁾	-	(3,747)

Notes:-

- (1) Reclassification of investment properties from property, plant and equipment.
- (2) Reclassification of amount owing to related parties and amount owing to directors from trade receivables, other receivables, deposits and prepayments, trade payables and other payables and accruals.
- (3) Reclassification of term loans under current liabilities from term loans under non-current liabilities.
- (4) Reclassifications of the above accounts in accordance to their respective nature.
- (5) Combined elimination entries represent inter-companies' balances elimination.
- (6) Financial statements for Satellite NOC were re-aligned to 2015 and 2016 to coterminous with the FYE of the Group.

13. ACCOUNTANTS' REPORT (Cont'd)

BINASAT COMMUNICATIONS BERHAD

STATEMENT BY DIRECTORS

We, Na Boon Aik and Na Bon Tiam, being two of the directors of Binasat Communications Berhad, state that, in the opinion of the directors, the financial statements set out on pages 5 to 73 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 30 June 2014, 2015, 2016 and 2017 and of their financial performance, changes in equity and cash flows for the financial years ended on that dates.

Signed in accordance with a resolution of the directors dated **23 NOV 2017,**

On behalf of the Board,



Na Boon Aik



Na Bon Tiam

14. DIRECTORS' REPORT



BINASAT COMMUNICATIONS BERHAD (1222656-D)

No. 17 & 19, Jalan Bukit Permai Utama 3, Taman Industri Bukit Permai, Cheras,
56100 Kuala Lumpur, Malaysia.
Tel: +603-4295 1881, 4296 1881 Fax: +603-4297 1881 website: www.binagroup.com.my

Date: 28 NOV 2017

The Shareholders
Binasat Communications Berhad
No. 17 & 19, Jalan Bukit Permai Utama 3
Taman Industri Bukit Permai,
56100 Cheras
Kuala Lumpur
Malaysia

Dear Sir,

On behalf of the Board of Directors of Binasat Communications Berhad ("**Binasat Communications**"), I wish to report after due inquiry by Board of Directors of Binasat Communications, during the period from 30 June 2017 (being the date which the last audited financial statements of Binasat Communications and its subsidiaries (collectively, the "**Group**") have been made up to) to the date of this letter (being a date not earlier than 14 days before the issue of this Prospectus), that:

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Group, which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) save as disclosed in this Prospectus, there has been, since the latest audited financial statements of the Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in respect of any borrowings by the Group; and
- (f) save as disclosed in this Prospectus, there has been, since the latest audited financial statements of the Group, no material change in the published reserves or any unusual factor affecting the profits of the Group.

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

A handwritten signature in black ink, appearing to read 'Na Boon Aik', written over a horizontal line.

Na Boon Aik
Managing Director

15. FURTHER INFORMATION

15.1 EXTRACT OF OUR CONSTITUTION

The following provisions relating to the selected matters are reproduced from our Company's Constitution. Terms defined in our Constitution shall have the same meaning when used herein unless they are otherwise defined herein or the context otherwise requires.

(i) **Transfer of securities**

The provision in our Company's Constitution in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:

Clause 37

The instrument of transfer of any Securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed Securities or class of listed Securities of the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 and 110 of the Act, but subject to Subsection 148(2) of the Act and any exemption may be made from compliance with Subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed Securities.

Clause 38

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Clause 39

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No Securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 40

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

15. FURTHER INFORMATION (Cont'd)

Clause 41

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(ii) Remuneration of Directors

The provisions in our Company's Constitution in respect of the remuneration of Directors are as follows:

Clause 107

The Directors shall be paid by way of remuneration for their services, such fees and any other benefits payable to such directors (if any) subject to annual shareholder approval at General Meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:

- (a) save as provided in Clause 107(a) hereof, an Executive Director shall, subject to the terms and any agreement (if any) entered into any particular case, receive such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Clause 107(a) hereof, payable to the Non-Executive Directors shall be determined by a resolution of the Company in General Meeting;
- (b) fees payable to Non-Executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;
- (c) salaries payable to Executive Directors may not include a commission or on percentage of turnover; and
- (d) fees payable to Directors shall not be increased except pursuant to resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Clause 108

The Directors shall be paid all their travelling and other expenses properly and necessary expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board of Directors' Meeting or General Meeting of the Company.

15. FURTHER INFORMATION (Cont'd)

Clause 109

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in General Meeting and such remuneration may be either in addition to or in substitution for his or their Share in the remuneration from time to time provided for the Directors. Extra remuneration payable to Non-Executive Director(s) shall not include a commission or percentage of turnover or profits.

(iii) Voting and borrowing powers of Directors

The provisions in our Company's Constitution in respect of the voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested in, are as follows:

Clause 114

The Director may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of any person or persons or of any company, whether or not having objects or engaged or intending to engage in business similar to those of the Company, including (without limitation) any company which is for the time being associated or allied with the Company in business or which is the holding company or a subsidiary (as defined in Section 4 of the Act) or an associated company.

Clause 115

The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of bonus upon redemption or repayment or otherwise as they may think proper. The Company may in General Meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for shares in the Company or any class authorised to be issued.

Clause 117

The Directors may establish or arrange any contributory or non-contributory pension super-annuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and to widow, family or dependents of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such persons as aforesaid and make payments for or towards any hospital or scholastic expenses, and make payments for or towards any hospital or any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the provisions of the Act requires, to proper disclosure to the Members and the approval of the Company in General Meeting.

15. FURTHER INFORMATION (Cont'd)

Clause 124

Subject always to the Act and requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such other office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established PROVIDED ALWAYS that Sections 221 and 228 and all relevant provisions of the Act and these Clauses are complied with.

Clause 134

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company whereat the terms of such appointment as hereinafter mentioned are considered or where any decision is taken upon any contract or arrangement which he is in any way interested PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act, the Listing Requirements and of this Constitution.

Clause 135

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company.

Clause 136

Subject to Clause 135, a Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by a deposit of security.

By Ordinary Resolution of the Company, the provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause may be ratified.

15. FURTHER INFORMATION (Cont'd)

Clause 137

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation, in such manner and in all aspects as they may think fit (including the exercise thereof in any favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

(iv) Changes in Capital or Variation of Class Rights

The provisions in our Company's Constitution in respect of the changes in capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 5

Without prejudice to any special rights previously conferred on the holders of authority of any existing shares or class of shares, and subject to the Act and to the conditions, restrictions and limitations expressed in this Constitution, the Directors may allot shares or grant rights to subscribe for or otherwise dispose of the unissued Shares in the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights or such restrictions whether in regard to dividend, voting, return of capital or otherwise as the Directors deem fit, subject to any Ordinary Resolution of the Company and the requirements of the Act, PROVIDED ALWAYS THAT:

- (a) no Shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in a General Meeting;
- (b) every issue of Shares or options to employees and/or Directors of the Company and its subsidiaries under Share Issuance Scheme shall be approved by the Members in General Meeting and no Director shall participate in a Share Issuance Scheme unless the Members in General Meeting have approved the specific allotment to be made to such Director;
- (c) the rights attaching to the Shares of a class other than Ordinary Shares be stated at the time of issue;
- (d) no Shares shall be issued at a discount; and
- (e) the Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued.

15. FURTHER INFORMATION (Cont'd)

Clause 7

Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued.

Clause 8

The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company. The Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner as they may think fit.

Clause 9

Preference shareholders shall have the same rights as ordinary shareholders with regards to receiving notices, reports and audited financial statements and attending General Meetings of the Company and shall also have the right to vote at any meeting in each of the following circumstances:

- (a) when the dividend or part of the dividend on the preference shares are in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's issued share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects the rights attached to the preference shares;
- (e) on a proposal to wind up the Company; and
- (f) during the winding-up of the Company.

Clause 15

Subject to the Act, Central Depositories Act, Rules and/or Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 76 of the Act, the Company must ensure that it shall not issue any Shares or convertible Securities if the total number of those Shares or convertible Securities, when aggregated with the total number of any such Shares or convertible Securities issued during the preceding twelve (12) months exceeds ten per centum (10%) of the total number of issued Shares (excluding treasury shares) of the Company, except where the Shares or convertible Securities are issued with the prior approval of the shareholders in General Meeting of the precise terms and conditions of the issue. In working out the number of Shares or convertible Securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of Shares into which it can be converted or exercised.

15. FURTHER INFORMATION (Cont'd)

Clause 48

The Company may from time to time by Ordinary Resolution increase the share capital by the creation and issue of new Shares, such new capital to be of such amount to be divided into Shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Clause 49

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company. All new Shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transfer, transaction, transmission, forfeiture, lien or otherwise and shall also be subject to the Rules.

Clause 50

If at any time, the share capital by reason of the issue of preference shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of the Act be varied modified commuted affected abrogated or dealt with by a written consent representing not less than seventy-five per centum (75%) of the total voting rights of the preference shareholders or by Special Resolution passed by the holders at least seventy-five per centum (75%) of the total voting rights at a separate general meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall equally apply to every such meeting except that the quorum hereof shall be members holding or representing by proxy at least three-fourths (3/4) of the issued shares of the class. Provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the manner aforesaid consent in writing may be secured from members holding at least seventy-five per centum (75%) of the total voting rights and such consent if obtained within two (2) months from the date of the separate general meeting shall have the force and validity of a resolution duly carried by a vote in person or by proxy.

Clause 51

The right conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided by the terms of issue of further Shares ranking as regards participation in the profits or assets of the Company in some or in all respect *pari passu* therewith.

Clause 52

The Company may alter its share capital in any one or more of the following ways by passing a Special Resolution:

- (a) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided Share is derived;
- (b) to convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares;

15. FURTHER INFORMATION (Cont'd)

- (c) to subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived; or
- (d) to cancel any Shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its Share capital by the amount of the Shares so cancelled.

Clause 53

Notwithstanding any other authorisation and consent that may be required by the provisions of the Act, the Company may reduce its share capital by:

- (a) Special Resolution and confirmation by the Court in accordance with Section 116 of the Act; or
- (b) Special Resolution supported by a solvency statement in accordance with Section 117 of the Act.

15.2 SHARE CAPITAL

- (a) Save as disclosed in this Prospectus, no securities will be allotted or issued or offered on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (b) There is no founder, management or deferred share in our Company. As at the date of this Prospectus, our Company has one class of shares, namely ordinary shares, all of which rank equally with one another.
- (c) Save as disclosed in this Prospectus, no shares, stocks or debentures of our Group have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the two years preceding the date of this Prospectus.
- (d) None of the share capital of our Company or any of our Subsidiaries is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (e) Save for the 13,000,000 Public Issue Shares reserved for the Eligible Parties as disclosed in Section 3.3.1(ii) of this Prospectus and subject to our Listing as disclosed in Section 3 of this Prospectus, there is currently no other scheme involving our employees and Directors of our Group.
- (f) Our Company and our Subsidiaries do not have any outstanding convertible debt security as at the date of this Prospectus.
- (h) As at the date of this Prospectus, there is no limitation on the right to own securities of our Company including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on the securities of our Company imposed by law or by our Constitution.

15. FURTHER INFORMATION (Cont'd)

15.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our share registrar will be required to transfer the Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository (“**Depositor**”) by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

15.4 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group.

15.5 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material, not being contracts entered into in the ordinary course of business, that have been entered into by our Group within the two years immediately preceding the date of this Prospectus:

- (a) the share sale and purchase agreement dated 5 June 2017 between our Company and the Binasat Vendors in relation to the Binasat Acquisition;
- (b) the share sale and purchase agreement dated 5 June 2017 between our Company and the Binasat Sabah Vendors in relation to the Binasat Sabah Acquisition;
- (c) the share sale and purchase agreement dated 5 June 2017 between our Company and the Satellite NOC Vendors in relation to the Satellite NOC Acquisition; and
- (d) the Underwriting Agreement, further details of which are set out in Section 3.10 of this Prospectus.

15.6 GOVERNMENTAL LAW, DECREE, REGULATION OR OTHER REQUIREMENT

There are no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

15.7 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:

- (a) public take-over offers by third parties in respect of our Group's shares; and
- (b) public take-over offers by our Group in respect of other companies' securities.

15. FURTHER INFORMATION (Cont'd)

15.8 LETTERS OF CONSENT

- (a) The written consent of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretaries, Solicitors, Principal Banker, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references herein in the form and context in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position, Accountants' Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (c) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name, the IMR Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15.9 RESPONSIBILITY STATEMENTS

- (a) Our Directors, Promoters and the Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained herein. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other fact which if omitted, would make any statement in the Prospectus false or misleading.
- (b) Kenanga IB, being the Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

15.10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office during the normal office hours for a period of 12 months from the date of this Prospectus:

- (a) the Constitution of our Company;
- (b) the material contracts as referred to in Sections 6.15 and 15.5 of this Prospectus;
- (c) the IMR Report as set out in Section 7 of this Prospectus;
- (d) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2017 as set out in Section 12 of this Prospectus;
- (e) the Accountants' Report as set out in Section 13 of this Prospectus;
- (f) the Directors' Report as set out in Section 14 of this Prospectus;
- (g) the letters of consent as referred to in Section 15.8 of this Prospectus; and
- (h) the audited financial statements of Binasat, Satellite NOC and Binasat Sabah for the Period Under Review.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION

Applications for the IPO Shares will open at 10.00 a.m. on 13 December 2017 and will remain open until 5.00 p.m. on 26 December 2017 or such further period as our Directors, the Promoters and the Offerors together with the Underwriter may decide in their absolute discretion. Where the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. Late applications will not be accepted. Should there be an extension of the closing date, the balloting, allotment of IPO Shares and our Listing may be extended accordingly.

16.2 TYPES AND METHODS OF APPLICATION

The applications shall be made in connection with and subject to the terms of this Prospectus and our Constitution and in accordance to the following application types and the corresponding methods:

<u>Types of application</u>	<u>Application method</u>
Eligible Parties – Application for the 13,000,000 Public Issue Shares	Pink Application Form only
Selected investors – Applications for the 59,979,000 Public Issue Shares to be allocated to placees via private placement	A letter of invitation shall be delivered to the respective identified investors
Malaysian Public – Applications for the 13,000,000 Public Issue Shares made available for applications by the Malaysian Public:	
(i) Malaysian Public - individuals	<ul style="list-style-type: none"> • White Application Form • Electronic Share Application • Internet Share Application
(ii) Malaysian Public - non individuals	White Application Form only

YOU CAN ONLY SUBMIT ONE APPLICATION FOR THE IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC. For example, if you submit an application using the White Application Form, you cannot submit any application by way of an Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

If you submit multiple applications in your own name or by using the name of others, with or without their consent, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

The amount payable in full upon application is RM0.46 per IPO share.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.3 GENERAL CONDITIONS FOR APPLICATION****YOU MUST HAVE A CDS ACCOUNT BEFORE MAKING THE APPLICATION.**

The application shall be made in connection with and subject to the terms of this Prospectus and in accordance with the methods set out in Section 16.2 of this Prospectus.

Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for the IPO Shares.

If you are not a member of the armed forces or police, your name, national registration identity card ("NRIC") number and address must be exactly the same as that stated in:

- (a) (i) Your NRIC;
 - (ii) Any valid temporary identity document as issued by the National Registration Department from time to time; or
 - (iii) Your Resit Pengenalan Sementara (KPPK 09) issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990; and
- (b) the records of Bursa Depository.

If you are a member of the armed forces or police, your name, and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card.

If you are a corporate/institutional applicant, your name and the certificate of incorporation number must be exactly the same as that stated in your certificate of incorporation.

Neither we nor the Issuing House will acknowledge receipt of the Application Forms or application monies.

16.4 APPLICATIONS USING APPLICATION FORMS**16.4.1 Application Forms**

The White Application Forms as detailed in Section 16.2 in this Prospectus are issued together with this Prospectus. The **White Application Forms** together with copies of this Prospectus may be obtained, subject to availability, from Kenanga IB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and the Issuing House.

16.4.2 Terms and Conditions for Applications Using Application Forms

Application by way of Application Forms shall be made on and subject to the terms and conditions appearing below:

- (a) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with Malaysian address and with a CDS account.
- (b) If you are a corporation/institution incorporated in Malaysia, you must have a CDS account and be subject to the following:
 - (i) If you have a share capital, more than half of the issued and paid-up share capital (excluding preference shares capital) is held by Malaysian citizens; and
 - (ii) There is a majority of Malaysian citizens on your board of directors/trustees.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and with a CDS account.
- (d) Applications will not be accepted from trustees, any persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in Sections 16.4.2(b) and (c) above or the trustees thereof.
- (e) The Application Form must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form. In accordance with Section 232(2) of the CMSA, the Application Form together with the Notes and Instructions printed therein is accompanied by this Prospectus. Applications which do not strictly conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible may not be accepted.
- (f) Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:
- (i) **BANKER'S DRAFT OR CASHIER'S ORDER** purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants);
 - (ii) **MONEY ORDER OR POSTAL ORDER** (for applicants from Sabah and Sarawak only); or
 - (iii) **GUARANTEED GIRO ORDER ("GGO")** from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants)
- made out in favour of '**MIH SHARE ISSUE ACCOUNT NO. 586**' and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.
- Applications accompanied by any mode of payment other than those stated above or with excess or insufficient remittance or inappropriate banker's draft/cashier's order/money order/postal order/GGO will not be accepted. Details of the remittance must be filled in the appropriate boxes provided on the Application Form.
- (g) You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to the Issuing House or our Company.
- (h) You must write your name and address on the reverse side of the banker's draft, cashier's order, money order, postal order or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (i) Our Directors reserve the right to require you (if your application is successful) to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (j) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) The Issuing House, on the authority of our Directors, reserves the right not to accept any application or accept any application in part only without assigning any reason. Due consideration will be given to the desirability of allotting or allocating the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (l) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to you within 10 market days from the date of the final ballot of the applications by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository or where the application is not accepted due to you not having provided a CDS account, to the address as per the NRIC or “**Resit Pengenalan Sementara (KPPK 09)**” or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces/police personnel, at your own risk.
- (m) You shall ensure that your personal particulars as stated in the Application Form are identical with the records you maintained with Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (n) The Issuing House, on the authority of our Directors, reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:

Malaysian Issuing House Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

OR

P.O. Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later **than 5.00 p.m. on 26 December 2017** or such other date or dates as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide. **Registered post must not be used.** No acknowledgement of the receipt of Application Forms or application monies will be made.

- (p) All enquiries in respect of the White Application Form should be directed to the Issuing House.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) You must have an account with a participating financial institution and an ATM card issued by that participating financial institution to access the account;
- (b) You must have a CDS account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the participating financial institution. Mandatory statements required in the application are set out in Section 16.5.3 below under the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:
 - Personal Identification Number ("PIN");
 - MIH Share Issue Account No. 586;
 - CDS Account Number;
 - Number of IPO Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

16.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following participating financial institutions and their branches:

- Affin Bank Berhad;
- Alliance Investment Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

16.5.3 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant participating financial institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "**Steps for Electronic Share Application through a participating financial institution's ATM**" in Section 16.5.1 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application. Any reference to the "**applicant**" in the terms and conditions for Electronic Share Applications and the steps shall mean the applicant who applies for the Shares through an ATM of any of the participating financial institutions.

Only an applicant who is an individual with a CDS account is eligible to utilise the facility.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

You must have an existing account with, and be an ATM cardholder of, one of the participating financial institutions before you can make an Electronic Share Application at an ATM of the participating financial institution. An ATM card issued by one of the participating financial institutions cannot be used to apply for shares at an ATM belonging to other participating financial institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the application for the Shares on 26 December 2017 or such further period or periods as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide, the participating financial institution shall submit a magnetic tape containing its respective customers' applications for the Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second business day after the closing date of the application.

You are allowed to make an Electronic Share Application for the IPO Shares via an ATM belonging to the Participating Financial Institution with which you have an account, subject to you making only one application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any participating financial institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Constitution of our Company.
- (b) You are required to confirm the following statements (by pressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
 - (i) You have attained 18 years of age as at the closing date of the Shares application;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - (iv) This is the only application that you are submitting; and
 - (v) You thereby give consent to the participating financial institution and Bursa Depository to disclose information pertaining to yourself and your account with the participating financial institution and Bursa Depository to the Issuing House and other relevant authorities.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the participating financial institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) ("**SICDA**") to the disclosure by the relevant Participating Financial Institutions and/or Bursa Depository, as the case may be, of any of your particulars to the Issuing House and/or any relevant regulatory bodies.

- (c) You confirm that you are not applying for Shares as nominee of any other persons and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any participating financial institution or on the prescribed Application Forms.
- (d) You must have sufficient funds in your account with the relevant participating financial institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of IPO Shares or not to allot or allocate any shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or button on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Constitution.
- (f) The Issuing House, on the authority of our Directors, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. Where the Electronic Share Application is not successful, the relevant participating financial institution will credit the full amount of the application monies without interest into your account with that participating financial institution within two market days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the participating financial institutions of the non-successful or partially successful applications within two market days after the balloting date. You may check your account on the fifth market day from the balloting date.

Where an Electronic Share Application is accepted in part only, the relevant participating financial institution will credit the balance of the application monies without interest into your account with the participating financial institution within two market days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by crediting into your account with the participating financial institution not later than 10 market days from the day of the final ballot of the application. Should you encounter any problems in your applications, you may refer to the participating financial institutions.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (h) You request and authorise us:
- (i) to credit the IPO Shares allotted or allocated to you into your CDS account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House or the participating financial institution and irrevocably agree that if:
- (i) our Company or the Issuing House does not receive your Electronic Share Application; or
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or the Issuing House,

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against our Company, the Issuing House or the participating financial institution for the IPO Shares applied for or for any compensation, loss or damage.

- (j) All your particulars in the records of the relevant participating financial institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, the Issuing House and the relevant participating financial institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:
- (i) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Electronic Share Application facility established by the participating financial institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the participating financial institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
 - (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our Shares allotted or allocated to you; and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require you (if your application is successful) to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (n) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions.
- (o) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:
- Affin Bank Berhad – No fee will be charged for application by their account holders;
 - Alliance Investment Bank Berhad – RM1.00;
 - AmBank (M) Berhad – RM1.00;
 - CIMB Bank Berhad – RM2.50;
 - HSBC Bank Malaysia Berhad – RM2.50;
 - Malayan Banking Berhad – RM1.00;
 - Public Bank Berhad – RM2.00;
 - RHB Bank Berhad – RM2.50; or
 - Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50

16.6 APPLICATIONS USING INTERNET SHARE APPLICATION**16.6.1 Steps for Internet Share Application**

The exact steps for the Internet Share Application in respect of the IPO Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the IPO Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

You must have a CDS account before you can make any application for the IPO Shares. Please note that the actual steps for the Internet Share Applications contained in the Internet financial services websites of the Internet Participating Financial Institutions may differ from the steps outlined below.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (b) Login to the Internet financial services facility by entering your user identification and PIN/ password.
- (c) Navigate to the section of the website on applications in respect of IPO.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (d) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you will undertake that the following mandatory statements are true and correct:

- (i) You have attained 18 years of age as at the closing date of the share application;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO Shares;
- (v) The Internet Share Application is the only application that you are submitting for the IPO Shares;
- (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the Financial Services Act 2013 and Section 45 of the SICDA) to the disclosure by the relevant Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House, the Authorised Financial Institution and/or any other relevant regulatory bodies;
- (viii) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus; and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (h) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for the IPO.
- (i) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its websites.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

16.6.2 Terms and Conditions for Internet Share Application

Applications for the IPO Shares may be made through the Internet financial services websites of the Internet Participating Financial Institutions.

You are advised not to apply for the IPO Shares through any website other than the Internet financial services websites of the Internet Participating Financial Institutions.

Internet Share Application may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- Affin Bank Berhad at www.affinOnline.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- Alliance Investment Bank Berhad at www.allianceonline.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- CIMB Bank Berhad at www.cimbclicks.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- CIMB Investment Bank Berhad at www.eipocimb.com;
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- Public Bank Berhad at www.pbebank.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- RHB Bank Berhad at www.rhbgroup.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

Please read the terms of this Prospectus, the procedures for Internet Share Applications and the terms and conditions for Internet Share Applications set out herein carefully before making an Internet Share Application.

The exact terms and conditions and its sequence for the Internet Share Applications in respect of the IPO Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Please note that the actual terms and conditions outlined below supplement the additional terms and conditions for the Internet Share Application contained in the Internet financial services websites of the Internet Participating Financial Institutions.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out below:

- (a) In order to make an Internet Share Application, you must:
- (i) be an individual with a CDS account;
 - (ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("**User ID**") and PIN/password for the relevant Internet financial services facilities; and
 - (iii) be a Malaysian citizen and have a Malaysian address.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Shares at Internet financial services websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Constitution.
- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institutions) and to undertake that the following information given are true and correct:
- (i) You have attained 18 years of age as at the date of the application of the IPO Shares;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application for the IPO Shares;
 - (v) The Internet Share Application is the only application that you are submitting for the IPO Shares;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the relevant Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House, the Authorised Financial Institution and/or any other relevant regulatory bodies;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (viii) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of Internet Share Application services.
- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "**Confirmation Screen**" shall mean the screen which appears or is displayed on the Internet financial services websites, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.6.2(c) herein.

- (e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any institutions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (ii) Your agreement to be bound by our Constitution.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares will be rejected. The Issuing House, on the authority of our Directors and the Offerors, reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financing Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two market days after receipt of written confirmation from the Issuing House.

The Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two market days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application money in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two market days after receipt of written confirmation from the Issuing House. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is subsequently rejected, your application money (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by crediting into your account with the Internet Participating Financial Institution within 10 market days from the day of the final ballot of the applications list.

If your application is held in reserve and is subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within 10 market days from the day of the final ballot of the applications list.

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of IPO Shares allotted, if any, before trading the Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 26 December 2017 or such other date(s) as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(j) You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House, the Internet Participating Financial Institutions and the Authorised Financial Institutions. If, in any such event, our Company, the Issuing House and/or the Internet Participating Financial Institutions and/or the Authorised Financial Institutions do not receive your Internet Share Application and/or the payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(k) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the relevant Internet Participating Financial Institutions and all other persons who are entitled or allowed under the law to such information or where you expressly consent to the provision of such information, shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

(l) By making and completing an Internet Share Application, you are deemed to have agreed that:

(i) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents of our Company, your Internet Share Application is irrevocable;

(ii) you have irrevocably requested and authorised us to register the IPO Shares allotted or allocated to you for deposit into your CDS account;

(iii) neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.6.2(j) herein or to any cause beyond their control;

(iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence or arising from any rejection of your Internet Share Application by the Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) the acceptance of your offer to subscribe for the IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
 - (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. Our Company, the Underwriter, the Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which you may have relied on in making the Internet Share Application; and
 - (viii) our acceptance of your Internet Share Application and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:
- Affin Bank Berhad (www.affinOnline.com) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com) – No fee will be charged for application by the respective account holders; or
 - Alliance Investment Bank Berhad (www.allianceonline.com.my) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com) – RM1.00; or
 - CIMB Bank Berhad (www.cimbclicks.com.my) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs; or
 - CIMB Investment Bank Berhad (www.eipocimb.com); – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad; or
 - Malayan Banking Berhad (www.maybank2u.com.my) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com) – RM1.00; or
 - Public Bank Berhad (www.pbepbank.com) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com) – RM2.00; or
 - RHB Bank Berhad (www.rhbgroup.com) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com) – RM2.50.

16.7 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. We will give due consideration to the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, upon admission to the Official List of Bursa Securities. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the IPO. In the event thereof, your monies paid in respect of your applications will be returned without interest if the said permission for listing and quotation is not granted.

Please refer to Section 3.3.3 of this Prospectus on the allocation of the IPO Shares and the adjustments thereof.

16.8 APPLICATIONS AND ACCEPTANCES

The Issuing House, on the authority of our Directors, reserves the right not to accept any application which does not strictly comply with the instructions, or accept any application in part only without assigning any reason therefor.

The submission of your Application Form, the completion of your Electronic Share Application or the completion of your Internet Share Application does not necessarily mean that your application will be successful.

Your application must be for at least 100 Shares or multiples thereof.

Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be despatched by registered post or ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository within 10 market days from the date of the final ballot of the application lists at the address registered with Bursa Depository at the applicant's own risks.

No application shall be deemed to have been accepted by reason of the remittances having been presented for payment.

The Issuing House reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants which would be refunded without interest to the applicants within 10 market days from the date of the final ballot of the application by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository.

16.9 CDS ACCOUNT

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed the Shares as prescribed securities. In consequence thereof, the Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the Shares including the IPO Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

You can only make an application by way of Application Form if you have a CDS account. You shall furnish your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to the Issuing House or us. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an Application for the Shares.

For applications by way of Electronic Share Application, you must have a CDS account and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

You can make an application by way of Internet Share Application, only if you have a CDS account. In certain cases, you can make an application by way of Internet Share Application only if you have a CDS account opened with the Internet Participating Financial Institution. Arising therewith, your CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee account, may result in the application being rejected. If a successful applicant fails to state his/her CDS account number, the Issuing House under our instruction will reject the Application.

The Issuing House, on the authority of our Directors, reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if your particulars provided in your Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications, or in the case of Internet Share Applications, if the records of the Internet Participating Financial Institutions at the time of making the Internet Share Applications, differ from those in Bursa Depository's records, such as the NRIC number, name and nationality.

16.10 NOTICES OF ALLOTMENT

Our Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs at the telephone number as stated in Section 16.11 or the Issuing House at its telephone numbers stated below between five to 10 market days (*during office hours only*) after the final balloting date:

TELEPHONE NUMBER: 03-7841 8289

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.11 LIST OF ADAS**

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KUALA LUMPUR			
AFFIN HWANG INVESTMENT BANK BERHAD 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009	AFFIN HWANG INVESTMENT BANK BERHAD Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD No. 38A & 40A Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021	ALLIANCE INVESTMENT BANK BERHAD 17 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 3333	076-001
AMINVESTMENT BANK BERHAD 15 th Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633/2078 2788	086-001	BIMB SECURITIES SDN BHD 32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887/26131600	024-001
CIMB INVESTMENT BANK BERHAD Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001	FA SECURITIES SDN BHD (A-10-1 & A-10-17) Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 03-2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001	HONG LEONG INVESTMENT BANK BERHAD Level 25 & 26 Menara LGB No. 1, Jalan Wan Kadir Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-7723 6300	066-002
INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001	INTER-PACIFIC SECURITIES SDN BHD Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
INTER-PACIFIC SECURITIES SDN BHD No. 33-1 (First Floor) Jalan Radin Bagus Bandar Seri Petaling 57000, Kuala Lumpur Tel No.: 03-9056 2921/9056 2922	054-007	JUPITER SECURITIES SDN BHD Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11 th - 14 th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2171 0228	053-001	KENANGA INVESTMENT BANK BERHAD Level 17 Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2172 2888	073-001
KENANGA INVESTMENT BANK BERHAD M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-001	KENANGA INVESTMENT BANK BERHAD 1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-001
KENANGA INVESTMENT BANK BERHAD Ground Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-001	M & A SECURITIES SDN BHD Level 1-3, No. 45 & 47 and 43-6 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
MAYBANK INVESTMENT BANK BERHAD Level 5, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001	M & A SECURITIES SDN BHD 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No.: 03-7983 9890	057-004
MERCURY SECURITIES SDN BHD L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002	MALACCA SECURITIES SDN BHD No 76-1, Jalan Wangsa Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak, 53300, Kuala Lumpur Tel No.: 03-4144 2565	012-001
MIDF AMANAH INVESTMENT BANK BERHAD Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001	PM SECURITIES SDN BHD Mezanine & 1 st Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PUBLIC INVESTMENT BANK BERHAD 27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2268 3000	051-001	RHB INVESTMENT BANK BERHAD Level 1, Tower 3 RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3338	087-001
RHB INVESTMENT BANK BERHAD No. 62, 62-1, 64 & 64-1, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-6257 5869	087-028	RHB INVESTMENT BANK BERHAD No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BERHAD Ground Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058	TA SECURITIES HOLDINGS BERHAD Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
SELANGOR DARUL EHSAN			
AFFIN HWANG INVESTMENT BANK BERHAD 4 th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019	AFFIN HWANG INVESTMENT BANK BERHAD Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
AFFIN HWANG INVESTMENT BANK BERHAD No. 79-1 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1999	068-023	AMINVESTMENT BANK BERHAD 4 th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-001
CIMB INVESTMENT BANK BERHAD Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-001	AFFIN HWANG INVESTMENT BANK BERHAD 20 th Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD Suite B 3A1, East Wing Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010	JF APEX SECURITIES BERHAD 6 th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD 16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002	JF APEX SECURITIES BERHAD Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 0163	079-004
JUPITER SECURITIES SDN BHD No. 42-46, 3rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-001	KENANGA INVESTMENT BANK BERHAD 55C (2 nd Floor) Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

<p>KENANGA INVESTMENT BANK BERHAD Lot 240, 2nd Floor The Curve No.6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095</p>	073-001	<p>KENANGA INVESTMENT BANK BERHAD Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118</p>	073-001
<p>KENANGA INVESTMENT BANK BERHAD No. 35, Ground, 1st & 2nd Floor, Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080</p>	073-001	<p>MALACCA SECURITIES SDN BHD No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533</p>	012-001
<p>MALACCA SECURITIES SDN BHD No. 58 & 60, Level 1 Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7876 1533</p>	012-001	<p>MALACCA SECURITIES SDN BHD No 39-2, Jalan Temenggung 21/9 Section 9, Bandar Mahkota Cheras 43200 Cheras, Selangor Tel No.: 03-9011 5913</p>	012-001
<p>MAYBANK INVESTMENT BANK BERHAD Suite 8.02, Level 8 Menara Trend Intan Millenium Square 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888</p>	098-003	<p>MAYBANK INVESTMENT BANK BERHAD Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888</p>	098-004
<p>PM SECURITIES SDN BHD 1st Floor, 157-A, Jalan Kenari 2A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773</p>	064-003	<p>PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300</p>	064-001
<p>RHB INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M. 28A & 30 Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366</p>	087-011	<p>RHB INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378</p>	087-045

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

RHB INVESTMENT BANK BERHAD First Floor 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047	RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BERHAD Unit 1B,2B & 3B, Jalan USJ 10/1J USJ 10, 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8022 1888	087-059	SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
SJ SECURITIES SDN BHD No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005	TA SECURITIES HOLDINGS BERHAD No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD 2 nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 5713	058-007		
PERAK DARUL RIDZUAN			
CIMB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd and 3 rd Floor No.8, 8A-C, Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-001	HONG LEONG INVESTMENT BANK BERHAD 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
AFFIN HWANG INVESTMENT BANK BERHAD Ground Floor, 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003	AFFIN HWANG INVESTMENT BANK BERHAD 2 nd & 3 rd Floor No.22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD No. 63, Ground, 1 st , 2 nd & 4 th Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022	M & A SECURITIES SDN BHD M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031	MAYBANK INVESTMENT BANK BERHAD B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
MALACCA SECURITIES SDN BHD No 3, 1 st Floor Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No.: 05-2541 533/2541 577	012-013	RHB INVESTMENT BANK BERHAD Ground, 1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014	RHB INVESTMENT BANK BERHAD Ground Floor, No.40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023	RHB INVESTMENT BANK BERHAD No 1 & 3, 1 st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052
RHB INVESTMENT BANK BERHAD 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044	TA SECURITIES HOLDINGS BERHAD Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
UOB KAY HIAN SECURITIES (M) SDN BHD 153A Jalan Raja Musa Aziz 30303 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-002		
PULAU PINANG			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor, Bangunan Barkath, 21 Lebu Pantai, 10300, Pulau Pinang Tel No.: 04-2611 688	076-015	AMINVESTMENT BANK BERHAD 3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2261 818	086-001
CIMB INVESTMENT BANK BERHAD Level 2, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385 900	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5372 882	068-006	INTER-PACIFIC SECURITIES SDN BHD Canton Square Level 2 (Unit 1) & Level 3 No. 56, Cantontment Road 10250 Pulau Pinang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES BHD 368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No.: 04-2289 118	079-005	JUPITER SECURITIES SDN BHD 20-1 Persiaran Bayan Indah Bayan Bay Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel No.: 04-641 2881	055-001
KENANGA INVESTMENT BANK BERHAD 7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2283 355	073-023	M & A SECURITIES SDN BHD 332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN BHD 9-1-33, Taman Kheng Tian Jalan Van Praagh 11600, Georgetown Pulau Pinang Tel No.: 04-2888 788	057-008	MALACCA SECURITIES SDN BHD 48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No.: 04-3905 669	012-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
MALACCA SECURITIES SDN BHD No 17, 1 st Floor Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No.: 04-6421 533	012-001	MALACCA SECURITIES SDN BHD No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 Jelutong Pulau Pinang Tel No.: 04-2821 1533	012-001
MAYBANK INVESTMENT BANK BERHAD Lot 1.02, 1 st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel No.: 04-2196 888	098-006	MERCURY SECURITIES SDN BHD Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Pulau Pinang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN BHD 2 nd Floor Standard Chartered Bank Chambers 2 Lebu Pantai 10300 Pulau Pinang Tel No.: 04-2639 118	093-004	MERCURY SECURITIES SDN BHD D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No.: 04-6400 822	093-007
PM SECURITIES SDN BHD Level 3, Wisma Wang 251-A, Jalan Burmah 10350, Pulau Pinang Tel No.: 04-2273 000	064-004	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5402 888	087-015	RHB INVESTMENT BANK BERHAD 64 & 64-D Ground-3 rd Floor 5 th -8 th Floor Lebu Bishop 10200 Pulau Pinang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-6404 888	087-042	UOB KAY HIAN SECURITIES (M) SDN BHD 1 st Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2299 318	078-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
TA SECURITIES HOLDINGS BERHAD 3 rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2272 339	058-010	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541 388	078-003
KEDAH DARUL AMAN			
ALLIANCE INVESTMENT BANK BERHAD Lot T-30, 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088/7318 270	076-004	AFFIN HWANG INVESTMENT BANK BERHAD No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017	RHB INVESTMENT BANK BERHAD 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021	UOB KAY HIAN SECURITIES (M) SDN BHD Lot 4, 5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
NEGERI SEMBILAN DARUL KHUSUS			
AFFIN HWANG INVESTMENT BANK BERHAD 1 st Floor 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007	AFFIN HWANG INVESTMENT BANK BERHAD No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
KENANGA INVESTMENT BANK BERHAD 1C & 1D, Ground & First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-001	MAYBANK INVESTMENT BANK BERHAD Wisam HM Ground Floor No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD 1 st - 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046		
MELAKA			
CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.:06-2898 800	065-006	KENANGA INVESTMENT BANK BERHAD 71 (Ground, A & B) & 73(Ground, A & B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-001
KENANGA INVESTMENT BANK BERHAD 22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-001	MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD No. 81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003	PM SECURITIES SDN BHD No 6-1, Jalan Lagenda 2 Taman 1 lagenda 75400 Melaka Tel No.: 06-2880 050	064-006
TA SECURITIES HOLDINGS BERHAD No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-003	RHB INVESTMENT BANK BERHAD 579, 580 & 581, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2849 885	087-026

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
UOB KAY HIAN SECURITIES (M) SDN BHD 7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014		
JOHOR DARUL TAKZIM			
ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006	AMINVESTMENT BANK BERHAD 2 nd & 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-001
AMINVESTMENT BANK BERHAD 18 th Floor Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-001	CIMB INVESTMENT BANK BERHAD No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-001
AFFIN HWANG INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004	INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN BHD 30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3538 878	055-001	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 515	073-009	KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (A&B) Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-001	KENANGA INVESTMENT BANK BERHAD No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-001
KENANGA INVESTMENT BANK BERHAD No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-001	KENANGA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-001
KENANGA INVESTMENT BANK BERHAD 916, Ground Floor Jalan Bakek 82000 Pontian Johor Darul Takzim Tel No.: 07-6861 121	073-001	M & A SECURITIES SDN BHD Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
M & A SECURITIES SDN BHD No. 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3551 988	057-007	MALACCA SECURITIES SDN BHD 74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3351 533	012-001
MALACCA SECURITIES SDN BHD 1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000, Kulajaya Johor Darul Takzim Tel No.: 07-6638 877	012-001	MALACCA SECURITIES SDN BHD Lot 880 Mile 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No.: 06-953 6948	012-001
MERCURY SECURITIES SDN BHD Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005	PM SECURITIES SDN BHD Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD 6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006	RHB INVESTMENT BANK BERHAD 53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BERHAD No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-006
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-006	TA SECURITIES HOLDINGS BHD 7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-003
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-006	UOB KAY HIAN SECURITIES (M) SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001
TA SECURITIES HOLDINGS BHD 15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Tel No.: 07-3647 388	058-003	UOB KAY HIAN SECURITIES (M) SDN BHD No. 70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
UOB KAY HIAN SECURITIES (M) SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6635 651	078-001	UOB KAY HIAN SECURITIES (M) SDN BHD No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008
KELANTAN DARUL NAIM			
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020	TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7432 288/7433 388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-004		
PAHANG DARUL MAKMUR			
ALLIANCE INVESTMENT BANK BERHAD Ground, Mezzanine & 1st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002	CIMB INVESTMENT BANK BERHAD Ground 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-001
JUPITER SECURITIES SDN BHD 2 nd Floor, Lot No 25 Jalan Chi Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-001	KENANGA INVESTMENT BANK BERHAD A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN BHD P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2220 993/014-9215 992	012-001	RHB INVESTMENT BANK BERHAD B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943/2234 948	087-022	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041
TERENGGANU DARUL IMAN			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009	FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001
RHB INVESTMENT BANK BERHAD 1 st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055	UOB KAY HIAN SECURITIES (M) SDN BHD 37-B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel no.: 09-6224 766	078-016
SABAH			
CIMB INVESTMENT BANK BERHAD 1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032	RHB INVESTMENT BANK BERHAD 2 nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
UOB KAY HIAN SECURITIES (M) SDN BHD Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012	UOB KAY HIAN SECURITIES (M) SDN BHD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
SARAWAK			
AMINVESTMENT BANK BERHAD No. 162, 164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001	CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-001
CIMB INVESTMENT BANK BERHAD No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No.: 084-367 700	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BERHAD No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016	KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BERHAD Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003	KENANGA INVESTMENT BANK BERHAD No. 11-12, (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No.: 084-313 855	073-012
KENANGA INVESTMENT BANK BERHAD Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No.: 086-337 588	073-018	KENANGA INVESTMENT BANK BERHAD Suites 9 & 10 3 rd Floor, Yung Kong Abell Lot 365 Abell Road 93100 Kuching Sarawak Tel No.: 082-248 877	073-036
MERCURY SECURITIES SDN BHD 1 st Floor, 16, Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-656281	093-001	RHB INVESTMENT BANK BERHAD Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD 2 nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012	RHB INVESTMENT BANK BERHAD 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No.: 084-329 100	087-008
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053	TA SECURITIES HOLDINGS BERHAD 12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Tel No.: 084-319 998	058-002
UOB KAY HIAN SECURITIES (M) SDN BHD Lot 1265, 1 st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor No. 16, Lorong Intan 6 96000 Sibul Sarawak Tel No.: 084-252 737	078-018