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

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COMINTEL CORPORATION BHD
(630068-T)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE

- (I) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**
- (II) PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")**

The resolutions in respect of the above Proposals will be tabled as Special Business at the Thirteenth ("13th") Annual General Meeting ("AGM") of the Company. Notice of the AGM together with the Form of Proxy is set out in the 2016 Annual Report of the Company despatched together with this Circular.

Date and time of AGM : Thursday, 30 May 2016 at 10.00 a.m.
Place of AGM : Classics Ballroom, Holiday Villa Subang
No. 9, Jalan SS12/1, Subang Jaya
47500 Petaling Jaya
Selangor Darul Ehsan

The Form of Proxy should be lodged at the office of Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or at its Customer Service Centre situated at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time stipulated for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

This Circular is dated 30 May 2016

DEFINITIONS

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

“Act”	: Companies Act, 1965 as amended from time to time and any re-enactment thereof
“Articles”	: Articles of Association of the Company
“AGM”	: Annual General Meeting
“BCM”	: BCM Electronics Corporation Sdn Bhd (Company No. 273972-P)
“Board”	: The Board of Directors of Comcorp
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Code	: Malaysian Code on Take-Overs and Mergers 2010, and any amendments made thereto from time to time
“Comcorp” or “the Company”	: Comintel Corporation Bhd (Company No. 630068-T)
“Comcorp Group” or “the Group”	: Comintel Corporation Bhd and its subsidiaries
“CTSSB”	: Comintel Tech Services Sdn Bhd (Company No. 450179-M) (Formerly known as Comlenia Sendirian Berhad)
“Comintel”	: Comintel Sdn Bhd (Company No. 129234-K)
“director(s)”	: Shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
“Director”	: The directors for the time being of Comcorp
“EPS”	: Earnings per Share
“Interested Parties”	: Tan Sri Dato’ Samshuri bin Arshad and SSI
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time and any Practice Notes issued in relation thereto
“major shareholder”	: Includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, has an interest or interests in one or more voting shares in Comcorp (or any other company which is its subsidiary) and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or

(b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company

For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act

"Principal Adviser"	: Has the meaning given in the SC's Principal Adviser Guidelines
"Proposals"	: Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature and Proposed renewal of authority for Share Buy-Back, collectively.
"Proposed Mandated Period"	: The period from 23 June 2016 until the conclusion of the next AGM estimated to be held not later than 31 May 2016.
"Proposed Share Buy-Back"	: Proposed renewal of authority for the Company to purchase its own shares
"Proposed Shareholders' Mandate"	: The proposed shareholders' mandate for the RRPTs described in Sections 2.3 and 2.4 of this Circular
"Purchased Shares"	: Comcorp Shares purchased pursuant to the Proposed Share Buy-Back
"RRPT"	: Recurrent Related Party Transaction
"recurrent related party transaction"	: Related party transactions involving recurrent transaction of a revenue or trading nature necessary for the day-to-day operations of Comcorp Group in the ordinary course of business
"related party"	: A director or major shareholder of Comcorp or any of its subsidiaries or a person connected with such director or major shareholder
"RPT"	: Related Party Transaction
"related party transaction"	: A transaction entered into by the Comcorp Group which involves the interests, direct or indirect, of a related party
"RM" and "sen"	: Ringgit Malaysia and sen respectively
"SC"	: Securities Commission
"SSI"	: SELEX Sistemi Integrati S.p.A (Company No. 146512/98)

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

Any reference in this Circular to any enactment is a reference to that enactment for the time being as amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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COMINTEL CORPORATION BHD
(630068-T)

Registered Office:

No. 37, Jalan Pelukis U1/46
Section U1
Temasya Industrial Park
40150 Glenmarie Shah Alam
Selangor Darul Ehsan

30 May 2016

The Board of Directors

Tan Sri Dato' Samshuri bin Arshad (Independent Non-Executive Chairman)
Datuk Awalan bin Abdul Aziz (Deputy Executive Chairman)
Mr Leng Keng Hok @ Lim Keng Hock (Managing Director)
Mr Loh Hock Chiang (Executive Director)
Dato' Abdul Majid bin Omar (Executive Director)
Mr Mohamadon bin Abdullah (Executive Director)
Dato' Ramli bin Abd Rahman (Independent Director)
Mr Wong Mun Wai (Independent Director)
Ms Lee Chai Bee (Independent Director)

To: The Shareholders of Comintel Corporation Bhd

Dear Sir/Madam

- (I) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**
(II) PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")

1. INTRODUCTION

On 9 May 2016, the Company announced to Bursa Securities that it is proposing to seek the approval of its shareholders for the Proposals at the forthcoming AGM of the Company.

At the Twelfth ("12th") AGM of the Company held on 25 June 2015, the shareholders had approved the following ordinary resolutions in respect of the proposals:

- (I) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")
(II) Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Share Buy-Back")

The abovesaid proposals will lapse at the conclusion of the forthcoming AGM of the Company scheduled to be held on Thursday, 23 June 2016, unless approval for its renewal is obtained from the shareholders of the Company.

The purpose of this Circular is to provide the shareholders of the Company with details of the Proposals and to seek the approval of the shareholders for the Proposals to be tabled as Special Business at the forthcoming AGM of the Company.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Background

The approval for renewal of general mandate will permit the Comcorp Group to enter into all recurrent related party transactions of a revenue or trading nature with the classes of related parties which are necessary for day to day operations in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public.

Paragraph 10.08 of the Listing Requirements provides that an immediate announcement of a RPT must be made and that where any one of the percentage ratios of a RPT is 0.5% or more, the Company must comply with the following:

- (a) a circular must be sent to its shareholders;
- (b) obtain its shareholders' approval of the transaction in general meeting; and
- (c) appoint an independent adviser.

Paragraph 10.08 of the Listing Requirements further states that in the event that any one of the percentage ratios of a RPT is 25% or more, the Company, in addition to (a) and (b) above, must appoint a main adviser, who is a Principal Adviser, before the terms of the transaction can be agreed upon.

However, paragraph 10.09 of the Listing Requirements provides that the Company may seek shareholders' mandate for related party transactions which are recurrent, of revenue or trading nature and which are necessary for its day-to-day operations or its subsidiaries, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year, where the aggregate value, in relation to the Company with an issued and paid-up share capital of RM70 million, is as follows:
 - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is RM1 million or more; or
 - (ii) the percentage ratio of such aggregated transactions is 1% or more,

whichever is the higher;

- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder and interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (d) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value disclosed in the Circular by 10% or more.

The Proposed Shareholders' Mandate, if approved by the shareholders of Comcorp at the forthcoming AGM, will take effect from the date of the passing of the ordinary resolution containing the Proposed Shareholders' Mandate until:

- (a) the conclusion of the next AGM of the Company; or
- (b) the expiry of the period within which the next AGM is required to be held pursuant to section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to section 143(2) of the Act); or
- (c) any revocation or variation by resolution passed by the shareholders in general meeting;

whichever is the earliest.

Transactions entered into between Comcorp (or any of its wholly-owned subsidiaries) and any of its wholly-owned subsidiaries are excluded from the requirements of paragraph 10.08, 10.09 and PN12 of the Listing Requirements.

2.2 Principal Activities of the Comcorp Group

The Company is primarily an investment holding company. The principal activities of its subsidiaries and associated company are as follows:

Name	Effective Equity Interest (%)	Principal activities
Subsidiaries of Comcorp		
Comintel	100	Turnkey engineering design and integration, programme management, installation and commissioning as well as investment holding
BCM	100	Manufacturer and assembler of electronic components
PT. Intelcom Indonesia	80	Turnkey engineering design and integration, programme management, installation and commissioning and investment holding and carrying out business in renewable and green technology products and other energy efficient solutions
Subsidiaries of Comintel		
Indusmatic Corporation Sdn Bhd	100	Provision of R&D services and dealers in all kinds of telecommunication and electronic equipment and the provision of related services
Comintel (HK) Limited (Incorporated in Hong Kong, SAR)	100	Trading of electronics, engineering and telecommunication equipment and the provision of related services
Comintel Mobility Sdn Bhd	100	Providing services for mobile applications, hosted mobile devices management platform and as a Mobile Virtual Network Operator
Comintel Tech Services Sdn Bhd (Formerly known as Comlenia Sendirian Berhad)	100	Electronic systems testing and repair, development of test programs and provision of integrated logistic support
Comintel Green Technologies Sdn Bhd	70	Carry out business in renewable and green technology products and other energy efficient solutions

2.3 Classes of Related Parties

Classes of related parties whose interest, direct or indirect, is involved in transactions comprising the RRPTs are:

(a) SSI (a major shareholder of CTSSB)

CTSSB is involved in the provision of defence maintenance services having SSI as its support company. SSI provides services and supply of materials to CTSSB. SSI is a major shareholder of CTSSB, having a direct interest of 30%.

SSI have ceased to be a shareholder of Comintel Tech Services Sdn Bhd (Formerly known as Comlenia Sendirian Berhad) on 29 March 2016. As such, the transaction with SSI, if any shall no longer be a related party transaction hence the shareholders' mandate is no longer required in this aspect.

(b) Gallant Guard Services Sdn Bhd (a company connected to a Director)

Gallant Guard Services Sdn Bhd provides security services to the premises of Comcorp located at No. 37, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan. It is a related party through Tan Sri Dato' Samshuri bin Arshad who is the Chairman of Comcorp and who holds a direct interest of 3.50% in Comcorp.

2.4 The Nature of Transactions contemplated under the Proposed Shareholders' Mandate

All the RRPTs covered by the Proposed Shareholders' Mandate are in the ordinary course of business as follows:

RRPTs

No.	Contracting Parties		Nature of Transaction	Interested Party	2016 Mandate	2015 Mandate (As per Circular dated 3 June 2015)	
	Supplier	Recipient			Estimated value of transaction pursuant to 2015 Mandate (RM'000)	Estimated value of transaction disclosed in 2015 Mandate (RM'000)	Actual value of transaction conducted pursuant to 2015 Mandate as at 18 June 2015 (RM'000)
1.	SSI	Comlenia	Maintenance and supply of parts & services for the defence system contract	SSI	1,500	1,500	608
2.	Gallant Guard Services Sdn Bhd	Comintel	Provision of security services	Tan Sri Dato' Samshuri bin Arshad	150	150	108

(a) Estimated values of RRPTs

The estimated value of each of the transaction was arrived based on the forecast sales/purchases to be undertaken from the date of the AGM to the date of the next AGM and the actual value may therefore vary and is subject to change. The aggregate or actual values of these transactions may exceed the estimated amounts over the said period.

(b) Amount due and owing by the Related Parties

There are no amounts due and owing by the Related Parties pursuant to the RRPTs which exceeded the credit terms as at 31 January 2016.

2.5 Review Procedures for the RRPTs

The Group has set up its internal control systems which cover, amongst other things, the following methods and procedures to ensure all RRPT are undertaken on an arm's length basis, on normal commercial terms transaction prices and are on terms not more favourable to the related parties than those generally available to third parties or the public, and are not detrimental to the minority shareholders:

- (a) The management of the Company will regularly review its Group structure, with a view to identifying companies and other entities which fall within the ambit of a related party and will inform all key personnel, heads of departments and Directors accordingly.
- (b) The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, specifications and other relevant or related factors. At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

- (c) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure that the RRPT is not detrimental to the Company or the Group.
- (d) Records will be maintained by the Company to capture all RRPTs entered into and the bases upon which they are entered into.
- (e) The annual internal audit plan shall incorporate a review of all RRPTs to ensure that the relevant approvals have been obtained and the review procedures in respect of all such transactions are adhered to. In the event of any discrepancies, proper steps would be taken to rectify them accordingly. The external auditors shall also review all RRPTs as part of their work scope.
- (f) The Board of Directors and the Audit Committee shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. Any member of the Board or of the Audit Committee having any interest, direct or indirect, in any RRPTs shall abstain from any decision making by the Board or the Audit Committee in respect of such transactions.
- (g) There are no specific thresholds for approval of RRPTs within the Comcorp Group. However, all RRPTs will be reviewed by the Audit Committee and approved by the Board.

2.6 Benefits of the RRPTs and Rationale of the Proposed Shareholders' Mandate

The Group has a long and established business relationship with the related parties, SSI and Gallant Guard Services Sdn Bhd, and such RRPTs as have been entered into have met the Group's business needs at the best commercial terms obtainable. Such RRPTs have also enhanced the ability of the Group, particularly Comlenia, to explore additional business opportunities with SSI in the same industry, thereby adding value to the Comcorp Group.

The position of the interested party, Tan Sri Dato' Samshuri bin Arshad, as Chairman of the related party, Gallant Guard Services Sdn Bhd, can provide leverage to ensure that a high standard of service is given by the related party in the interests of the Group and the RRPT will be transacted on terms not less favourable to the Group than those obtainable from the public or other unrelated third parties who provide similar services.

The rationale for the Proposed Shareholders' Mandate is so that the RRPTs can be carried out for the benefit of the Group without the interruption and possible lost business opportunities which may otherwise ensure if approval were to be required from the shareholders for each individual transaction.

The Proposed Shareholders' Mandate is sought within the bounds of the Listing Requirements.

2.7 Audit Committee Statement

The Audit Committee has considered the procedures mentioned in Section 2.5 above and is of the view that the said processes and procedures are :

- (a) adequate and sufficient to monitor, track and identify RRPTs in a timely and orderly manner and, if necessary, may request internal audit to review these processes and procedures; and
- (b) sufficient to ensure the RRPTs are not more favourable to related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company. These processes and procedures are reviewed by the Audit Committee every quarterly.

2.8 Directors' and Major Shareholders' Interest

No director or major shareholder and no person connected with any such director or major shareholder as defined in the Listing Requirements has any interest, direct or indirect, in any of the RRPTs, the subject of the Proposed Shareholders' Mandate other than the Interested Parties. In addition, the Interested Parties have each undertaken to ensure that they and any person connected with them shall abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM in respect of their direct or indirect shareholdings in the Group. Tan Sri Dato' Samshuri bin Arshad has abstained and will continue to abstain at Board deliberations and voting pertaining to the Proposed Shareholders' Mandate.

The direct and indirect shareholdings of the Interested Parties in Comcorp as at 5 May 2016 are as follows:-

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Samshuri bin Arshad	4,897,328	3.50	-	-
SSI	-	-	-	-

3. PROPOSED SHARE BUY-BACK

3.1 Details of the Proposed Share Buy-Back

At the Twelfth ("12th") AGM of the Company held on 25 June 2015, the Company had obtained its shareholders' approval to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company for the time being ("Authorisation"). In accordance with Chapter 12 of the Listing Requirements, the existing Authorisation will lapse at the conclusion of the forthcoming AGM of the Company scheduled to be held on Thursday, 25 June 2015, unless the approval is renewed.

On 9 May 2016, the Company announced to Bursa Securities that it is proposing to seek the approval of its shareholders at its forthcoming Thirteenth ("13th") AGM for the renewal of authority for the Proposed Share Buy-Back.

The present total issued and paid-up share capital of the Company is RM70 million comprising of 140 million ordinary shares of RM0.50 each. There was no purchase, resale or distribution as share dividend to shareholders in the previous 12 months preceding the date of this statement.

The approval from the shareholders for the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution to be tabled at the forthcoming AGM of the Company relating to the Proposed Share Buy-Back and will continue to be in force until:

- (i) the conclusion of the next AGM of the Company; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) it is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The approval from the shareholders for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares but rather it will allow the Board to exercise their power to purchase Comcorp Shares at any time within the above time period.

The Company is allowed to deal with the Purchased Shares in the following manner:

- (i) to cancel the Purchased Shares; or
- (ii) to retain the Purchased Shares as treasury shares; or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder; or
- (iv) to distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them.

An immediate announcement will be made to Bursa Securities in respect of the buying of the Purchased Shares, resale of Purchased Shares, cancellation of Purchased Shares, distribution as share dividends and the intention of the Directors to either retain the Purchased Shares as treasury shares or cancel them or a combination of both following any transaction executed pursuant to the authority under the Proposed Share Buy-Back. While

the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in other distribution and otherwise are suspended, and the Purchased Shares shall not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purposes including determination of substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the amount of retained profits and/or share premium account of the Company. The accumulated losses of the Company as at 31 January 2014 is RM10.7 million and the share premium account as at 31 January 2014 is approximately RM 25.7 million.

The Proposed Share Buy-Back is subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

Pursuant to the Listing Requirements, the Company shall purchase its own ordinary shares on Bursa Securities at a price which is not more than 15% above the weighted average market price for the 5 market days immediately preceding the date of purchase. Comcorp may only re-sell the treasury shares at:

- (a) a price which is not less than the weighted average market price for the 5 market days immediately prior to the resale; or
- (b) a discounted price of not more than 5% to the weighted average market price for the 5 market days immediately prior to the resale provided that:
 - (i) the resale takes place no earlier than 30 days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the shares being resold.

3.2 Funding for the Proposed Share Buy-Back

The Board proposes to allocate a maximum amount not exceeding the retained profits and/or the share premium account of the Company for the purpose of the Proposed Share Buy-Back. The share premium account of the Company as at 31 January 2016 is approximately RM 25.7 million. However, if the Company receives dividend payments from its subsidiaries, the retained profits may increase. Any buy-back in excess of the audited retained profits shall be based on the retained profits certified by the auditors.

The funding of the Proposed Share Buy-Back will be sourced from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase. In the event that the Proposed Share Buy-Back is to be partly financed by bank borrowings, the Board will ensure that the Company will have sufficient funds to repay such borrowings and that the repayment would not have any material effect on the cash flow of the Group.

3.3 Rationale for the Proposed Share Buy-Back

The Proposed Share Buy-Back will enable the Company to utilise its financial resources not immediately required for use, to purchase its own Shares. The Proposed Share Buy-Back may enhance the EPS and reduce the liquidity level of the Shares of the Company in Bursa Securities, which generally shall have a positive impact on the market price of the Shares of the Company. Other potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) to allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- (b) when the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net EPS of the Company and the Group will increase proportionately; and

- (c) the Purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) the Proposed Share Buy-Back will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in the future; and
- (b) as the Proposed Share Buy-Back can only be made out of retained profits and/or share premium account of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Share Buy-Back may reduce the financial resources of the Group, but since the amount is not substantial, the Board is of the view that the Proposed Share Buy-Back will not affect the furtherance of the Group's business or payment of dividends by the Company. Nevertheless, the Board will be mindful of the interest of Comcorp and its shareholders in undertaking the Proposed Share Buy-Back and in the subsequent cancellation of the Shares purchased.

3.4 Effects of the Proposed Share Buy-Back

The effects of the Proposed Share Buy-Back are as follows:

(a) Share Capital

The effect of the Proposed Share Buy-Back on the share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will result in the reduction of the issued and paid-up share capital of the Company if the Purchased Shares are cancelled. The proforma effect of the Proposed Share Buy-Back based on the issued and paid-up share capital of the Company assuming the Proposed Share Buy-Back is implemented in full and all the Purchased Shares are cancelled, is illustrated below:

Share Capital	No. of Comcorp Shares	Par value (RM)	Share Capital (RM)
Issued and paid-up as at 5 May 2016	140,000,000	0.50	70,000,000
Assuming the maximum number of Purchased Shares are cancelled	14,000,000	0.50	7,000,000
Resultant issued and paid-up share capital upon completion of the Proposed Share Buy-Back and cancellation of the Purchased Shares	126,000,000	0.50	63,000,000

(b) Earnings

The Proposed Share Buy-Back will increase the EPS of the Group, the extent of which will depend on the number of Purchased Shares, the purchase prices of Comcorp shares and the effective funding cost to finance the purchase or loss in interest income to the Group.

Similarly, on the assumption that the Purchased Shares are treated as treasury shares, the extent of the effect on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

(c) Net Assets

The effects of the Proposed Share Buy-Back on the net assets per share of the Group are dependent on the purchase price and the number of Purchased Shares.

The Proposed Share Buy-back will reduce the net assets per share when the purchase price exceeds the net assets per share at the relevant point in time. On the contrary, the net assets per share will be increased when the purchase price is less than the net assets per share at the relevant point in time.

If the Purchased Shares are held as treasury shares and subsequently resold on Bursa Securities, the Company's net assets per share would increase if the Company realise a gain from the resale and vice-versa.

In addition to the purchase price of the shares, the effective cost of funds or any loss in interest income to the Group may also have an impact on the net assets per share.

(d) Directors' and Major Shareholders' shareholdings

Assuming that the Proposed Share Buy-Back is implemented in full and that the Comcorp Shares purchased are from shareholders other than the Directors and Major Shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Major Shareholders based on the Registers of Directors and Substantial Shareholders as at 5 May 2016 is as follows:

	As at 5 May 2016				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Directors	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Samshuri bin Arshad	4,897,328	3.50	-	-	4,897,328	3.89	-	-
Mr Leng Keng Hok @ Lim Keng Hock	626,900	0.45	31,875,762 ⁽¹⁾	22.77	626,900	0.50	31,875,762 ⁽¹⁾	25.30
Dato' Ramli bin Abd Rahman	-	-	-	-	-	-	-	-
Datuk Awalan bin Abdul Aziz	-	-	-	-	-	-	-	-
Mr Loh Hock Chiang	100,000	0.07	1,064,885 ⁽²⁾	0.76	100,000	0.08	1,064,885 ⁽²⁾	0.85
Dato' Abdul Majid bin Omar	10,000	0.01	80,000 ⁽³⁾	0.06	10,000	0.00	80,000 ⁽³⁾	0.06
Mr Mohamadon bin Abdullah	4,114,885	2.94	28,856,680 ⁽⁴⁾	20.61	4,114,885	3.27	28,856,680 ⁽⁴⁾	22.90
Mr Wong Mun Wai	-	-	-	-	-	-	-	-
Ms Lee Chai Bee	30,000	0.02	-	-	30,000	0.02	-	-
Substantial Shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Just Trading Sdn Bhd	31,875,762	22.77	-	-	31,875,762	25.30	-	-
Sagittarius World Trade Sdn Bhd	28,856,680	20.61	-	-	28,856,680	22.90	-	-
AMG Resources Sdn Bhd	10,324,428	7.37	-	-	10,324,428	8.19	-	-

Note:

⁽¹⁾ Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Just Trading Sdn Bhd.

⁽²⁾ Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Omnifite Sdn Bhd.

⁽³⁾ Deemed interest by virtue of his spouse's interest in the Company.

⁽⁴⁾ Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sagittarius World Trade Sdn Bhd.

(e) Working Capital

The Proposed Share Buy-Back, as and when implemented will reduce the working capital and cash flow of the Group, the quantum being dependent on the number of Purchased Shares, the purchase price of Comcorp Shares and the amount of financial resources to be utilised for the purchase of Comcorp Shares. However, it is not expected to have a material effect on the working capital and cash flow of the Group.

For Purchased Shares which are retained as treasury shares, upon its resale, the working capital and cash flow of the Company will increase. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

(f) Dividend Policy

The Proposed Share Buy-Back is not expected to have any material effect on the dividend policy of the Company. The dividend to be declared by the Company in the future, if any, shall depend on, amongst others, the profitability and cash flow position of the Group and the Company.

3.5 Implication of the Code

Section 9(1) of Part III of the Code state that if a person, together with persons acting in concert with him (if any), holding more than thirty three percent (33%) but less than fifty percent (50%) of the voting shares of a company, who as a result of a purchase by the company of its own voting shares, increases his holding in any period of six (6) months by an additional two percent (2%) or more of the voting shares of the company, there is an obligation to extend a mandatory take-over offer to acquire the remaining shares not already held by the said person and persons acting in concert with him.

Based on the Register of Substantial Shareholders of Comcorp as at 6 June 2014, there should be no implication with regard to the Code on the Company and its Substantial Shareholders arising from the Proposed Share Buy-Back.

3.6 Public Shareholding Spread

As at 5 May 2016, the public shareholding spread of the Company was 42.26%. Assuming the Proposed Share Buy-Back is implemented in full and all the shares so purchased are from public shareholders, the public shareholding spread of the Company would be reduced to 35.84%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

3.7 Directors' and Major Shareholders' Interests

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a result of the Purchased Shares, none of our Directors and/or major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Share Buy-Back.

3.8 Purchase, Resale and Cancellation of Comcorp Shares for the financial year ended 31 January 2015

Comcorp has not purchased any of its own Shares, retained its Shares as treasury shares or cancelled its Shares during the financial year ended 31 January 2016.

4. APPROVAL REQUIRED

The Proposals are subject to approval being obtained from the shareholders of the Company at the forthcoming AGM.

The Proposals are not inter-conditional upon each other.

5. DIRECTORS' RECOMMENDATIONS

The Board (with the exception of Tan Sri Dato' Samshuri bin Arshad who is interested in the Proposed Shareholders' Mandate has abstained from giving any opinion or recommendation), having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company and is not detrimental to the minority shareholders and, accordingly, they recommend that the shareholders should vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming AGM.

6. ANNUAL GENERAL MEETING

The Thirteenth ("13th") AGM of the Company will be held at Classics Ballroom, Holiday Villa Subang, No. 9, Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Thursday, 23 June 2016 at 10.00 a.m. for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposals.

If you are unable to attend and vote at the AGM in person, you will find enclosed in the 2016 Annual Report, a Form of Proxy which you are requested to complete, sign and return in accordance with the instructions contained therein as soon as possible and, in any event, so as to arrive at the office of Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the AGM or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

7. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully
for and on behalf of the Board of
Comintel Corporation Bhd

Leng Keng Hok @ Lim Keng Hock
Managing Director

FURTHER INFORMATION**1. Directors' Responsibility Statement**

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

2. Material Contracts

Neither Comcorp nor any of its subsidiaries has entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of Comcorp or its subsidiaries) during the two (2) years preceding the date of this Circular.

3. Material Litigation

Save as disclosed below, Comcorp and its subsidiary companies are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of Comcorp have no knowledge of any proceedings pending or threatened against Comcorp and/or its subsidiary companies or of any facts likely to give rise to any proceedings which may materially and adversely affect the position and/or business of Comcorp and its subsidiary companies:-

On 16 July 2010, Comintel, a wholly owned subsidiary of the Company, commenced legal action against U Television Sdn Bhd ("1st Defendant") and Tan Sri Dato' Seri Vincent Tan Chee Yioun ("2nd Defendant") at the Kuala Lumpur High Court under suit no. S-22-624-2010.

U Television Sdn Bhd and Tan Sri Dato' Seri Vincent Tan Chee Yioun have applied to the High Court for the striking out of the Writ of Summons and Statement of Claim filed by Comintel against the 1st and 2nd Defendants (the Striking Out Application). The Striking Out Application was fixed for hearing on 25 May 2011 and was dismissed with costs of RM5,000 to be paid by the Defendants to Comintel. The Defendants filed their Defence and Amended Counter Claim against Comintel on 11 August 2011. Comintel then filed their Reply and Defence to the Amended Counter Claim on 12 August 2011. Comintel has filed its Pre Trial Case Management Notice on 14 September 2011. The first Pre-Trial Case Management was then fixed on 24 October 2011 at the Kuala Lumpur High Court, during which the High Court has directed the parties to prepare and file the pre-trial cause papers. The matter is now fixed for a further Case Management on 30 July 2012 at the Kuala Lumpur High Court, for both parties to comply with the case management directions.

The case management scheduled on 30 July 2012 was then brought forward to 29 June 2012 before the Judge. The Trial date for this suit is fixed from 8 – 12 April 2013.

The Judge has also fixed the matter for further case management on 27 September 2012, for parties to comply with the remaining case management directions. During the case management on 27 September 2012, the Judge made an order for mediation and expected the mediation process to be completed within 2 months. If parties were not able to arrive at a settlement from the mediation within this time, then the remaining case management directions must be complied with. A further case management was fixed on 30 November 2012 for parties to update the Court on the mediation and the remaining case management directions.

The mediation was initially fixed on 27 November 2012 but was adjourned by the Court Mediation Centre. The mediation is now fixed on 31 January 2013.

As the mediation could not be conducted before the case management on 30 November 2012, the Judge had fixed the matter for further case management on 19 February 2013 for parties to update the Court on the outcome of the mediation and to comply with the remaining case management directions.

The mediation fixed on 31 January 2013 was unsuccessful.

During the case management on 19 February 2013, the Judge fixed the matter for further case management on 21 March 2013 for parties to comply with the remaining case management directions. The Judge also fixed 21 March 2013 for the hearing of Comintel's application for the inspection of the system equipment and for the demonstration of the same. The Judge directed that all affidavits in regards to this application have to be exhausted by 21 March 2013.

During the case management on 19 February 2013, the Judge fixed the matter for further case management on 21 March 2013 for parties to comply with the remaining case management directions. The Judge also fixed 21.3.2013 for the hearing of Comintel's application for the inspection of the system equipment and for the demonstration of the same. The Judge directed that all affidavits in regards to this application have to be exhausted by 21 March 2013.

Comintel's application for inspection was fixed for decision on 29 March 2013. The Judge was of the view that this application cannot be decided before the commencement of the trial because oral testimony has not been led. She therefore made no order on this application until oral evidence is led at trial when she is in a better position to consider whether a demonstration of the POC system is necessary. The application is adjourned indefinitely and costs are ordered to be in the cause.

The trial for the matter had commenced on 8 April 2013, 9 April 2013, 12 April 2013 and 26 April 2013. The Plaintiff had closed its case and the Defendant's case is currently in progress. The matter has been fixed for continued trial on 19 June 2013.

On 19 June 2013, the Defendants called their final witness, thereby closing their case, and concluding the oral testimony of all witnesses. The Judge directed parties to file and simultaneously exchange their written closing submissions by 18 July 2013. The Judge also fixed 16 August 2013 for parties to appear before her for clarification and to hear oral replies to the submissions filed. Parties are at liberty to file skeletal reply submissions before 16 August 2013.

The decision which was fixed on 20 September 2013 had been postponed to 3 October 2013.

On 3 October 2013, the Judge delivered her decision as follows:-

1. The Plaintiff's claim for RM 11,217,797.84 in respect of the remaining value of work done for Phase I of the Project is allowed;
2. Special damages in the way of storage and insurance costs of the Transmitters is allowed up to the time of the removal of the transmitters by the 1st Defendant, and the latest account to be provided by the Plaintiff;
3. Interest at the rate of 5% per annum on the amounts awarded from the date of filing of the Writ to the date of full realization;
4. In the event the 1st Defendant fails to make payment of the judgment sum, the 2nd Defendant shall be liable to pay;
5. The 1st Defendant's counterclaim is dismissed;
6. Consequential order that the 1st Defendant remove the entire transmitter system that is currently stored in the Plaintiff's premises and the bonded warehouse within a month; and
7. Costs of RM 75,000.00 to be paid by the Defendants to the Plaintiff. (the Judgment)"

On 11 October 2013, the Defendants applied for a stay of execution of the Judgment (the Stay Application). The Stay Application was fixed for hearing on 16 October 2013 where the Judge made the following orders:

1. The Defendants to pay into a stakeholder's account held jointly by the solicitors of the Plaintiff and the Defendants, namely Messrs Gan Partnership and Messrs Lee Hishammuddin Allen & Gledhill respectively the following sums:
 - (a) RM11,217,797.84 together with interest thereon at the rate of 5% per annum from 5 July 2010 until the date of payment of the said sum into the joint stakeholders' account; and
 - (b) Storage and insurance costs of the Transmitters in the sum of RM284,905.15 as at 31 October 2012 together with interest thereon at the rate of 5% per annum from 5.07.2010 until the date of payment of the said sum into the joint stakeholders' account within 14 days from 16.10.2013.
2. All forms and/or mode of execution and/or enforcement proceedings based on and/or arising from and/or in relation to the Judgment and/or Order dated 3.10.2013 given by the High Court ("Judgment"), including but not limited to commencing and/or filing of winding-up proceedings against the 1st Defendant and/or bankruptcy proceedings against the 2nd Defendant in order to enforce payment of the Judgment, be stayed forthwith until the full and disposal of the Defendants' appeal to the Court of Appeal against the Judgment ("Appeal");

3. The operation and/or the enforcement and/or the execution of the Judgment be stayed and/or suspended pending the disposal of the Defendants' Appeal to the Court of Appeal;
4. In the event the Defendants' said Appeal to the Court of Appeal is dismissed, the monies in the joint stakeholders' account are to be released to the Plaintiff forthwith;
5. In the event the Defendants' Appeal to the Court of Appeal is allowed, the monies in the joint stakeholders' account are to be returned to the Defendants forthwith;
6. Cost of this application shall be in the cause of the Defendants' said Appeal to the Court of Appeal; and
7. Parties are at liberty to apply.

RM13,420,473.93 was placed in REPO on 11 November 2013.

The parties are unable to agree on the draft Judgment. There are two areas of disagreement between the parties in respect of the draft Judgment, namely (1) whether the penal notice ought to be included and (2) whether the Judge had ordered the 1st Defendant to "take delivery" of the transmitters or to "remove" the transmitters. An appointment was fixed before the Deputy Registrar on 29 November 2013 and 9 December 2013 to settle the terms of the draft Order. On 9 December 2013, the Deputy Registrar having sought clarification from the Judge, informed the parties that -

- (1) the penal notice need not be included. This is because, given that the issue of the removal of the transmitters was not pleaded, it is therefore only a consequential order. There is only monetary judgment involved which does not necessitate a penal notice. Further, parties agreed during delivery of judgment that the transmitters will be removed within a reasonable time which parties mutually agree. Therefore, there is no time frame for parties to comply with the Judgment and
- (2) the Judge had ordered that the 1st Defendant is to "remove" the transmitters. The Defendants have appealed against the High Court Judgment on 9 October 2013. No hearing date has been fixed for the appeal.

Further to the appointment before the High Court Judge, YA Dato' Hue Siew Kheng on 21 February 2014, it was decided by the judge that appeal notice ought to be endorsed on the Judgment. Sealed Judgment from the High Court has been received.

An application to vary the Stay Order was filed on 28 February 2014 and case management was on 26 March 2014. It was directed by the court that -

1. Comintel to file its affidavit in reply by 4 April 2014
2. UTV to file its reply by 18 April and
3. Both parties to file their skeletal submissions by 7 May 2014.

Hearing date for the Application to Vary has been fixed for hearing on 2 July 2014. The hearing was subsequently adjourned to 7 July 2014.

The application to Vary the Stay Order was heard before the High Court Judge, Y.A. Dato' SM Komathy a/p Suppiah on 7 July 2014. After hearing submissions from both parties, the Judge dismissed the Application to Vary with cost of RM3,000.00.

UTV's appeal to the Court of Appeal was originally fixed for hearing on 10 September 2014. The original hearing date was adjourned to 20 October 2014 as a result of the request of UTV's solicitors despite objections raised by Comintel's solicitors.

By a Notice of Change of Solicitors dated 10 October 2014, UTV has changed its solicitors from Messrs Lee Hishammuddin, Allen & Gledhill to Messrs Thomas Philip at the Court of Appeal stage.

On 20 October 2014, Malik Imtiaz appeared as counsel for UTV and Mr Nahendran Navaratnam appeared as counsel for Comintel in the Court of Appeal. After the conclusion of UTV's counsel's oral submissions, the Court of Appeal adjourned Comintel's oral submissions in reply to another date as one of the Judges was not feeling well on that day. To-date, there is no indication from the Court of Appeal with regard to the new hearing date although parties have submitted counsel's common free dates to Court and written to Court informing of the same.

Parties were directed to attend Court of Appeal on 6 March 2015 for mention before the penal. Ms Tan Min Lee appeared for Comintel and Mr Clinton Tan appeared for UTV. We were informed by Justice David Wong Dak Wah that His Lordship will recuse himself from hearing this matter as His Lordship has recently discovered that he knows one of the litigants. Thereafter, we were directed to fix a new hearing date before the Registrar.

The hearing of UTV's appeal is now fixed on 28.08.2015 was most likely before a fresh penal. At the hearing, the Court of Appeal upheld the decision of the High Court pronounced on 3 October 2013 and the cost of Ringgit Malaysia Thirty Thousand (RM30,000.00) was awarded to Comintel Sdn Bhd.

UTV have applied for leave to appeal to the Federal Court of which a hearing is fixed on 2 February 2016 with both parties to file their respective written submission by 19 January 2016.

The hearing originally fixed for hearing on 2 February 2016 was postponed to 3 March 2016 due to the rescheduling of cases in the Federal Court and on 3 March 2016, the Federal Court allowed the application by UTV and Tan Sri Vincent Tan Chee Yioun (collectively the "Applicants") for leave to appeal against the decision of the Court of Appeal dated 28 August 2015. The Court of Appeal had by that 28 August 2016 decision upheld the judgement granted by the High Court on 3 October 2013 in favour of Comintel Sdn Bhd against the Applicants.

On 12 May 2016, Federal Court in Federal Court Civil Appeal No. 02(f)-12-03/2016(W) at the case management has fixed 20 July 2016 for further case management pending the extraction of the Court of Appeal's ground of judgement and seal Order.

4. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company at No. 37, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, 40150 Glenmarie Shah Alam, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) the date of this Circular up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of Comcorp;
- (b) the audited financial statements of the Comcorp Group for the past two (2) financial years ended 31 January 2014 and 2015;
- (c) the unaudited financial results for the period ended 30 April 2016; and
- (d) the relevant cause papers in respect of the material litigation.

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