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COMINTEL CORPORATION BHD

(Company No. 630068-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM THE DISPOSAL OF 100% EQUITY INTEREST IN BCM ELECTRONICS CORPORATION SDN. BHD., A FORMER WHOLLY-OWNED SUBSIDIARY OF COMINTEL CORPORATION BHD (“COMCORP”), TO AURELIUS HOLDINGS SDN. BHD., WHICH WAS COMPLETED ON 25 JANUARY 2018

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of Extraordinary General Meeting (“**EGM**”) of Comcorp which will be held at Classics 2, Holiday Villa Subang, No. 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 5 December 2018 at 10:30 a.m. or any adjournment thereof is enclosed together with the Form of Proxy in this Circular.

Should you be unable to attend the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. You should complete and deposit the Form of Proxy at the office of the share registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur no later than 48 hours before the date and time fixed for the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 3 December 2018 at 10:30 a.m.

Date and time of the EGM : Wednesday, 5 December 2018 at 10:30 a.m.

This Circular is dated 19 November 2018

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following terms and expressions shall have the following meanings:-

Act	:	Companies Act, 2016, as amended from time to time and any re-enactment thereof
Adjustment to Disposal Consideration	:	The adjustment to the Disposal Consideration agreed on by the parties under the terms and conditions of the SSA as detailed in Section 2.2.4 of the Disposal Circular
Aurelius Holdings	:	Aurelius Holdings Sdn. Bhd., the purchaser of BCM Electronics under the Disposal
BCM Electronics	:	BCM Electronics Corporation Sdn. Bhd., a former wholly-owned subsidiary of Comcorp which was disposed to Aurelius Holdings pursuant to the Disposal
Board	:	The Board of Directors of Comcorp
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CGT	:	Comintel Green Technologies Sdn. Bhd., a 70% owned subsidiary of Comcorp
Circular	:	This circular dated 19 November 2018 in relation to the Proposed Variation
Comcorp or Company	:	Comintel Corporation Bhd
Comcorp Group or Group	:	Collectively, Comcorp and its subsidiaries
Computation Date Advances Amount	:	The net amount of Related Company Advances owing from the Related Companies to BCM Electronics amounting to approximately RM11.5 million as of 31 July 2017
CSB	:	Comintel Sdn. Bhd., a wholly-owned subsidiary of Comcorp
Disposal	:	The disposal of 100% equity interest in BCM Electronics to Aurelius Holdings for the Disposal Consideration
Disposal Circular	:	The Circular dated 29 December 2017 in relation to the Disposal
Disposal Consideration	:	The total cash consideration of RM123.8 million, subject to the settlement of Related Company Advances and the Adjustment to Disposal Consideration
EGM	:	Extraordinary general meeting
kV	:	A derived unit of electromotive force, kilovolt
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof
LPD	:	30 October 2018, being the latest practicable date prior to the printing of this Circular
Proposed Variation	:	Proposed variation to the utilisation of the Disposal Consideration

DEFINITIONS

		raised from the Disposal
PTI	:	PT. Intelcom Indonesia, a 80% owned subsidiary of Comcorp which is incorporated in Indonesia
Record of Depositors	:	Record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository
Related Companies	:	Related companies of BCM Electronics, being the Comcorp Group
Related Company Advances	:	The net amount of related company advances owing from the related companies of BCM Electronics, being the Comcorp Group to BCM Electronics
RM and sen	:	Ringgit Malaysia and sen, respectively
SEDA Malaysia	:	Sustainable Energy Development Authority Malaysia
SIMS	:	System integration & maintenance services
SSA	:	The share sale agreement dated 19 October 2017 entered into between Comcorp and Aurelius Holdings in relation to the Disposal
Unconditional Date	:	15 January 2018, being the date that all the conditions precedent in the SSA were fulfilled/obtained/waived and the SSA became unconditional in accordance with its terms
UTV	:	U Television Sdn Bhd

All references to “**our Company**” in this Circular are to Comcorp and references to “**our Group**” are to our Company and our subsidiaries. All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to Comcorp, and where the context requires, shall include our subsidiaries. All references to “**you**” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

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

Any reference to time of day and date in this Circular is a reference to Malaysian time and date.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the plans and objectives of our Company will be achieved.

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COMINTEL CORPORATION BHD

(Company No. 630068-T)
(Incorporated in Malaysia)

Registered Office

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

19 November 2018

Board of Directors

Tan Sri Dato' Samshuri bin Arshad (*Independent Non-Executive Chairman*)
Leng Keng Hok @ Lim Keng Hock (*Managing Director*)
Lee Chai Bee (*Independent Director*)
Wong Mun Wai (*Independent Director*)
Chong Chun Chieh (*Independent Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED VARIATION

1. INTRODUCTION

On 17 August 2018, the Company had announced the Proposed Variation.

On 15 October 2018, the Company had announced a further variation to the manner of utilisation of the proceeds as described in the announcement dated 17 August 2018.

Further details on the Proposed Variation are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED VARIATION AND TO SEEK YOUR APPROVAL BY WAY OF POLL FOR THE RESOLUTION PERTAINING TO THE PROPOSED VARIATION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED VARIATION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED VARIATION

On 20 October 2017, Hong Leong Investment Bank Berhad (“**HLIB**”) had, on behalf of the Company, announced that the Company had entered into the SSA for the Disposal Consideration.

On 23 October 2017, HLIB had, on behalf of our Board, announced clarifications to the salient terms of the SSA and percentage ratios disclosed in the announcement dated 20 October 2017.

The Disposal Circular was subsequently despatched to the shareholders of the Company on 29 December 2017 and the shareholders approved the Disposal at the EGM of the Company convened on 15 January 2018. The Disposal was subsequently completed on 25 January 2018.

Immediately following the completion of the Disposal, Comcorp has been classified as an affected listed issuer pursuant to paragraph 8.03A of the Main Market Listing Requirements of Bursa Securities (“**Affected Listed Issuer**”). Comcorp has a period of twelve months from 25 January 2018 to regularise its Affected Listed Issuer position.

As set out in section 4 of the Disposal Circular, pursuant to the SSA, the Disposal Consideration will be adjusted by the net amount of Related Company Advances as at the Unconditional Date. As illustrated in the Disposal Circular, based on the Computation Date Advances Amount of RM11.5 million, the net Disposal Consideration will be RM112.3 million.

On 20 March 2018, our Board declared a special single tier dividend of RM0.45 per ordinary share for the financial year ending 31 January 2019 (“**Special Dividend**”) amounting in aggregate to RM63.0 million, in accordance with the proposed manner of utilisation of proceeds of the Disposal as set out in the Disposal Circular. Such Special Dividend was completed and paid to the shareholders of the Company on 19 April 2018. The remaining net proceeds raised by the Disposal amounting to RM49.3 million were intended to be utilised in the manner set out in section 4 of the Disposal Circular – that is for the development of the Company’s green waste management and waste-to-energy businesses, working capital and to defray estimated expenses in relation to the Disposal.

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Due to various reasons, our Company wishes to vary the utilisation of proceeds raised from the Disposal as follows:

Purpose	Original proposed utilisation¹	Actual utilisation up to LPD	Remaining unutilised balance as at LPD	Proposed variation of the utilisation	Remaining unutilised balance after variation as at LPD	Remaining timeframe for utilisation (from LPD)
	RM'000	RM'000	RM'000	RM'000	RM'000	
Development of our Company's green waste management and waste-to-energy businesses	40,000	8,878 ²	31,122	(17,000)	14,122	Within 9 months
Working capital ³	8,156	14,368	(6,212)	17,145	10,933	Within 3 months
Distribution to shareholders	63,000	63,000	-	-	-	Fully utilised
Estimated expenses in relation to the Disposal	1,166	1,021	145 ⁴	(145)	-	Fully utilised
Total	112,322	87,267	25,055	-	25,055	

Notes:

¹ The original intended utilisation of proceeds from the Disposal as set out in section 4 of the Disposal Circular.

² Development of our Company's green waste management and waste-to-energy ("GWM and WtE") businesses:

Details of utilisation for GWM and WtE	RM'000
Investment in Green Waste Management Sdn Bhd's share capital	3,000
Technology research and development costs (including pilots/testing)	3,382
Business planning, marketing and development costs	1,178
New projects preliminary costs – identification/exploration, technical/business evaluation and due diligence costs (for potential projects in Vietnam, Philippines and Brunei)	1,318
Total	8,878

Working capital

Purpose	Original proposed utilisation	Actual utilisation up to LPD	Remaining unutilised balance as at LPD	Proposed variation of the utilisation	Remaining unutilised balance after variation as at LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Staff salaries and benefits	5,271 ⁽¹⁾	7,267	(1,996)	4,145	2,149
Advances to CGT (including general administrative and other operating expenses for CGT's waste-to-energy business)	1,452 ⁽¹⁾	4,102	(2,650)	6,400	3,750
General administrative and other operating expenses for our Company's local SIMS segment	1,433	399	1,034	-	1,034
Advances to PTI for funding of additional working capital arising from new project(s)	-	2,600	(2,600)	6,600	4,000
Total	8,156	14,368	(6,212)	17,145	10,933

Notes:

⁽¹⁾ There is a transfer of RM1.0 million allocated funds from staff salaries and benefits to advances to CGT (including general administrative and other operating expenses for CGT's waste-to-energy business)

Due to the factors stated in section 3 of this Circular, our Group has to date over-utilised funds allocated for working capital. The source of funds for the over-utilisation is from the funds allocated for development of GWM and WtE businesses.

The general administrative and other operating expenses shall be used to support our Group's day-to-day operation overheads, including but not limited to additional legal cost pursuant to the ongoing litigation, wages, payment to suppliers, contractors and consultants, rental of offices, utilities, professional fees and other operational expenses.

⁴ In view of the actual expenses in relation to the Disposal being lower than estimated, the excess will be re-allocated and utilised for working capital purposes.

Pending utilisation of the proceeds, the unutilised proceeds have been placed in interest-bearing deposit accounts or investments in money market instruments as the Board deems fit.

3. RATIONALE AND BENEFITS OF THE PROPOSED VARIATION

Our Company had on 26 April 2018 announced our regularisation plan arising from the Company's position as an Affected Listed Issuer. Our Company is currently focusing on the three core businesses of (a) SIMS (b) waste-to-energy business and (c) green waste management business.

Our Company has been focusing on building up the above-mentioned core businesses. However, our Company is currently experiencing challenges in these core businesses and efforts to develop and bolster them have not to date resulted in the desired outcome. The primary factors that have hampered our strategies to develop our core businesses to date are as follows:

(i) **SIMS**

(1) **Delay in procuring new projects**

Due to the outcome of the 14th General Election and resulting the change in the Malaysian Federal Government, there have been delays in securing new projects pitched / tendered by our Group in our core businesses as the new Pakatan Harapan Government continue to reassess Government procurement policies and processes, which has given rise to additional working capital requirements for ongoing operating expenses and operational / business funding.

We are in the midst of exploring new potential projects, in particular in the telecommunications sector that involve maintaining and supplying telecommunications systems and solutions.

In spite of the bottlenecks in budgeting and spending of the public sector of Malaysia particularly for SIMS segment, we had been very active pursuing and laying ground works in the private sector. The efforts made have started to bear fruits with couple of tenders and request for proposal ("RFP") that have been announced. Our Group has been busy in preparing for the tender and RFP in which will be incurring much cost in the process.

(2) **Persistent delays in receivables' collections**

While our Group continues to pursue collection of receivables for long outstanding balances, the SIMS business is experiencing tight cash flow due to persisting delays in receivables' collections. This has resulted in a need for additional working capital funding requirements for the SIMS business.

Aging analysis of trade receivables

	Audited 31.01.2018 RM'000	Unaudited 31.07.2018 (Q2) RM'000	Unaudited as at LPD RM'000
Not due	1,034	1,066	870
1 to 30 days past due	1,200	7	18
31 to 60 days past due	17	192	9
61 to 90 days past due	-	-	13
91 to 120 days past due	-	-	-
More than 121 days past due	292	1,500	372
Total	2,543	2,765	1,282

None of the above trade receivables is due from related parties. Our Group undertook proactive action to issue letters of demand to pursue collection of trade receivables for long outstanding balances. As at LPD, the outstanding trade receivables is RM1.3 million, a decrease of 50% as compared to the outstanding trade receivables as at 31 January 2018 due to some trade receivables' repayment.

The non-trade receivables of the Group as at 31 January 2018 and as at LPD are RM2.6 million and RM2.5 million respectively. Included in the non-trade receivables is an amount due from related party of RM0.02 million as at 31 January 2018 and as at LPD.

(3) **Overseas operations in Jakarta, Indonesia**

Our 80%-owned subsidiary, PTI, together with our Indonesian local partner had successfully secured a project to build a 150kV sub-station for PT PLN (Persero), Indonesia with a project value of approximately RM4.8 million and the agreement between our subsidiary and the Indonesia local partner was signed on 19 March 2018. The working capital requirement of RM2.6 million to fund this project was not budgeted for in our initial plan for utilisation of proceeds as this project was not certain to crystallise at that point of time. The target completion date of this current project is by the end of January 2019.

As part of our focus in strengthening our Group's financial performance, we are exploring for more project opportunities of the same nature in Indonesia. We may, if the opportunity arises, utilise up to RM4.0 million for working capital purposes for future potential projects in Indonesia, including partnering with local partner(s) to build sub-stations for PT PLN (Persero).

PT PLN (Persero) has also recently made a tender announcement on 5 October 2018 for its 17 project sites in relation to the procurement and supply of goods and sub-station construction services. After preliminary capability assessment, PTI together with a local partner recently submitted for one project tender with a project value of approximately RM9.8 million and we are now awaiting for the evaluation by PT PLN (Persero). Those projects will be awarded by PT PLN (Persero) by way of open tender to the lowest and most capable bidder. With our team in Indonesia, we are hopeful to secure at least one project to boost our financial performance.

In view of the cumbersome process in obtaining financing in Indonesia, we have in the meanwhile utilised our internally generated funds to support the operations of the current project and future projects to be secured. Until and unless we obtain financing in Indonesia, our Group will continue to support PTI using our internally generated funds for working capital purposes.

(4) **Persistent delays in the resolution of the civil appeal between Comintel Sdn Bhd v U Television Sdn Bhd & Tan Sri Dato' Seri Vincent Tan Chee Yioun**

The ongoing legal proceedings of the abovementioned case, including CSB being served with a winding-up petition by UTV on 27 July 2018, has significantly hampered the ability of CSB to obtain new projects and to renew its existing contracts as well as required us to spend considerable time and financial resources in addressing the issue.

(ii) **Waste-to-energy business – Kuang IPP**

As disclosed in the Disposal Circular, our initial target date for full commissioning of our maiden 2 megawatt waste-to-energy plant in Kuang, Selangor (“**Kuang IPP**”) which is owned by CGT was by the fourth quarter of the financial year ended 31 January 2018. Unfortunately, there were unanticipated delays in the progress for start-up approvals required from SEDA Malaysia and final evaluation was only completed in April 2018. Accordingly, our Group only received the Information Result of Acceptance Test & Performance Assessment (Biogas) from SEDA Malaysia on 15 May 2018.

As we had announced on 19 June 2018, SEDA Malaysia had issued a Feed-in-Tariff confirmation letter for our Kuang IPP on 18 June 2018 to confirm that the actual Feed-in-Tariff commencement date is 18 April 2018. All necessary approvals have now been obtained from the authorities for operations.

Our Group is now preparing for full commencement of business operations of the Kuang IPP plant. Nevertheless, we would expect some teething problems during the initial phase of operations, as it is fairly common for the start-up of any new independent power producer facility. Barring any unforeseen circumstances, we are expecting to fully commence our Kuang IPP plant by end of December 2018 and we forecast to start generating revenue and profits to the Group for the financial year ending 31 January 2020.

Based on the Feed-in-Tariff confirmation letter dated 18 June 2018 issued by SEDA Malaysia, the effective period for the Feed-in is from 18 April 2018 to 17 April 2034 (approval granted for 16 years).

Our Group may be required to set aside an amount of approximately RM1.0 million as financing service reserve account as per the requirement of our financier. However, this amount will be finalised between our Group and the financier.

(iii) **Green waste management business**

While we have plans to venture into the green waste management business as disclosed in the Disposal Circular, our Group has yet to finalise the engineering, procurement and construction contracts or any acquisitions or investments in green waste management business. We are continuing our efforts to market and evaluate new projects and opportunities in Vietnam, Philippines and Brunei. In view of the headwinds that we have been facing in our other core businesses, we are cautious at this stage in allocating significant resources for the green waste management business.

Due to the above factors, additional working capital is required to support the existing business operations and addressing the imminent working capital needs of our Group and this has necessitated the Proposed Variation, and for the Board to immediately re-allocate an amount of RM17.0 million which was initially budgeted for the development of green waste management and waste-to-energy businesses for working capital purposes. The re-allocation of the proceeds to working capital purposes is expected to help alleviate the pressing operating cash flow needs of our Group so as to formally commence our Kuang IPP and maintain the business and operations of our Group as a going concern.

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The following audited consolidated statement of cash flows for our financial year ended 31 January 2018 and unaudited consolidated statement of cash flows for the subsequent two financial quarter periods illustrates the ongoing negative trend in our cash flow position of our Group due to the factors stated in section 3 of this Circular, that we are experiencing in our core businesses. We therefore have an urgent need to give effect to the Proposed Variation to meet our Group's immediate cash flow requirements:

	Audited 31.01.2018 RM'000	Unaudited 30.04.2018 (Q1 cumulative) RM'000	Unaudited 31.07.2018 (Q2 cumulative) RM'000
Cash flows from operating activities			
Loss before taxation	(32,739)	(2,415)	(8,416)
Adjustment for non-cash and non-operating items	23,852	(325)	171
Operating cash flow before working capital changes	(8,887)	(2,740)	(8,245)
Changes in working capital	17,690	(2,325)	(3,712)
Net cash flows generated from / (used in) operations	8,803	(5,065)	(11,957)
Interest paid	(2,551)	(181)	(368)
Income tax paid	(3,600)	(103)	(103)
Net cash flows generated from / (used in) operating activities	2,652	(5,349)	(12,428)
Net cash flows generated from investing activities	61,958	892	1,155
Net cash flows generated from / (used in) financing activities	14,339	(63,501)	(63,604)
Net increase / (decrease) in cash and cash equivalents	78,949	(67,958)	(74,877)
Cash and cash equivalents at the beginning of the financial year / period	25,384	104,333	104,333
Cash and cash equivalents at the end of the financial year / period	104,333	36,375	29,456

As illustrated above, for the financial period ended 31 July 2018, our Group experienced ongoing operational losses resulting in RM12.4 million cash used in operating activities which are exhausting our available funds. Without the immediate reallocation of an amount of RM17.0 million, we do not have adequate cash flows from operating activities to meet our Group's requirements for the financial year ending 31 January 2019.

4. EFFECTS OF THE PROPOSED VARIATION

The Proposed Variation will not have any effect on the share capital and substantial shareholders' shareholdings in our Company nor any immediate effect on the Group's earnings, net assets and gearing. The Proposed Variation is expected to contribute positively

to the future earnings of our Group as and when the benefits of the revised utilisation of the proceeds are realised.

Our Company does not have any convertible securities in issue as at the LPD.

5. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Variation is subject to the following approvals being obtained:

- (a) shareholders of our Company at the forthcoming EGM; and
- (b) any other relevant authorities/parties, if required.

The Proposed Variation is not conditional upon any other corporate exercise / scheme of our Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of our Company and/or persons connected with them has any interest, direct or indirect, in the Proposed Variation.

7. DIRECTORS' RECOMMENDATION

Our Board, having considered all aspects of the Proposed Variation including the rationale and benefits of the Proposed Variation as well as the effects of the Proposed Variation, is of the opinion that the Proposed Variation is in the best interest of our Company. Accordingly, our Board recommends that you vote in favor of the resolution in relation to the Proposed Variation to be tabled at the forthcoming EGM of our Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Variation, there are no other corporate exercises or schemes which have been announced by our Company and are pending completion as at the LPD.

9. EGM

The EGM, notice of which is enclosed with this Circular, is to be held at Classics 2, Holiday Villa Subang, No. 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 5 December 2018 at 10:30 a.m., for the purposes of considering and if thought fit, passing the resolution to give effect to the Proposed Variation.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions thereon as soon as possible so as to arrive at the office of the share registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than forty-eight (48) hours before the time stipulated for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Our shareholders are requested to refer to the Appendix of this Circular for further information.

Yours faithfully,
For and on behalf of our Board
COMINTEL CORPORATION BHD

LENG KENG HOK @ LIM KENG HOCK
Managing Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given 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 contained herein false or misleading.

2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

2.1 Material Commitments

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Company which have not been provided for, which upon becoming enforceable may have a material impact on the financial position of our Company.

2.2 Contingent Liabilities

Our Company has provided corporate guarantees to financial institutions for credit facilities granted to subsidiaries amounting to RM137.2 million.

As at the LPD, no values were ascribed on guarantees provided by our Company to secure banking facilities described above as the directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default based on the historical track records of the parties receiving the guarantees is remote.

As at the LPD, our Board is not aware of any other contingent liabilities incurred or known to be incurred by our Company which have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position of our Company.

3. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not engaged, whether as plaintiff or defendant, in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and our Board is not aware of any proceedings, pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position and/or the business of our Group.

Comintel Sdn Bhd v U Television Sdn Bhd & Tan Sri Dato' Seri Vincent Tan Chee Yioun

Federal Court Civil Appeal No.: 08(RS)-2-07/2018(W)

On 16 July 2010, CSB, had filed an action in court against UTV and Tan Sri Dato' Seri Vincent Tan Chee Yioun (as guarantor) (collectively, "**Defendants**").

By a letter of award dated 5 December 2006 ("**Letter of Award**"), CSB was appointed by UTV to undertake the full turnkey works for the re-design, transmission enhancement via digital video broadcast-terrestrial network operation centre relocation and nationwide rollout implementation project at a total contract price of RM115,042,749.83 ("**Project**").

In consideration of CSB agreeing to carry out full turnkey services in respect of the Project for UTV in accordance with the terms of the Letter of Award, Tan Sri Dato' Seri Vincent Tan Chee Yioun executed a guarantee and indemnity dated 12 December 2006.

FURTHER INFORMATION

The disputes between the parties arose with regard to the conduct of a proof of concept site acceptance test during the course of the implementation of the Project. The Letter of Award was subsequently terminated.

CSB filed an action against the Defendants in the Kuala Lumpur High Court ("**High Court**"), for breach of the Letter of Award. CSB claimed against the Defendants for, amongst others, (i) RM11,217,797.84 as general damages and (ii) interests and costs.

In the same suit, UTV counterclaimed against CSB for its failure to perform its contractual obligations under the Letter of Award comprising, amongst others, payment of (i) the sum of RM20,833,053.13 and (ii) interests and costs ("**UTV's Counterclaim**").

By a judgment dated 3 October 2013, the High Court decided amongst others that (i) CSB's claim against the Defendants is allowed in part, where UTV shall make payment to CSB in the sum of RM11,217,797.84 for work done and UTV shall make payment to CSB for special damages in the way of storage and insurance costs of the transmitters in the sum of RM284,905.15 as at 31 October 2012 and still continuing, up to the date of removal of the transmitters by UTV, (ii) UTV is to pay CSB interest at the rate of 5% per annum on the amounts awarded above calculated from 5 July 2010 to the date of full and final settlement, (iii) UTV is to pay costs of RM75,000.00 to CSB and (iv) UTV's Counterclaim is dismissed.

The Defendants appealed to the Court of Appeal ("**Court of Appeal**") against the High Court's judgment. The Court of Appeal dismissed the Defendants' appeal on 28 August 2015 with costs of RM30,000.00 to be paid by the Defendants to CSB.

The Defendants then appealed to the Federal Court. On 18 August 2017, the Federal Court allowed the Defendants' appeal, whereby the decisions of the High Court and Court of Appeal were set aside and it was also decided, amongst others, that (i) UTV's Counterclaim is allowed together with interest at the rate of 8% per annum and (ii) CSB is to pay the Defendants' costs of RM150,000.00 ("**Federal Court Order**").

On 7 September 2017, UTV's solicitors issued a letter to CSB's solicitor demanding the payment of RM20,833,053.00, being UTV's Counterclaim within 21 days from 7 September 2017 and states that UTV will commence enforcement proceedings against CSB if CSB fails to make payment within the stipulated time.

On 15 September 2017, CSB filed a notice of motion to review part of the Federal Court Order where the UTV's Counterclaim was allowed together with interest at the rate of 8% per annum. In the same motion, CSB also sought clarification from the Federal Court on the assessment of the value of the services and equipment supplied by CSB to UTV under the Letter of Award, in view of Federal Court's stated intention to "*put parties back to their original positions*" ("**Motion for Clarification**"). The Motion for Clarification also sought for a stay of the enforcement of the Federal Court Order pending the hearing and final disposal of the Motion for Clarification ("**Stay**"). The Motion for Clarification was withdrawn on 12 October 2017 due to practical reasons and on the advice of the Federal Court. A second notice of motion was filed on 13 October 2017 seeking for the same Motion for Clarification and Stay ("**Second Motion for Clarification**").

On 15 December 2017, CSB's application for a Fortuna Injunction to prevent the presentation of a winding-up petition by UTV against CSB ("**First Fortuna Injunction**") was heard by the High Court.

On 16 January 2018, CSB and UTV agreed to the following terms relating to the First Fortuna Injunction, which were recorded via a consent order ("**Consent Order**"):

- (i) The Defendants agreed to not file, either by themselves or through any of their agents, representatives and/or employees, any winding-up petitions against CSB until 26 January 2018.

FURTHER INFORMATION

- (ii) CSB to pay to the Defendants, costs of RM12,000.00 within 30 days from the date of the Consent Order.
- (iii) Both parties are at liberty to apply.

On 26 January 2018, the Federal Court dismissed the Second Motion for Clarification and each party is to bear its own costs. However, the Federal Court clarified that the interest of 8% per annum shall accrue from the date of the Federal Court Order that is from 18 August 2017.

On 12 June 2018, UTV's solicitors issued a letter to CSB demanding the payment of RM22,198,331.43, being UTV's Counterclaim together with interest within 21 days from 12 June 2018.

On 5 July 2018, CSB filed a notice of motion, amongst others, an order that part of the Federal Court Order which allowed UTV's Counterclaim be set aside on the grounds of breach of natural justice and that the matter to be reheard ("**Review**").

On 9 July 2018, the High Court dismissed CSB's second application for a Fortuna Injunction which was filed on 2 July 2018 with costs of RM12,000.00 ("**HC Decision**") subject to payment of allocator fee. Subsequently on 10 July 2018, CSB filed an appeal to the Court of Appeal against the HC Decision and also filed an order to stay the presentation of the winding up petition, pending the disposal of the appeal against the HC Decision.

On 27 July 2018, CSB was served with a winding-up petition by UTV ("**Winding-Up Petition**"). The hearing for the Winding-Up Petition was fixed on 18 October 2018.

On 2 August 2018, CSB filed an application in the Federal Court for a stay of execution of the Federal Court Order pending the disposal of the Review ("**Stay of Enforcement**").

On 3 September 2018, the Court of Appeal dismissed CSB's application for appeal against the HC Decision, with costs of RM10,000.00 to be paid to UTV subject to payment of allocator fee.

On 2 October 2018, the Federal Court allowed CSB's application for Stay of Enforcement pending the final disposal of the Review. The hearing date for the Winding-Up Petition has been vacated by virtue of an order delivered orally by the Federal Court on 2 October 2018 where the hearing of the Winding-Up Petition shall be adjourned until the final disposal of the Review. The Winding-Up Petition is currently scheduled for case management on 14 January 2019. The hearing for the Review is fixed on 3 January 2019.

Our Board are of the view that CSB have a basis to pursue the Review.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at No. 37, Jalan Pelukis U1/46, Seksyen U1, Temasya Industrial Park, 40150 Glenmarie Shah Alam, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays), from the date of this Circular up to the date of the EGM:

- (i) Constitution of our Company;
- (ii) The audited financial statements of our Company for the financial year ended 31 January 2017 and 31 January 2018 and the latest unaudited results for the financial period ended 31 July 2018; and
- (iii) The relevant cause papers in respect of the material litigation referred to in Section 3 above.



COMINTEL CORPORATION BHD
(Company No. 630068-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of **Comintel Corporation Bhd** ("**Comcorp**" or "**the Company**") will be held at Classics 2, Holiday Villa Subang, No. 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 5 December 2018 at 10:30 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, to pass the following resolution with or without modifications:

ORDINARY RESOLUTION

THE PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM THE DISPOSAL OF 100% EQUITY INTEREST IN BCM ELECTRONICS CORPORATION SDN. BHD., A FORMER WHOLLY-OWNED SUBSIDIARY OF COMCORP TO AURELIUS HOLDINGS SDN. BHD. ("DISPOSAL"), WHICH WAS COMPLETED ON 25 JANUARY 2018 ("PROPOSED VARIATION")

"**THAT** approval be and is hereby granted to the Company to vary the intended manner of utilisation of the proceeds raised from the Disposal as set out in Section 4 of the Circular to Shareholders of the Company dated 29 December 2017 in the manner and to the extent set out in Section 2 of the Circular to Shareholders of the Company dated 19 November 2018.

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised to do all acts, deeds and things as are necessary to give full effect to the Proposed Variation with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Variation."

By Order of the Board

WONG SOON KIONG (LS 0009395)

Company Secretary
Shah Alam
19 November 2018

Notes:

1. A shareholder may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy.
2. An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3. Subject to Note 4 below, a shareholder shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting. If a shareholder appoints 2 proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy and only 1 of those proxies is entitled to vote on show of hands.
4. Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.
5. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
6. An instrument appointing a proxy must be deposited 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 48 hours before the time for holding the meeting or any adjournment thereof.
7. Only shareholders whose names appear in the Record of Depositors and Register of Members as at 27 November 2018 shall be eligible to attend the EGM or appoint proxy to attend and vote on his behalf.
8. Any corporation which is a shareholder can appoint 1 or more corporate representatives who may exercise on its behalf all of its power as a shareholder in accordance with the Companies Act 2016.
9. By submitting the form of proxy, the shareholder accepts and agrees to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the EGM (including any adjournment thereof).



COMINTEL CORPORATION BHD

(Company No. 630068-T)
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____ (Please use block letters)

NRIC / Co. No. _____

of _____

being a member(s) of **Comintel Corporation Bhd**, hereby appoint

NRIC No. _____

of _____

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company to be held at Classics 2, Holiday Villa Subang, No. 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 5 December 2018 at 10:30 a.m. or any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxy/proxies is/are as follows:

First proxy “A”	:	_____ %	No. of Shares Held	:	_____
Second proxy “B”	:	_____ %	CDS A/C No.	:	_____
		<u>100%</u>			

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" or "✓" in the space provided as to how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolution as he/they may think fit)

No.	Ordinary Resolution	First Proxy “A”		Second Proxy “B”	
		For	Against	For	Against
1.	Proposed Variation				

Dated this _____ day of _____ 2018

Signature of Shareholder/Common Seal

Notes:-

1. A shareholder may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy.
2. An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.



3. Subject to Note 4 below, a shareholder shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting. If a shareholder appoints 2 proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy and only 1 of those proxies is entitled to vote on show of hands.
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR OF COMINTEL CORPORATION BHD
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
UNIT 32-01, LEVEL 32, TOWER A, VERTICAL BUSINESS SUITE
AVENUE 3, BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR

1st fold here
