

COMINTEL CORPORATION BHD (“COMCORP” OR THE “COMPANY”)

PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN BCM ELECTRONICS CORPORATION SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF COMCORP (“BCM ELECTRONICS”), TO AURELIUS HOLDINGS SDN BHD (“AURELIUS HOLDINGS” OR “PURCHASER”) FOR A CASH CONSIDERATION OF RM123.8 MILLION (“PROPOSED DISPOSAL”)

1. INTRODUCTION

The Company had on 30 August 2017 announced that Comcorp had entered into a term sheet with Aurelius Holdings to dispose of the entire ordinary shares of BCM Electronics.

On behalf of the Board of Directors (“**Board**”) of Comcorp, Hong Leong Investment Bank Berhad (“**HLIB**”) wishes to announce that the Company had on 19 October 2017 entered into a conditional share sale agreement (“**SSA**”) with Aurelius Holdings (“**Purchaser**”), a newly incorporated investment holding company, in relation to the Proposed Disposal for a cash consideration of RM123.8 million (“**Disposal Consideration**”) (subject to the Settlement of Related Company Advances and Adjustment of Disposal Consideration as set out in Section 2.3 (c) and (d) of this announcement below).

Following the Proposed Disposal, the Board intends to reward its shareholders by way of a special cash dividend from a portion of the Disposal Consideration (“**Proposed Distribution**”).

2. PROPOSED DISPOSAL

2.1 Details of the Proposed Disposal

Pursuant to the SSA, Comcorp shall dispose of 32,869,878 ordinary shares in BCM Electronics (“**BCM Electronics Shares**”), representing 100% equity interest in BCM Electronics to Aurelius Holdings for a cash consideration of RM123.8 million (subject to the Settlement of Related Company Advances and Adjustment of Disposal Consideration as set out in Section 2.3 (c) and (d) below).

The Disposal Consideration is not intended to be settled on a deferred basis. The Company will sell the BCM Electronics Shares to Aurelius Holdings free from all encumbrances and together with all rights and advantages attaching to them.

The Proposed Disposal is deemed a major disposal pursuant to Paragraph 10.11A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

2.2 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration, which excludes goods & services tax, was agreed upon between both parties on a willing-buyer-willing-seller basis, after taking into consideration, amongst others, the Disposal Consideration being approximately 1 time net assets of BCM Electronics of RM123.7 million based on the latest audited financial statements for the financial year ended (“**FYE**”) 31 January 2017.

2.3 Salient terms of the SSA

(a) Conditions Precedent

The obligations of the parties that are set out in SSA are conditional upon the following conditions precedent (“**Conditions Precedent**”) being obtained/fulfilled or waived by the day falling 3 months from the date of the SSA, or such later date as the parties may agree upon:

- (i) the approval of the shareholders of Comcorp at an extraordinary general meeting to be convened for the sale of the BCM Electronics Shares in accordance with the terms and conditions of the SSA;
- (ii) the passing of the resolution of the board of directors of BCM Electronics for the declaration of a dividend-in-specie to Comcorp which is to be undertaken by BCM Electronics prior to the completion of the Proposed Disposal after all the conditions precedent to the completion of the Proposed Disposal have been obtained/fulfilled or waived in accordance with the terms of the SSA (“**Dividend-in-Specie to Comcorp**”);
- (iii) the approval or consent of the financiers/creditors of BCM Electronics;
- (iv) the rectification of the following without any liability on the Company:
 - (1) the Company having notified Malayan Banking Berhad and CIMB Bank Berhad on the resignation of Mr Abdul Majid bin Omar as a director of BCM Electronics effective from 14 July 2017 and the receipt of the approval from Malayan Banking Berhad and CIMB Bank Berhad on such resignation; and
 - (2) the full discharge of the registered fixed charges no. 5, 11 and 13 held in favour of Alliance Bank Malaysia Berhad; and
- (v) the delivery of Comcorp’s disclosure letter setting out exclusions and exceptions to the representations, warranties and indemnities given by Comcorp as set out in the SSA and such disclosure letter being acceptable to the Purchaser.

(b) **Manner of payment of the Disposal Consideration**

The Disposal Consideration, which shall be subject to adjustment for the amount of the Dividend-in-Specie to Comcorp pursuant to the adjustment provision set out in section 2.3(d) below, shall be satisfied by the Purchaser in cash on the business day falling 14 business days after the date that the Conditions Precedent have been fulfilled/obtained/waived and the SSA becomes unconditional in accordance with its terms (“**Unconditional Date**”), or such other date as may be agreed upon between the parties upon which completion of the Proposed Disposal is to take place (“**Completion Date**”).

(c) **Settlement of Related Company Advances**

- (i) As at 31 July 2017 (“**Computation Date**”), there is a net amount of related company advances owing from related companies of BCM Electronics, being Comcorp and its subsidiaries (collectively, the “**Comcorp Group**”) (“**Related Companies**”), to BCM Electronics amounting to RM11.5 million (“**Computation Date Advances Amount**”).
- (ii) The parties acknowledge and agree that the net amount of Related Company Advances (as defined in Section 2.3(d)(i) below) as at the Unconditional Date shall (1) be transferred by BCM Electronics in their entirety to Comcorp through the Dividend-In-Specie to Comcorp effected prior to the completion of the Proposal Disposal and (2) following such transfer belong absolutely to Comcorp.

(d) **Adjustment of Disposal Consideration**

- (i) Comcorp shall, within 7 days after the Unconditional Date, deliver or procure BCM Electronics to deliver to Comcorp and the Purchaser a statement in writing confirming and verifying the net amount of loans and advances extended to BCM Electronics by the Related Companies and loans and advances extended to the Related Companies by BCM Electronics (“**Related Company Advances**”) as at the Unconditional Date (“**Related Company Advances Statement**”).
- (ii) The parties agree that Comcorp shall prior to Completion give effect to the transfer of the entire net amount of the Related Company Advances as at the Unconditional Date to Comcorp via the Dividend-In-Specie to Comcorp.

- (iii) The Disposal Consideration shall be adjusted downwards accordingly by an amount equivalent to the net amount of the Related Party Advances as at the Unconditional Date.

(e) **Release of Guarantees**

Upon completion of the Proposed Disposal:

- (i) the Purchaser must use all reasonable endeavours to as soon as practicable but in any event within 14 business days following completion procure the release of Comcorp from all guarantees provided by Comcorp; and
- (ii) pending the release of any such guarantees, the Purchaser will indemnify and keep Comcorp fully and effectively indemnified from and against all claims, costs, damages or penalties which may be brought, suffered or levied against Comcorp arising under such guarantees (if any) as a result of any default by BCM Electronics or the Purchaser after completion.

(f) **Termination**

(i) Purchaser's right to terminate

The Purchaser shall be entitled to terminate the SSA if, at any time prior to completion of the SSA:

- (1) Comcorp commits any breach or continued breach of any of its obligations under the SSA which:
 - (aa) is incapable of remedy; or
 - (bb) if capable of remedy, is not remedied within 30 days of Comcorp being given notice to do so; or
- (2) any of the representations and warranties given by Comcorp is found at any time to be untrue or inconsistent and such breach of representations and warranties if capable of remedy is not remedied within 30 days of Comcorp being given notice to do so.

(ii) Comcorp's right to terminate

Comcorp shall be entitled to terminate the SSA if, at any time prior to completion of the SSA:

- (1) the Purchaser commits any breach or continued breach of any of its obligations under the SSA which:
 - (aa) is incapable of remedy; or
 - (bb) if capable of remedy, is not remedied within 30 days of the Purchaser being given notice to do so; or
- (2) any of the representations or warranties given by the Purchaser is found at any time to be untrue or inconsistent and such breach of representations or warranties if capable of remedy is not remedied within 30 days of the Purchaser being given notice to do so.

(iii) Termination costs and expenses

- (1) In the event the SSA is terminated due to the default of Comcorp due to the Conditions Precedent not being obtained /fulfilled, Comcorp commits any breach or continued breach of any of its obligations under the SSA or warranties given by Comcorp is found at any time to be untrue or inconsistent and such breach if capable of remedy is not remedied within 30 days of Comcorp being given notice, or by either Party due to non-acceptance of the disclosure letter by Comcorp, Comcorp agrees to reimburse the Purchaser all properly documented transaction costs reasonably and actually incurred by the Purchaser (including solicitors' costs and expenses and reasonable financial, tax and legal due diligence costs and expenses and any other expenses incurred by the Purchaser in connection with the transaction) up to the maximum aggregate amount of RM980,000.00 only within 14 days of the Purchaser having complied with its obligations arising from termination of the SSA as stipulated in the SSA.
- (2) In the event that the SSA is terminated by Comcorp due to the default of the Purchaser, the Purchaser agrees to reimburse Comcorp all mutually agreed and properly documented transaction costs reasonably and actually incurred by Comcorp or BCM Electronics (including solicitors' costs and expenses and advisers' costs for preparing a circular to shareholders to seek shareholders' approval and any other expenses incurred by Comcorp or BCM Electronics in connection with the transaction) up to the maximum aggregate amount of RM1,166,000.00 only within 14 days of Comcorp having complied with its obligations arising from termination of the SSA as stipulated in the SSA.

2.4 Liabilities to be assumed by Aurelius Holdings

There are no liabilities of BCM Electronics to be assumed by Aurelius Holdings following the completion of the Proposed Disposal other than liabilities arising in the ordinary course of business of BCM Electronics.

2.5 Original cost of investment

The original date of investment and cost of investment by Comcorp in BCM Electronics is as follows:

	<u>Date of investment</u>	<u>Cost of investment (RM)</u>
BCM Electronics	11 June 2004	46,365,822.00

2.6 Information on the Purchaser

Aurelius Holdings was incorporated in Malaysia on 25 August 2017 under the Companies Act 2016.

As at 17 October 2017, being the latest practicable date prior to the date of this announcement ("LPD"), the share capital of Aurelius Holdings is RM200 comprising 200 ordinary shares.

As at the LPD, the directors of Aurelius Holdings are Lee Chong Yeow @ Lee Chong Yan and Loh Hock Chiang, who each hold 50% equity interest in Aurelius Holdings.

Prior to the completion of the Proposed Disposal, Aurelius Holdings will be issuing new ordinary shares to existing and new shareholders, which will result in the following final ordinary shareholdings:

- (i) Lee Chong Yeow @ Lee Chong Yan (35.0%)
- (ii) Loh Hock Chiang (35.0%)

(iii) Main Stream Limited* (26.0%)

(iv) South East Asia Finance Capital Inc., acting on behalf of Japan South East Asia Finance Fund L.P. (4.0%)

Note:

* Main Stream Limited is a company incorporated in the British Virgin Islands whose shares are jointly held by Lee Chong Yeow @ Lee Chong Yan and Loh Hock Chiang, with 50.0% equity interest each.

2.7 Information on BCM Electronics

BCM Electronics, a company incorporated on 20 August 1993, is a Malaysian Electronics Manufacturing Services (“EMS”) entity that provides turnkey manufacturing services. BCM Electronics provides printed circuit board assembly, sub-system assembly and box build manufacturing services to original equipment manufacturers (“OEM”) of telecommunication equipment, network equipment, tracking and monitoring devices, power solutions and telemetric products.

BCM Electronics’ portfolios of products manufactured are mainly for applications in the telecommunications, transportations, power solutions and oil and gas industries. The products manufactured by the manufacturing segment are mainly for export markets.

Further information on BCM Electronics is set out in Appendix I of this announcement.

3. UTILISATION OF PROCEEDS

The Disposal Consideration will be reduced by the Computations Date Advances Amount. As stipulated in the SSA, the amount owed by the Comcorp Group to BCM Electronics as at 31 July 2017 amounts to RM11.5 million. The resulting net proceeds of RM112.3 million are expected to be utilised in the following manner:

Details of use	RM’ million	Estimated timeframe for utilisation from Completion Date of the Proposed Disposal
Development of the Comcorp’s green waste management and waste-to-energy businesses ⁽¹⁾	40.0	Within 18 months
Working capital ⁽²⁾	8.2	Within 12 months
Proposed Distribution ⁽³⁾	63.0	Within 3 months
Defray estimated expenses in relation to the Proposed Disposal (“ Transaction Costs ”) ⁽⁴⁾	1.1	Within 1 month
Total	112.3	

Notes:

(1) The Company proposes to utilise the proceeds for the development and expansion of its green waste management and waste-to-energy businesses, particularly in converting plantation biomass waste and Municipal Solid Waste into electricity and thermal power, which will represent the key focus of the Company following the completion of the Proposed Disposal.

As set out in Section 6.2 below, the Company plans to further develop waste-to-energy projects and finalising its plan to launch green waste management business. The proceeds of the Proposed Disposal will provide the Company with the necessary funds to capitalise on such opportunities and/or projects as and when they arise.

- (2) The Company proposes to utilise the proceeds for general working capital requirements of Comcorp Group, which includes but not limited to general administrative and other operating expenses such as staff salaries and payment to suppliers for its renewable energy business segment. In the event that the net proceeds of the Proposed Disposal are less than or exceeds RM112.3 million following the Dividend-in-Specie to Comcorp prior to the completion of the Proposed Disposal, the shortfall/surplus will be deducted from/added to the proceeds allocated for general working capital of the Comcorp Group.
- (3) Upon the completion of the Proposed Disposal, the Board intends to return a portion of the Disposal Consideration to shareholders via a special cash dividend.

Tentatively, the amount to be distributed to entitled shareholders will be approximately RM0.45 per ordinary share in Comcorp ("**Comcorp Share**") amounting to approximately RM63.0 million. The actual amount to be distributed will be determined and announced at a later stage. Shareholders should note that the amount of distribution mentioned is a preliminary estimate and shall not be deemed as the final distributable amount. The quantum of special cash dividend to be declared is dependent on the availability of sufficient distributable profits and the Company being in a position to comply with the provisions of Section 131(2) of the Companies Act 2016 as at the date of declaration of the proposed dividend.

- (4) About RM1.1 million of the proceeds raised will be used to defray expenses incurred in relation to the Proposed Disposal. These expenses include professional fees, fees payable to the relevant authorities and other ancillary expenses. If the actual expenses incurred are higher/lower than budgeted, any deficit/surplus will be funded from/added to the portion allocated for working capital of the Comcorp Group.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal provides an opportunity for the Company to unlock and realise the value of its investments in BCM Electronics.

In the past, BCM Electronics has been largely dependent on large-scale contracts related to overseas multinational OEM companies and continuous capital investment for technology refresh to maintain its competitive edge. Given the highly competitive and specialised nature of the EMS industry, there is limited leverage to further increase the competitive edge of the Comcorp Group in the EMS and EMS-related industries. If Comcorp is not able to continue to maintain the competitiveness of the EMS business, there could be adverse impact of potentially losing its key customers to its competitor(s). The factors that may hamper the Comcorp Group's competitive edge are set out below:

- (i) Size of competitors

Most of BCM Electronics' competitors have substantially greater resources and greater geographically diversified international operations. BCM Electronics has only one manufacturing site. Due to its size and lack of economies of scale, BCM Electronics has little bargaining strength in material purchasing.

- (ii) High material costs and rising cost of labour

Material cost and labour cost, represent more than 85% and more than 5% respectively of the total cost of sales of BCM Electronics for the past 5 FYEs. High material cost, rising cost of labour and rising operational costs may adversely impact BCM Electronics' competitive edge.

(iii) Capital investment requirements

Keeping up with technology advances is paramount to ensure BCM Electronics' competitiveness. Financial ability to continuously support substantial capital investment in both machinery and human capital are pivotal for BCM Electronics' business to remain sustainable in the EMS industry.

(iv) Dependence on key customers

BCM Electronics is dependent on its top five (5) key customers who contributed approximately 90% of its revenue for the past five (5) FYEs. Customers are demanding their EMS partner to have total integrated services capability, including manufacturing of plastic and mechanical component parts, in order to maintain cost competitiveness. Lack of R&D capability and no economies of scale for vertical integration will pose further threats for BCM Electronics' ability to meet its customers' requirements and to continue receiving contracts from them.

(v) Tax Benefits

Tax benefits such as Reinvestment Allowances enjoyed by BCM Electronics have been almost fully utilised as at FYE 31 January 2017. Therefore, BCM Electronics will be subjected to a higher effective tax rate subsequent to the FYE 31 January 2017 and this will impact its net earnings in the future.

Additionally, the Board also views the Proposed Disposal as an opportunity for the Company to reprioritise its business focus and resources into further growing its existing waste-to-energy business. Its maiden waste-to-energy 2 megawatt plant in Kuang ("**Kuang IPP**") is expected to be fully commissioned and revenue generating in the fourth quarter of the financial year ending 31 January 2018. The Kuang IPP will provide a recurring income to the Comcorp Group. The Company also intends to venture into the green waste management business.

The Comcorp Group views both the waste-to-energy and green waste management business prospects be encouraging and expects it to provide Comcorp Group with a sustainable business portfolio moving forward. As such, the Comcorp Group intends to use part of the Disposal Consideration for its future investments in both the businesses.

5. EFFECTS OF THE PROPOSED DISPOSAL

5.1 Share capital and substantial shareholders' shareholding

The Proposed Disposal will not have any effect on the issued share capital of Comcorp as well as substantial shareholders' shareholdings in Comcorp.

5.2 Earnings and earnings per share ("EPS")

The Company is expected to realise a one-off gain on disposal of approximately RM76.3 million (after netting off Transaction Costs) arising from the Proposed Disposal based on the audited consolidated financial statements of Comcorp for the FYE 31 January 2017, this represents an EPS of approximately RM0.55 per Comcorp Share.

5.3 Net assets (“NA”) and gearing

The pro forma effects of the Proposed Disposal on the NA per Comcorp Share and gearing ratio of the Comcorp Group based on the audited consolidated financial statements of Comcorp as at 31 January 2017 are as follows:

			Pro forma I
	Audited as at 31 January 2017 (RM '000)	⁽¹⁾Subsequent event adjustment (RM'000)	After Proposed Disposal (RM '000)
Share capital	70,000	95,745	95,745
Share premium	25,745	-	-
Other reserves	6,388	6,388	1,215
Retained profits ⁽²⁾	30,110	30,110	34,205
Shareholders' funds/NA	132,243	132,243	131,165
No. of Comcorp Shares in issue	140,000	140,000	140,000
NA per Share (RM)	0.94	0.94	0.94
Total borrowings	64,696	64,696	14,445
Gearing ratio (times)	0.49	0.49	0.11

Notes:

(1) Pursuant to Section 618 of the Companies Act 2016, the amount standing to the credit of Comcorp's share premium shall become part of Comcorp's Share capital.

(2) Incorporates the effects of the following:

- a) Gain of RM77.4 million arising from the Proposed Disposal; and
- b) Transaction Costs to be incurred for the Proposed Disposal of approximately RM1.1 million.

6. LISTING STATUS AND FUTURE PLANS

6.1 Listing status

Upon completion of the Proposed Disposal, Bursa Securities may classify the Company as a “Cash Company” pursuant to paragraph 8.03 and Practice Note 16 (“PN16”) of the Listing Requirements. Pursuant to paragraph 8.03(1) of the Listing Requirements, a company may be considered by Bursa Securities as a Cash Company when its assets, on a consolidated basis, consists of 70% or more of cash or short-term investments, or a combination of both.

In the event the Company is classified as a Cash Company, at least 90% of its cash and short-dated securities, including existing cash and the net proceeds from the Proposed Disposals (after deducting Transaction Costs), must be placed in an account opened with a financial institution licensed by Bank Negara Malaysia and operated by a custodian. The amount placed in this account can only be utilised for the proposed acquisition of a business/asset approved by the Securities Commission Malaysia or for distributions to shareholders in the event the Company does not successfully implement a proposal to acquire a business/asset within the stipulated timeframe.

Upon completion of the Proposed Disposal, Bursa Securities may also classify Comcorp as an “Affected Listed Issuer” under Paragraph 8.03A of the Listing Requirements (“**Affected Listed Issuer**”), as the Company may be deemed to have triggered the following prescribed criteria:

- (i) suspended or ceased all of its business or major business; or its entire or major operations as a result of the Proposed Disposal; or
- (ii) has an insignificant business or operations after the completion of the Proposed Disposal.

Pursuant to paragraphs 8.03(5) and 8.03A(3) of the Listing Requirements, the Company is required to regularise its condition within 12 months from the day it becomes a Cash Company or Affected Listed Issuer. In the event the Company fails to regularise its condition within the stipulated timeframe, the Company’s listed securities may be suspended and the Company may be de-listed from the Official List of Bursa Securities.

It is the intention of the Board to maintain the listing status of Comcorp. The Board will endeavour to take the necessary steps to venture into other viable businesses (as set out in Section 6.2 of this announcement).

6.2 Future plans

As explained in Section 4, the Company’s strategic plan is to focus on both the waste-to-energy and green waste management business

Upon commissioning of the Kuang IPP, the Company plans to further develop similar new waste-to-energy projects and is currently evaluating a few sites in Malaysia particularly Penang and Johor. The new waste-to-energy projects will require approximately 24-30 months developmental period and the Company would be able recognise revenue upon full commissioning of the new waste-to-energy projects.

The Company is also currently finalising its plans to launch its foray into the green waste management business via undertaking the development of Integrated Municipal Waste Management Facilities in Vietnam, Philippines and Brunei. The Company may focus on development contracts at the initial stages of the green waste management business.

7. RISK FACTORS

7.1 Completion risks

Completion of the Proposed Disposal is conditional upon the conditions precedent set out in the SSA being met and/or waived, including the approvals from the relevant authorities, parties and/or shareholders of Comcorp. There can be no assurance that such approvals and/or conditions will be obtained/fulfilled. Notwithstanding this, Comcorp will take all reasonable measures to fulfil all the conditions precedent to ensure the completion of the Proposed Disposal within the agreed timeline as set out in the SSA.

7.2 Loss of contribution and future income from BCM Electronics

Upon completion of the Proposed Disposal, BCM Electronics, which is a major contributor to the Comcorp Group in terms of revenue and profitability, will no longer be a subsidiary of the Company and Comcorp will cease consolidating the results of BCM Electronics. For the FYE 31 January 2017, BCM Electronics contributed approximately 97.3% to the Comcorp Group’s total revenue and the entire profit before tax and interest of the Comcorp Group.

The Company intends to utilise approximately RM40.0 million from the proceeds arising from the Proposed Disposal to develop the green waste management and waste-to-energy business segment of the Comcorp Group to enhance Comcorp Group's income-generating capability. However, there is no assurance that the Company will be able to grow this segment or finding suitable means to develop and expand its green waste management and waste-to-energy businesses and potential investments or that the future investments will be successful and able to generate sufficient earnings to compensate for the loss of contribution arising from the Proposed Disposal.

To mitigate such risks, the Company will actively and prudently seek to identify suitable means to develop and expand its green waste management and waste-to-energy businesses and potential investments, including assessing the merits and risks of each investment as well as conducting due diligence on the potential investments.

8. APPROVALS REQUIRED

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

- (i) the approval of at least 75% in value of the shareholders of Comcorp present and voting either in person or by proxy for the Proposed Disposal at an extraordinary general meeting to be convened; and
- (ii) any other relevant authorities or parties, if required.

9. CONDITIONALITY OF THE PROPOSED DISPOSAL

The Proposed Distribution is not conditional upon any other corporate exercises announced by the Comcorp Group.

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

Save as disclosed below, none of the Directors or major shareholders of Comcorp and/or persons connected to the Directors and/or major shareholders have any interest, direct and/or indirect, in the Proposed Disposal:

- (i) Loh Hock Chiang is an Executive Director of the Company and a shareholder of Aurelius Holdings. As at the LPD, Loh Hock Chiang holds a direct interest of 0.07% in Comcorp; and
- (ii) Lee Chong Yeow @ Lee Chong Yan is the Chief Executive Officer of BCM Electronics and a shareholder of Aurelius Holdings. He is a person connected to Loh Hock Chiang by virtue of them being the shareholders of Aurelius Holdings.

Loh Hock Chiang has abstained and will continue to abstain from all deliberations and voting pertaining to the Proposed Disposal at the relevant board meetings of Comcorp.

Loh Hock Chiang and Lee Chong Yeow @ Lee Chong Yan will abstain from voting in respect of their direct and indirect shareholdings in the Company, if any, and will ensure that persons connected to them shall abstain from voting in respect of their direct and indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Disposal at the extraordinary general meeting.

11. ADVISERS

HLIB has been appointed as the Principal Adviser to the Company for the Proposed Disposal.

As the Proposed Disposal represents a major disposal and a related party transaction pursuant to Paragraph 10.11A and Paragraph 10.08, respectively, of the Listing Requirements, Comcorp has appointed KAF Investment Bank Berhad on 17 October 2017 as the Independent Adviser in relation to the Proposed Disposal.

The role of the Independent Adviser is as follows:

- (i) to comment as to whether the Proposed Disposal is fair and reasonable in so far as the shareholders of Comcorp are concerned, including the reasons for, the key assumptions made and the factors taken into consideration in forming such opinion;
- (ii) to advise the shareholders of Comcorp on whether they should vote in favour of the Proposed Disposal; and
- (iii) to take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subparagraphs (i) and (ii) above.

12. DIRECTORS' STATEMENT

The Board (save for Mr Loh Hock Chiang who has abstained and will continue to abstain from all deliberations on the Proposed Disposal), having considered all aspects of the Proposed Disposal, including but not limited to the rationale, basis of the Disposal Consideration, effects of the Proposed Disposal and the preliminary independent advice of KAF Investment Bank Berhad, is of the opinion that the Proposed Disposal is in the best interest of the Company.

The Directors do not intend to seek other alternative bids for the acquisition of BCM Electronics.

The Board is satisfied that Aurelius Holdings has adequate financial resources to acquire BCM Electronics.

13. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of the Company, having considered all aspects of the Proposed Disposal, including but not limited to the rationale, the basis of the Disposal Consideration and effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the non-interested shareholders of the Company.

In arriving at the above view, the Audit Committee had taken into consideration, among others, the following:

- (i) the terms and conditions of the SSA;
- (ii) preliminary advice of the Independent Adviser;
- (iii) the basis of arriving at the Disposal Consideration; and
- (iv) the rationale and financial effects of the Proposed Disposal.

14. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING TWELVE MONTHS

As at the date of this announcement, there are no other related party transactions entered into between the Company and Aurelius Holdings for the twelve months preceding the date of this announcement.

15. ESTIMATED TIMEFRAME FOR SUBMISSION TO RELEVANT AUTHORITIES AND COMPLETION

The circular to the shareholders of Comcorp for the Proposed Disposal is expected to be submitted to Bursa Securities within two months from the date of this announcement.

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Disposal is expected to be completed by the first quarter of 2018.

16. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) Chapter 10 of the Listing Requirements is 153.15%.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The SSA will be made available for inspection at the registered office of the 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 Monday to Friday (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 20 October 2017.

INFORMATION ON BCM ELECTRONICS

1. History and business

BCM Electronics, a wholly-owned subsidiary of Comcorp was incorporated in Malaysia on 20 August 1993 under the Companies Act, 1965 as a private limited company. BCM Electronics is a Malaysian EMS entity that provides turnkey manufacturing services.

BCM Electronics' principal activities consist of providing printed circuit board assembly, sub-system assembly and box build manufacturing services to original equipment manufacturers of telecommunication equipment, network equipment, tracking and monitoring devices, power solutions and telemetric products.

BCM Electronics' portfolios of products manufactured are mainly for application in telecommunications, transportations, power solutions and oil and gas industries. The products manufactured are mainly for export market.

2. Share capital

The issued share capital of BCM Electronics as at the LPD are as follows:

	No. of shares	Total RM
<u>Issued</u>		
Ordinary shares	32,869,878	⁽¹⁾ 45,864,068

Note:

(1) Pursuant to Section 618 of the Companies Act 2016, the amount standing to the credit of BCM Electronics' share premium shall become part of BCM Electronics' capital.

3. Board of directors

The directors of BCM Electronics and their respective shareholdings in BCM Electronics as at the LPD are as follows:

Directors	Designation	Nationality	Direct		Indirect	
			No. of ordinary shares	%	No. of ordinary shares	%
Tan Sri Dato' Seri Ahmad Ramli Bin Mohd Nor	Director	Malaysian	-	-	650,000	0.46
Leng Keng Hok @ Lim Keng Hock	Director	Malaysian	-	-	42,827,090	30.59
Loh Hock Chiang	Director	Malaysian	-	-	100,000	0.07

4. Substantial shareholder

BCM Electronics is a wholly-owned subsidiary of Comcorp.

INFORMATION ON BCM ELECTRONICS

5. Subsidiary and associated companies

BCM Electronics does not have any subsidiary or associated companies as at the LPD.

6. Financial information

A summary of the historical financial information of BCM Electronics based on its audited financial statements for the FYE 31 January 2015 to 2017 and the 6 months financial period ended ("FPE") 31 July 2017 is set out below:

	FYE 31 January			FPE 31 July
	2015 (RM'000)	2016 (RM'000)	2017 (RM'000)	2017 (RM'000)
Revenue	297,850	360,194	395,946	186,863
Profit before taxation ("PBT")	8,201	24,116	25,998	9,377
Profit after taxation ("PAT") attributable to owners of the Company	7,969	21,533	24,611	7,724
Earnings per share (RM)	0.24	0.66	0.75	0.23
Number of shares outstanding ('000)	32,870	32,870	32,870	32,870
Share capital	45,864	45,864	45,864	45,864
NA attributable to owners of the Company	76,026	97,559	123,712	131,435
NA per share (RM)	2.31	2.97	3.76	4.00
Total borrowings	81,588	78,069	50,251	62,971
Current ratio (times)	1.34	1.53	1.90	1.81
Gearing ratio (times)	1.07	0.80	0.41	0.48

Financial commentaries:**FYE 31 January 2016 vs. FYE 31 January 2015**

BCM Electronics recorded a 20.93% or RM62.34 million increase in revenue from RM297.85 million for the FYE 31 January 2015 to RM360.19 million for the FYE 31 January 2016. The increase was contributed by higher shipment of tracking devices for asset management for one of BCM Electronics' customers. The weak Ringgit had also contributed to the higher RM revenue as most of BCM Electronics' revenues are derived from United States Dollar denominated sales.

PBT increased by 194.06% or RM15.92 million from RM8.20 million for the FYE 31 January 2015 to RM24.12 million for the FYE 31 January 2016. This is largely due to the increase in revenue as well as the continuous cost improvement initiatives to improve productivity and efficiency such as controlling factory overhead and administrative expenses to achieve cost reduction target.

INFORMATION ON BCM ELECTRONICS

FYE 31 January 2017 vs. FYE 31 January 2016

BCM Electronics recorded revenue of RM395.95 million in FYE 31 January 2017, representing an increase of 9.93% or RM35.76 million as compared to RM360.19 million recorded for the FYE 31 January 2016. The increase was due to an increase in demand of tracking devices from one of BCM Electronics' customers.

PBT increased by 7.8% or RM1.88 million from RM24.12 million for the FYE 31 January 2016 to RM26.00 million for the FYE 31 January 2017. This was due to higher shipment of better margin products.

Unaudited 6 months FPE 31 July 2017 vs. unaudited 6 months FPE 31 July 2016

BCM Electronics recorded revenue of RM186.86 million for the FPE 31 July 2017, representing a slight increase of 1.50% or RM2.76 million as compared to the corresponding 6 months FPE 31 July 2016 of RM184.10 million.

PBT for the corresponding 6 months FPE 31 July 2016 was RM12.28 million and the PBT for the current 6 months FPE 31 July 2017 was RM9.38 million, a decrease of 23.6% or RM2.90 million. The decrease in PBT was a result of lower shipment of higher margin products, together with higher labour and operational cost.