

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

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

*Bursa Malaysia Securities Berhad ("Bursa Securities") has perused Part A prior to its issuance on a limited review basis pursuant to the provisions of the Practice Note 18 of the Main Market Listing Requirement ("Listing Requirements") of Bursa Securities but has not perused the contents of Part B prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Listing Requirements for the Main Market of Bursa Securities.*

*Bursa Securities takes no responsibility for the contents of this Circular/Statement and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.*



www.komark.com.my  
Registration No.199601001919 (374265-A)  
(Incorporated in Malaysia)

**PART A  
CIRCULAR TO SHAREHOLDERS  
IN RELATION TO**

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**PART B  
STATEMENT TO SHAREHOLDERS  
IN RELATION TO THE**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS  
OWN ORDINARY SHARES**

The above proposals will be tabled as special business at the Twenty-Fourth ("24<sup>th</sup>") Annual General Meeting ("AGM") of the Company which to be conducted entirely through live streaming from the broadcast venue at Meeting Room TR12-R02, 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 22 October 2020 at 10.00 a.m. Notice of the 24<sup>th</sup> AGM dated 28 August 2020 together with the Form of Proxy are set out in the Annual Report of the Company for the financial year ended 30 April 2020.

If you are unable to participate the 24<sup>th</sup> AGM in person, please complete and return your Form of Proxy in accordance with the instructions therein as soon as possible. Your Form of Proxy should reach the Company's Share Registrar at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, alternatively can be submitted via Boardroom Smart Investor Portal at [www.boardroomlimited.my](http://www.boardroomlimited.my) not later than 48 hours before the time appointed for holding the AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting in person at the Meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 20 October 2020 at 10.00 a.m.  
Date and time of the AGM : Thursday, 22 October 2020 at 10.00 a.m.

This Circular is dated 28 August 2020

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Statement.

"Act"	:	Companies Act 2016, as amended from time to time including any re-enactment thereof
"AC"	:	Audit Committee
"AGM"	:	Annual General Meeting
"Board"	:	Board of Directors of Komark
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Circular"	:	This circular to the shareholders of Komark dated 28 August 2020
"Company or Komark"	:	Komarkcorp Bhd (Registration No.199601001919 (374265-A))
"Director"	:	Shall have the meaning given in Section 2 (1) of the CMSA 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.
"EPS"	:	Earning per Share
"Group"	:	Komark and its subsidiaries
"Key Alliance"	:	Key Alliance Group Berhad (Registration No.: 200301007533 (609953-K))
"Komark Share(s) or Share(s)"	:	Ordinary Share(s) in Komark
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time
"LPD"	:	11 August 2020, being the latest practicable date prior to the printing and dispatch of this Statement
"Major shareholder"	:	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 person who has an interest or interests in one or more voting shares in the Company (or any other company which is its subsidiary or holding company) and the number or aggregate number of those shares is: (a) 10% or more of the total number of voting shares in the company; or (b) 5% or more of the total number of 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 8 of the Act.
"Minister"	:	The Minister charged with the responsibility for companies
"NA"	:	Net assets attributable to ordinary equity holders of the Company
"Person Connected"	:	Shall have the same meaning as in Chapter 1.01 of the Listing Requirements
"Proposed New Shareholders' Mandate for RRPT"	:	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature

"Purchased Shares"	:	Shares to be purchased by Komark pursuant to the proposed authority for share buy-back authority
"Recurrent Related Party Transactions or RRPTs"	:	Related party transaction which is recurrent, of a revenue or trading nature which is necessary for the Group's day-to-day operations and is entered into by the Group in the ordinary course of business which involves the interest, direct or indirect, of a Related Party
"Related Party Transactions"	:	A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a related party
"Related Party or Parties"	:	A Director, a Major Shareholder or a Person Connected with such Director or Major Shareholder as defined in Paragraph 10.02 of the Listing Requirements
"RM"	:	Ringgit Malaysia
"Rules"	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
"Shares"	:	Ordinary shares of Komark
"Statement"	:	This Statement to the Shareholders of Komark dated 28 August 2020
"Substantial Shareholder"	:	Shall have the meaning given in Section 136 of the Act
"Toprint"	:	Toprint Packaging Sdn Bhd (Registration No.: 201401024486 (1100574-A))
"Treasury Shares"	:	The Purchased Shares which are or will be retained in treasury by the Company and shall have the meaning given under Section 67A of the Act.

All references to "you" in this Statement are to the shareholders of the Company.

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 gender, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any legislation or guideline in this Statement is a reference to that legislation or guideline as amended or re-enacted from time to time.

Any reference to time of day in this Statement is a reference to Malaysian time, unless otherwise stated.

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**PART A**

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**



www.komark.com.my  
Registration No.199601001919 (374265-A)  
(Incorporated in Malaysia)

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

28 August 2020

**Board of Directors:**

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad (*Chairman/ Independent Non-Executive Director*)

Mr. Koh Chie Jooi (*Executive Director/ Group Chief Operating Officer*)

Mr. Roy Ho Yew Kee (*Independent Non-Executive Director*)

Mr. Teh Foo Hock (*Independent Non-Executive Director*)

En. Ihsan Bin Ismail (*Independent Non-Executive Director*)

Mr. Koo Kien Keat (*Independent Non-Executive Director*)

**To: The Shareholders of KOMARKCORP BERHAD**

Dear Sir/Madam,

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")**

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**1. INTRODUCTION**

On 17 August 2020, the Board of Komark announced that the Company proposes to seek the approval from its shareholders for a Proposed New Shareholders' Mandate in relation to recurrent related party transaction of a revenue or trading nature with the Related Party(ies) in the ordinary course of business which are necessary for the Komark Group's day-to-day operations.

The purpose of this Circular is to provide you with the relevant information on the Proposed New Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming Twenty-Fourth ("24<sup>th</sup>") AGM of Komark as Special Business, the Notice of which is set out in the Annual Report of Komark for the financial year ended 30 April 2020 accompanying this Circular.

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE ATTACHED APPENDIX BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED NEW SHAREHOLDERS'S MANDATE AT THE FORTHCOMING AGM OF KOMARK.**

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## 2. DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

### 2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of Chapter 10 of the Listing Requirements, the Company may seek shareholders' mandate for related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company, subject to the following:-

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties 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 Company with a share capital of RM60.0 million and above must immediately announce such RRPT where:
  - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
  - (ii) the percentage ratios of such Recurrent Related Party Transactions is 1% or more;whichever is the higher;
- (c) Komark's circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities;
- (d) In a meeting to obtain shareholders' mandate, the Related Party with any interest, direct or indirect ("interested related party") must not vote on the resolution in respect of the related party transaction; an interested related party who is a corporation, director or major shareholder must ensure that persons connected with it abstain from voting on the resolution in respect of the related party transaction; and where the interested related party is a person connected with a corporation, a director or shareholder must not vote on the resolution in respect of the related party transaction; and
- (e) Komark shall immediately announce to Bursa Securities when the actual value of the Recurrent Related Party Transactions entered into by the Komark Group exceeds the estimated value of the Recurrent Related Party Transactions disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where Komark has procured shareholders' mandate pursuant to the above, the provision of paragraph 10.08 of the Listing Requirements shall not apply.

### 2.2 Principal Activities of the Komark Group

The principal activity of the Company is investment holding and provision of management services to its subsidiaries.

The principal activities of the Company's subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Shareholding	Principal activities
General Labels & Labelling (M) Sdn Bhd	Malaysia	100%	Manufacturing of self-adhesive labels and stickers, and labelling machines and trading of related products
Komark International (M) Sdn Bhd	Malaysia	100%	Manufacturing of self-adhesive labels
General Labels & Labelling (JB) Sdn Bhd	Malaysia	100%	Manufacturing of self-adhesive labels and stickers, and trading of related products
Komark Mask (M) Sdn Bhd	Malaysia	51%	Manufacturing of Disposal Surgical Face Mask and Protective Apparels

Name of Subsidiaries	Country of Incorporation	Shareholding	Principal activities
General Labels & Labelling Pte Ltd	Singapore	100%	Printer of labels and stickers
Komark (Thailand) Co., Ltd	Thailand	100%	Manufacturing and selling of self-adhesive labels
PT Komark Labels and Labelling Indonesia	Indonesia	100%	Manufacturing and trading of self-adhesive labels

### 2.3 Class of Related Party Transactions

The Proposed New Shareholders' Mandate will apply to transactions with the following Related Party (with their principal activities and relationship with Komark detailed below):-

Name of Related Party	Principal Activities	Relationship of Related Parties with Komark
Toprint	Printing for Packaging	<p><b>Mr. Koh Hong Muan @ Koh Gak Siong</b></p> <ul style="list-style-type: none"> <li>- Director and Shareholder of Toprint who has direct interest of 99.95% in Toprint representing 101,501 ordinary shares of Toprint</li> <li>- Shareholder of Komark who has direct/indirect interest of 0.00007% in Komark, representing 143 ordinary shares of Komark</li> <li>- Father of Mr. Koh Chie Jooi and Mr. Koh Chee Hao</li> </ul> <p><b>Mr. Koh Chee Hao</b></p> <ul style="list-style-type: none"> <li>- Director and Shareholder of Toprint who has direct interest of 0.05% in Toprint representing 49 ordinary shares of Toprint</li> <li>- Son of Mr. Koh Hong Muan @ Koh Gak Siong</li> <li>- Brother of Mr. Koh Chie Jooi</li> </ul>

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**Class of Related Party Transactions (continued)**

Name of Related Party	Principal Activities	Relationship of Related Parties with Komark
Toprint	Printing for Packaging	<p><u>Person connected to Mr. Koh Hong Muan @ Koh Gak Siong and Mr. Koh Chee Hao</u></p> <p><b>Mr. Koh Chie Jooi</b></p> <ul style="list-style-type: none"> <li>- Director of Komark and deemed interested in Komark through his father, Mr. Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd, collectively has direct interest of 0.00007% in Komark, representing 143 ordinary shares of Komark</li> <li>- Son of Mr. Koh Hong Muan @ Koh Gak Siong</li> <li>- Brother of Mr. Koh Chee Hao</li> </ul>
Key Alliance	Data Center, Information Technology service provider, Interior Design and Renovation service provider	<p><b>YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad</b></p> <ul style="list-style-type: none"> <li>- Director of Key Alliance</li> <li>- Director of Komark</li> </ul> <p><b>Mr. Roy Ho Yew Kee</b></p> <ul style="list-style-type: none"> <li>- Managing Director and Shareholder of Key Alliance who has direct interest of 0.023% in Key Alliance, representing 200,000 ordinary shares of Key Alliance</li> <li>- Director of Komark</li> </ul>

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## 2.4 Nature of RRPT and Estimated Value

The Proposed New Shareholders' Mandate will enable Komark Group to understand the following RRPTs (shown with their respective estimated value per annum):-

Transacting parties within the Komark Group	Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Estimated Value of RRPT (RM)*
Komark Group	Toprint@	Sales of high-end labels to Toprint	Mr. Koh Hong Muan @ Koh Gak Siong Mr. Koh Chee Hao Mr. Koh Chie Jooi	2,000,000
Komark Group	Toprint@	Sales of boxes, prepaid cards, low end labels, punch cards, name cards, A4 papers, printed forms to Komark Group	Mr. Koh Hong Muan @ Koh Gak Siong Mr. Koh Chee Hao Mr. Koh Chie Jooi	5,000,000
Komark Group	Key Alliance	<ul style="list-style-type: none"> <li>i) Provision of Information and Communication Technology ("ICT") services.</li> <li>ii) Installation of Enterprise Resource Planning ("ERP") systems.</li> <li>iii) Installation of security and Closed-Circuit Television ("CCTV") monitoring</li> <li>iv) Installation of Internet of Things ("IOT") devices</li> <li>v) Installation of covid-19 preventive measures.</li> <li>vi) Migration of various operating platforms to cloud based.</li> </ul>	Mr. Roy Ho Yew Kee YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	5,000,000

Note:

\* The estimated transaction values of the RRPT during the validity period of mandate as set out above are for the period from the conclusion of the forthcoming AGM of Komark until the conclusion of the next AGM of Komark and may vary subject to change.

@ There are on-going transactions between Komark Group and Toprint. However, the aggregate value of transactions was not more than the threshold prescribed under paragraph 10.09 (1) of Chapter 10 of the Listing Requirements.

## **2.5 Rationale and Benefits for the RRPT**

The rationale for and benefits of the Proposed New Shareholders' Mandate for RRPT to Komark Group are as follow:-

- i) The Proposed New Shareholders' Mandate for RRPT will facilitate transactions with the Related Parties which are carried out in the ordinary course of business of the Komark Group and are mainly for the support of the Group in its day-to-day operations. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and which may arise at any time and from time to time;
- ii) The Proposed New Shareholders' Mandate for RRPT are made on an arm's length basis and on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and not in the Company's opinion detrimental to the minority shareholders;
- iii) The Proposed New Shareholders' Mandate for RRPT will enhance the Komark Group's ability to pursue business opportunities which may be time sensitive, frequent nature and confidentiality of such transaction, and it may be impractical to seek shareholders' approval on a case-by-case before entering into such transactions;
- iv) The sale to the Related Parties benefits Komark Group as they contribute to the Komark Group's revenue and profitability;
- v) The purchase from Related Parties benefits Komark Group as it allows the Group to be more competitive in terms of product pricing and response time in the manufacturing of apparels and creates an extensive network of manufacturing operations for the Group. These will help to increase availability and fulfill customer demands, reduce inventory lead time and better utilization of resources; and
- vi) The Proposed New Shareholders' Mandate RRPT will eliminate the need to make regular announcements or convene separate general meetings from time to time to seek shareholders' mandate approval, thereby reducing the administrative time and cost in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to the Komark Group.

## **2.6 Review Procedures**

The Komark Group has established various procedures to ensure that RRPTs are undertaken at arm's length basis and on normal commercial terms which are consistent with the Komark Group's normal business practices and policies, on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

To monitor the RRPT, the following review procedures are implemented:-

- a) The transactions with the Related Party or Parties will only be entered into after taking into account the pricing, and other related factors, which are generally on terms not more than those extended to unrelated third parties and are not to the detriment of the minority shareholders;
- b) The Group is made aware of the requirements to monitor, and shall put in place proper processes or systems to record and report on all RRPT for compilation and reporting to the Audit Committee;
- c) The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces and other relevant factors. At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as a 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. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, the transaction price will be determined by usual business practices of the Komark Group to ensure the RRPTs are not detrimental to Komark Group;
- d) All RRPT will be reviewed monthly by the management of Komark to ensure that they are within the shareholders' mandate obtained;

- e) Records will be maintained by the management of Komark to capture all RRPT entered into pursuant to the Proposed New Shareholders' Mandate;
- f) Additional information pertaining to the RRPT may be requested from independent sources or advisers, if required;
- g) There are no specific thresholds for approval of RRPT. The Audit Committee will review all RRPT and approved by the Board on a quarterly basis; and
- h) The Audit Committee will consider, from time to time, whether the established guidelines and procedures for RRPT have become inappropriate and/or it is unable to ensure that the transactions will be on normal commercial terms and/or will prejudice the interests of shareholders generally. Notwithstanding that, the guidelines and procedures for RRPT will be reviewed by the Audit Committee at least once in a financial year.

## 2.7 Statement by Audit Committee

The Audit Committee has reviewed the procedures mentioned in Section 2.6 of this Circular and is of the view that the procedures are sufficient to ensure that the RRPT is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of the Company and that Komark Group has in place adequate procedures and processes to monitor, track and identify the RRPT in a timely and orderly manner. Such procedures and processes are reviewed on a quarterly basis or whenever the need arises.

## 2.8 Validity Period and Disclosure of the Proposed New Shareholders' Mandate

The Proposed New Shareholders' Mandate, if approved at the AGM, will continue to be in force until:

- i) The conclusion of the next AGM of the Company following the AGM at which such ordinary resolution for the Proposed New Shareholders' Mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the mandate is again renewed; or
- ii) The expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) Revoked or varied by resolution passed by the shareholders in general meeting.

whichever is the earlier.

## 2.9 Directors' and Major Shareholders' Interests

Save as disclosed in this Circular and below, none of the Directors or Major Shareholders of Komark and/or persons connected to them have any interest, direct or indirect, in the Proposed New Shareholders' Mandate.

	Direct		Indirect	
	No. of Shares in Komark	%	No. of Shares in Komark	%
<b><u>Major Shareholders</u></b>				
Asiabio Capital Sdn Bhd	40,880,000	19.89	-	-
Fintec Global Berhad	-	-	40,880,000 <sup>(1)</sup>	19.89
<b><u>Director</u></b>				
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-	-	-	-
Mr. Roy Ho Yew Kee	-	-	-	-
Mr. Koh Chie Jooi	-	-	143 <sup>(2)</sup>	0.0003 <sup>(3)</sup>

	Direct		Indirect	
	No. of Shares in Komark	%	No. of Shares in Komark	%
<b><u>Interested Persons connected to the Directors and Major Shareholders of Komark</u></b>				
Mr. Koh Hong Muan @ Koh Gak Siong	143	_(3)	-	-
Koh Chee Hao	-	-	-	-

Notes:

- (1) Deemed interested in the shares by virtue of the shareholding of its wholly-owned subsidiary Asiabio Capital Sdn Bhd.
- (2) Deemed interested in the shares by virtue of Section 59 and Section 8 of the Companies Act, 2016, held through his parent, Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd, who holds 66 and 77 ordinary shares respectively.
- (3) Negligible.

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad is Director of Komark and Key Alliance, he is deemed interested in the Proposed New Shareholders' Mandate. Accordingly, YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad has and will continue to abstain from all deliberations and voting on the resolution approving the Proposed New Shareholders' Mandate at all Board Meetings.

Mr. Roy Ho Yew Kee is Director of Komark, a Managing Director and shareholder of Key Alliance. He has direct interest of 0.023% in Key Alliance representing 200,000 ordinary shares of Key Alliance. He is deemed interested in the Proposed New Shareholders' Mandate. Accordingly, Mr. Roy Ho Yew Kee has and will continue to abstain from all deliberations and voting on the resolution approving the Proposed New Shareholders' Mandate at all Board Meetings.

Mr. Koh Chie Jooi is Director of Komark and he has indirect interest of 0.00007% in Komark representing 143 ordinary shares of Komark, by virtue of Section 59 and Section 8 of the Companies Act, 2016, held through his parent, Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd. He is deemed interested in the Proposed New Shareholders' Mandate. Accordingly, he has and will continue to abstain from all deliberations and voting on the resolution approving the Proposed New Shareholders' Mandate at all Board Meetings.

The interested Directors have undertaken that they shall ensure that persons connected to them namely Mr. Koh Hong Muan @ Koh Gak Siong (who has retired as Executive Chairman from the Board on 16 July 2020) and Mr. Koh Chee Hao will abstain from voting at the forthcoming AGM in respect of their direct and indirect interest on the same.

## 2.10 Directors' Recommendation

The Board (save and except for YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad, Mr. Koh Chie Jooi and Mr. Roy Ho Yew Kee) having considered all aspects of the Proposed New Shareholders' Mandate, if of the opinion that the Proposed New Shareholders' Mandate is in the best interest of the Company. Accordingly, the Board (save and except for YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad, Mr. Koh Chie Jooi and Mr. Roy Ho Yew Kee) recommends that you vote in favour of the resolution relating to the Proposed New Shareholders' Mandate to be tabled at the forthcoming AGM.

## 3. APPROVAL REQUIRED

The Proposed New Shareholders' Mandate is subject to approval to being obtained from the shareholders of the Company at the forthcoming AGM.

## 4. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The proposed New Shareholders' Mandate is not expected to have any immediate material effect on the consolidated earnings, earnings per share, net assets per share and gearing of Komark and its subsidiaries. The Proposed New Shareholders' Mandate will have no effect on the share capital and substantial shareholdings of Komark.

**5. AGM**

The AGM of the Company, the Notice of which is enclosed in the Annual Report of the Company for the financial year ended 30 April 2020, will be conducted entirely through live streaming from the broadcast venue at Meeting Room TR12-R02, 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 22 October 2020 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed New of Shareholders' Mandate under the Agenda of Special Business as set out in the Notice.

If you are unable to participate and vote in person at the AGM, you should complete and return the Form of Proxy enclosed in the Annual Report of the Company for the financial year ended 30 April 2020 in accordance with the instructions therein as soon as possible and to be deposited at the Company's Share Registrar's office at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, alternatively can be submitted via Boardroom Smart Investor Portal at [www.boardroomlimited.my](http://www.boardroomlimited.my) not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating the AGM and voting in person at the AGM if you subsequently wish to do so.

**6. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of Directors of  
**KOMARKCORP BERHAD**

**ROY HO YEW KEE**  
Independent Non-Executive Director

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**PART B**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN  
ORDINARY SHARES**

# KOMARKCORP BHD

www.komark.com.my

Registration No.199601001919 (374265-A)

(Incorporated in Malaysia)

## **SHARE BUY-BACK STATEMENT**

### **1. INTRODUCTION**

The shareholders of Komark had at the Twenty-Third (23<sup>rd</sup>) AGM of the Company held on 9 October 2019, granted approval for the Directors to purchase its own shares of up to 10% of the total number of issued shares of the Company. The said mandate shall in accordance with the Listing Requirements of Bursa Securities, lapse at the conclusion of the forthcoming AGM unless a fresh mandate is obtained from shareholders.

The Board had on 17 August 2020 made the announcement to Bursa Securities that the Company proposes to seek its shareholders' approval for the proposed renewal of authority to the Company for the Proposed Renewal of Share Buy-Back Authority.

The aforesaid proposal if approved by the shareholders would become valid immediately upon the passing of the ordinary resolution at the forthcoming AGM and will expire at the conclusion of the next AGM of the Company unless the authority is further renewed by ordinary resolution passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolution of the shareholders of the company in a general meeting, whichever occurs first.

### **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

#### **2.1 General**

The Board proposes to seek the authority of the shareholders of the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company, through its appointed stockbroker on the market of Bursa Securities. There were no purchase, resale, cancellation or distribution as share dividend to shareholders in the previous 12 months preceding the date of this Statements.

As at LPD, the Company has purchased a total of 10,000 Komark Shares which are held as treasury shares. The total number of issued shares of the Company as at LPD, before adjusting for treasury shares, was 205,586,593 Komark Shares. For illustration purpose, 10% of the total number of issued shares of the Company as at LPD is 20,558,659 Komark Shares. Hence, the maximum number of Komark Shares which may be purchased and/or held as treasury shares by the Company is 20,558,659 Komark Shares. The maximum 20,558,659 Komark Shares which may be purchased by the Company would include the 10,000 Komark Shares already held as treasury shares.

In accordance with Paragraph 12.26 of the Listing Requirements, the Company may purchase its own shares in odd lots i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through a Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

The Proposed Renewal of Share Buy-Back Authority, once approved by the shareholders, will be effective immediately upon the passing of the ordinary resolution and shall be effective until:

- i. the conclusion of the next AGM of the Company (at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions);
- ii. upon the expiration of the period within which the next AGM is required by law to be held, or
- iii. unless revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The shareholders' approval for the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, the Proposed Renewal of Share Buy-Back Authority will allow the Board to exercise the powers of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings.

## **2.2 Actual Share Buy-Back**

The actual number of Shares that may be purchased, the total amount of funds to be utilised and the timing of the proposed transactions for the Company to purchase its own shares will depend on the availability of financial resources, relevant cost factors, market conditions and sentiments.

In accordance with Paragraph 12.09 of the Listing Requirements, KOMARK will not purchase its own shares or hold any of its own shares as treasury shares if this results in the aggregate shares purchased or held to exceed 10% of the total number of issued shares of the Company.

## **2.3 Maximum Amount of Funds to be Allocated and the Source of Funds**

Pursuant to the Listing Requirements, the Proposed Renewal of Share Buy-Back Authority must be made wholly out of the retained profits of the Company. Therefore the maximum amount of funds to be utilized for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits account of the Company. Based on the audited financial statements for the year ended 30 April 2020, the audited balances of retained losses of the Company were RM64.101 million.

The Proposed Renewal of Share Buy-Back Authority will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Shares to be purchased and other relevant cost factors. The actual number of Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company. In the event that the Company purchases and holds its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have any material effect on the cash flow of the Group.

## **2.4 Treatment of the Shares Purchased**

In accordance with Section 127(4) of the ACT, the Company may at its discretion, deal with the purchased Shares in the following manner:-

- i. cancel the Shares so purchased;
- ii. retain the Shares so purchased as treasury shares; or
- iii. retain part of the Shares so purchased as treasury shares and cancel the remainder Shares.

Upon each transaction to purchase its own Shares, an immediate announcement will be made to Bursa Securities and whether to cancel the Shares, retain them as treasury shares or proceed in a combination of both. An immediate announcement will also be made to Bursa Securities of any resale or cancellation of the purchased Shares. Where the purchased Shares were held as treasury shares, the Board may:-

- (a) distribute the shares as dividends to shareholders, such dividends to be known as "share dividends";
- (b) resell the shares or any of the shares in accordance with the relevant rules of the Bursa Securities;
- (c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
- (d) transfer the shares, or any of the shares as purchase consideration;
- (e) cancel the shares or any of the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe.

The decision whether to retain the purchased Shares as treasury shares or to cancel the purchased Shares or a combination of both, will be made by the Board at the appropriate time.

The Board will be mindful of the interests of the Company and its shareholders in exercising the authority granted by the shareholders in deciding the final number of Shares to be purchased and thereafter cancelled and/or retained as treasury shares.

Pursuant to Section 127(8) of the Act, if the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution and otherwise are suspended. Additionally, the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at meetings, in accordance with Section 127(9) of the Act.

## 2.5 Purchase Price

Pursuant to the provisions of Paragraph 12.17 of the Listing Requirements, the Company may only purchase the Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the Shares for the five (5) market days immediately before the purchase.

## 2.6 Resale Price

In the case of resale or transfer of treasury shares (if any), the Company may only resell the same on Bursa Securities or transfer treasury shares pursuant to Section 127(17) of the ACT at:

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

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of the Komark Shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both.

## 2.7 Historical Share Price

The monthly highest and lowest prices of the Shares as traded on Bursa Securities for the preceding twelve (12) months from September 2019 to August 2020 are as follows:-

Month	Shares	
	High (RM)	Low (RM)
<b>2019</b>		
September	0.380	0.280
October	0.315	0.260
November	0.295	0.240
December	0.255	0.240
<b>2020</b>		
January	0.270	0.215
February	0.225	0.200
March	0.220	0.150
April	0.235	0.190
May	0.240	0.190
June	0.440	0.210
July	0.625	0.415
August	0.92	0.550

(Source: Bloomberg)

The last transacted price of the Shares on 11 August 2020, being LPD prior to the printing of this Statement is RM0.825.

3. **RATIONALE AND POTENTIAL ADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority, if implemented, is expected to benefit the Company and its shareholders as follows:

- i. to provide flexibility to the Company to utilise available financial resources to purchase its own shares;
- ii. to allow improvements to the EPS with the cancellation of the purchased Shares or treasury shares from the exercise;
- iii. to allow the Company to realise potential capital gains if the purchased Shares which are kept as treasury shares are subsequently resold at prices higher than their purchase prices;
- iv. to allow the distribution of treasury shares as share dividends to its shareholders which serves as a reward to its shareholders; and/or
- v. to reduce volatility of the share prices.

4. **POTENTIAL DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders is that the Proposed Renewal of Share Buy-Back Authority will require utilisation of financial resources which may result in the Company foregoing other investment opportunities and/or foregoing income that may be derived from the deposit of such funds in interest bearing instruments and may also reduce cash dividend distributions to its shareholders.

In the event that the Proposed Renewal for Share Buy-Back Authority is funded by bank borrowings, the Company's net cash flow may decline to the extent of the interest cost associated with such borrowings.

Nevertheless, the Board is of the view that the Proposed Renewal for Share Buy-Back Authority is not expected to have any potential material disadvantage to the Group or its shareholders as it will be implemented only after in-depth consideration of the financial resources of the Group and the resultant impact on its shareholders.

The directors in exercising any decision on the Proposed Renewal for Share Buy-Back Authority will be mindful of the interest of the Company and its shareholders.

5. **FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

In the event that the Proposed Renewal of Share Buy-Back Authority is carried out, the financial effect on the existing issued shares capital, NA per share, working capital, earnings, dividends and shareholdings of existing Directors and substantial/major shareholders of the Company are as set out below. In the event that the Company intends to purchase its own shares using external borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of the Company.

5.1 **Share Capital**

The effects of the Proposed Renewal of Share-Buy-Back Authority on the Company are set out below:

Total number of issued shares of Komark as at the LPD	<b>No. of Shares</b> 205,586,593
<b>Less:</b>	
Maximum number of Shares which may be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority	(20,558,659) <sup>1</sup>
<b>Resultant number of shares (assuming the shares purchased are subsequently cancelled in full)</b>	<hr/> <b>185,027,934</b> <hr/>

*Note:*

<sup>1</sup> Being 10% of the total number of issued Komark Shares as at LPD.

The effect of the Proposed Renewal of Share Buy-Back on the issued share capital of the Company will depend on the intention of the Board with regards to the treatment of the purchased Komark Shares. If the purchased Shares are cancelled, the issued share capital will be reduced by the number of Shares so cancelled. Conversely, if the purchased Komark Shares are retained as treasury shares, resold or distributed to the shareholders, the Proposed Renewal of Share Buy-Back will not have any effect on the issued share capital of the Company. Nevertheless, certain rights (such as voting rights) attached to the purchased Komark Shares will be suspended when held as treasury shares.

## **5.2 Working Capital**

The Proposed Renewal of Share Buy-Back Authority if exercised is likely to reduce the working capital and cash flow of the Company, the quantum of which depends on, amongst others, the purchase price and the actual number of Shares purchased. Notwithstanding, it is not expected to have a material effect on the working capital and cash flow of the Company.

However, the Shares so purchased and maintained as treasury shares may increase the working capital of the Company, if the treasury shares are subsequently resold at a higher price than the initial purchase price (subject to the extent of the number of treasury shares resold and the prevalent selling price).

## **5.3 Earnings**

The effect of the Proposed Renewal of Share Buy-Back Authority if carried out, may give rise to an increased EPS of the Company (subject to the purchase price, the actual number of shares bought back and the opportunity cost of the funds utilised for the Proposed Renewal of Share Buy-Back Authority).

If the treasury shares are subsequently sold on Bursa Securities, there will be no impact on the earnings as the gain or loss is taken directly to the equity.

## **5.4 NA per Share**

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share if the purchase price exceeds the NA per share and conversely, will increase the NA per share if the purchase price is less than the NA per share. Should the Company chooses to retain any purchased Shares as treasury shares and subsequently resell the treasury shares on Bursa Securities and, depending on the price at which the said treasury shares are resold, the Proposed Renewal of Share Buy-Back Authority may have a positive effect on the NA per share, if a gain is achieved on resale (but subject to the selling price and number of treasury shares resold).

## **5.5 Dividends**

The Proposed Renewal of Share Buy-Back Authority may reduce the amount of retained profits available for payment of cash dividends to its shareholders. Nevertheless, if the Shares so purchased are retained as treasury shares, the said treasury shares may be distributed as dividends to its shareholders, if the Company so decides. Accordingly, the Directors will fully consider the interest of the Company and its shareholders in implementing the Proposed Renewal of Share Buy-Back Authority.

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**6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save for the incidental increase in the percentage of shareholdings of the Directors, major shareholders and persons connected to them as a result of the effective decrease in the total number of voting shares of the Company upon the Proposed Renewal of Share Buy-Back Authority, none of the Directors or major shareholders or persons connected to them has any interest in the Proposed Renewal of Share Buy-Back Authority or resale of the treasury shares.

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of Directors and Substantial Shareholder as at the LPD are as follows:-

	← Direct →		← Indirect →		← Direct →		← Indirect →	
	No. of shares held	% of share capital*	No. of shares held	% of share capital*	No. of shares held	% of share capital	No. of shares held	% of share capital
<u>Substantial Shareholder</u>								
Asiablo Capital Sdn Bhd	40,880,000	19.89	-	-	40,880,000	22.09	-	-
Fintec Global Berhad	-	-	40,880,000	19.89	-	-	40,880,000	22.09
<u>Directors</u>								
YM Tengku Ezuan Ismara	-	-	-	-	-	-	-	-
Bin Tengku Nun Ahmad	-	-	-	-	-	-	-	-
Roy Ho Yew Kee	-	-	-	-	-	-	-	-
Koh Chie Jooi	-	-	143 <sup>(1)</sup>	-(2)	-	-	143 <sup>(1)</sup>	-(2)
Teh Foo Hock	-	-	-	-	-	-	-	-
Ihsan Bin Ismail	-	-	-	-	-	-	-	-
Koo Kien Keat	-	-	-	-	-	-	-	-

\* Excluding a total of 10,000 shares bought back by the Company and retained as treasury shares.

(a) On the assumption that the Company repurchase the maximum 20,558,659 Komark Shares, representing ten per centum (10%) of its total number of issued shares comprising 205,586,593 Komark Shares.

(1) Deemed interested in the shares by virtue of Section 59 and Section 8 of the Companies Act, 2016, held through his parent, Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd, who holds 66 and 77 ordinary shares respectively.

(2) Negligible.

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7. **PURCHASE, RESALE AND CANCELLATION OF KOMARK SHARES MADE IN THE PREVIOUS 12 MONTHS**

During the previous 12 months up to 10 August 2020, the Company had purchased 10,000 Shares and retained as treasury shares. Details of the share buy-back were as follows:-

Month	No. of Shares purchased/ (sold) (units)	Lowest Price paid (RM)	Highest Price paid (RM)	Average Price paid (RM)	Total Consideration Paid(RM)
August 2019	10,000	0.290	0.385	0.350	3,547.45

\* Inclusive transaction cost

*There was no cancellation or re-sale of treasury shares in the preceding twelve (12) months.*

8. **PUBLIC SHAREHOLDING SPREAD**

As at the LPD, the public shareholding spread of the Company was 80.114%. Assuming that the Company purchases up to the maximum number of Shares as allowed under the Proposed Renewal of Share Buy-Back Authority, the public shareholding spread is expected to reduce to 77.906%.

The Company shall not buy-back any Shares if it results in the Company being in breach of the minimum public shareholding spread requirement of the Listing Requirements.

9. **IMPLICATIONS RELATING TO THE RULES**

In the event that the Proposed Renewal of Share Buy-Back Authority results in any major shareholder and/or persons acting in concert with him/her obtaining control in a Company pursuant to the Rules, the affected major shareholder and/ or persons acting in concert with him/her will be obliged to make a mandatory offer for the remaining Komark Shares not held by him/her.

In the event the Proposed Renewal of Share Buy-Back Authority results in any major shareholder and/or persons acting in concert with him/her who already hold more than 33% but less than 50% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Rules, the affected major shareholder and/or persons acting in concert with him/her will be obliged to make a mandatory offer for the remaining Komark Shares not held by him/her.

It is not the intention of the Company to cause any shareholders to trigger an obligation to undertake a mandatory general offer under the Rules and the Company will be mindful of the above implications of the Rules in making any purchase of its own Komark Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

However, an exemption from mandatory offer obligation may be granted by the Securities Commission under Paragraph 4.15 of the Rules subject to the parties acting in concert complying with the conditions stipulated in the Paragraph 4.15 of the Rules.

10. **DIRECTORS' RECOMMENDATION**

The Board having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company, and accordingly recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM.



11. **FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of Directors of  
**KOMARKCORP BERHAD**

**ROY HO YEW KEE**  
Independent Non-Executive Director

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**FURTHER INFORMATION**

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. MATERIAL CONTRACTS**

As at the date of this Statement, neither Komark nor Komark's subsidiaries have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of Komark and/or any of its subsidiaries) within the past two (2) years immediately preceding the date of this Statement.

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

As at the date of this Statement, neither Komark nor Komark's subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which may have a material effect on our Company's financial position, and our Directors are not aware of any proceedings, pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect our financial position or business.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours (except for public holidays) from the date of this Statement up to and including the date of the forthcoming AGM, at our Registered Office:

- (i) Constitution of Komark; and
- (ii) The latest audited consolidated financial statements of Komark for the financial years ended 30 April 2019 and 30 April 2020.

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