

# COMINTEL CORPORATION BERHAD (“COMCORP” OR THE “COMPANY”)

## TERM SHEET FOR THE PROPOSED TRANSACTION

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### 1. INTRODUCTION

The Board of Directors of the Company wishes to announce that the Company had on 30 August 2017 entered into a term sheet (“**Term Sheet**”) with Aurelius Holdings Sdn Bhd (“**Aurelius Holdings**”) for the proposed disposal of the entire ordinary shares of BCM Electronics Corporation Sdn Bhd, a wholly owned subsidiary of the Company (“**BCM Electronics**”) (“**Proposed Transaction**”).

Pursuant to the Term Sheet, the Company and Aurelius Holdings have agreed to negotiate exclusively with each other and subject to the execution of a Non-Disclosure Agreement, undertake the necessary due diligence within six weeks from the date of the Term Sheet with a view of entering into a definitive sale and purchase agreement (“**SPA**”) in relation to the Proposed Transaction.

### 2. SALIENT TERMS OF THE TERM SHEET

#### 2.1 Proposed Consideration

The valuation of BCM Electronics is RM123.8 million (“**Target Valuation**”). The Target Valuation is computed on the basis that Aurelius Holdings will assume all the existing liabilities of BCM Electronics including all its existing bank financing of up to RM90.0 million.

The proposed consideration, to be satisfied via cash, is calculated based on the following:

Final Consideration = Target Valuation less amount due from related companies (including Comcorp) plus amount owing to related companies (if applicable)

The Target Valuation may be adjusted subject to due diligence to be undertaken on BCM Electronics and mutual agreement of both the Company and Aurelius Holdings.

The Target Valuation is arrived at after taking into consideration the audited consolidated net assets of BCM Electronics of RM123.7 million for the financial year ended 31 January 2017.

#### 2.2 Transaction cost reimbursement

In the event that, at any time after the date of the SPA and up to the completion of the Proposed Transaction, the Company is unable to complete the SPA solely due to the default of the Company, the Company agrees to reimburse Aurelius Holdings all mutually agreed transaction cost reasonably incurred by Aurelius Holdings (including reasonable financial and legal due diligence cost) up to RM980,000 only.

Aurelius Holdings agrees to fully reimburse the Company all mutually agreed transaction cost incurred by the Company of up to RM1,166,000 only if, at any time after the date of the Term Sheet prior to completion of the Proposed Transaction, Aurelius Holdings fails to make an offer after the conduct of due diligence or is unable to proceed with the Proposed Transaction or complete the SPA for whatever reason.

#### 2.3 Exclusivity

The Company and Aurelius Holdings have agreed that for a period of six weeks commencing from the date of the Term Sheet (unless otherwise agreed between both the Company and Aurelius Holdings in writing), each party has agreed to negotiate exclusively with each other and shall not (whether directly or indirectly through its directors, employees, agents and representatives) negotiate or engage in discussions with, solicit or entertain any offer from, or

enter into any agreement or arrangement with any other person or entity ("**Third Party**"), in relation to any expression of interest, offer or proposal by any Third Party to acquire any shares in BCM Electronics.

### **3. INFORMATION ON AURELIUS HOLDINGS**

Aurelius Holdings is a newly incorporated investment holding company. The shareholders of Aurelius Holdings are Lee Chong Yeow @ Lee Chong Yan and Loh Hock Chiang holding 50% each in Aurelius Holdings.

### **4. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

Save as disclosed below, none of the directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Transaction:

- (a) Loh Hock Chiang is an Executive Director of the Company and a shareholder of Aurelius Holdings. As at 29 August 2017, Loh Hock Chiang holds direct interest of 0.07% in Comcorp; and
- (b) Lee Chong Yeow @ Lee Chong Yan is the Chief Executive Officer of Manufacturing segment of Comcorp 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 Transaction at the relevant board meetings of Comcorp.

### **5. FURTHER DISCLOSURE ON THE TERM SHEET**

A detailed announcement will be made upon execution of the SPA in relation to the Proposed Transaction. In the event the Term Sheet results in a definitive SPA being executed, the Proposed Transaction is deemed a Major Disposal under Paragraph 10.11A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

### **6. DOCUMENT AVAILABLE FOR INSPECTION**

The Term Sheet will be 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 for a period of three months from the date of this announcement.

This announcement is dated 30 August 2017.