

TERM SHEET FOR THE PROPOSED TRANSACTION

COMINTEL CORPORATION BHD

Type	Reply to Query
Reply to Bursa Malaysia's Query Letter - Reference ID	IQL-06092017-00001
Subject	TERM SHEET FOR THE PROPOSED TRANSACTION
Description	COMINTEL CORPORATION BHD (Comcorp or the Company) - Term Sheet (Term Sheet) with Aurelius Holdings Sdn Bhd
Query Letter Contents	<p>We refer to your Company's announcement dated 30 August 2017, in respect of the aforesaid matter.</p> <p>In this connection, kindly furnish Bursa Securities with the following additional information for public release:-</p> <p>1) Information on BCM Electronics Corporation Sdn Bhd, including principal business activities, contribution to the Group's revenue and net profits based on the latest audited financial statements.</p> <p>2) Rationale for the Proposed Transaction.</p> <p>Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.</p> <p>Yours faithfully, HENG TECK HENG Vice President, Issuers, Listing, Regulation IJ/TEK</p> <p>Cc : Market Surveillance Dept. , Securities Commission (via fax)</p>

We refer to Bursa Malaysia Securities Berhad's Letter of Query dated 6 September 2017, in relation to our announcement dated 30 August 2017 pertaining to the following questions –

1. Information on BCM Electronics Corporation Sdn Bhd, including principal business activities, contribution to the Group's revenue and net profits based on the latest audited financial statements.
2. Rationale for the Proposed Transaction.

Reply to 1

BCM Electronics Corporation Sdn Bhd ("BCM"), a wholly-owned subsidiary of the Company was incorporated in Malaysia on 20 August 1993 under the Companies Act, 1965 as a private limited company. As at to-date, the issued and fully paid-up share capital of BCM is RM32,869,878.00 comprising of 32,869,878 ordinary shares of RM1.00 each. BCM is principally engaged in the manufacturing and assembling of electronic components.

Based on the Company's latest audited financial statements, financial year ended 31 January 2017, BCM's contribution to the Group's revenue and net profits were RM395,945,808.00 (97%) and RM24,611,312.00 (144%) respectively.

Reply to 2

The rationale for the Proposed Transaction is that BCM was formed as part of the obligation of Comintel Corporation Berhad's subsidiary, Comintel Sdn. Bhd, to acquire technology for manufacturing in respect of a contract awarded by the government. Over the past years, BCM has been largely dependent on large-scale contracts related to overseas multinational companies and continuous capital investment to maintain its competitive edge. Given the very competitive and specialised nature of the electronic manufacturing services ("EMS") business, there is limited leverage to further increase the competitive edge of the Comintel Corporation Berhad and its subsidiaries ("Comcorp Group") in the EMS and related industries.

Conversely, the Comcorp Group is able to apply the technological know-how acquired over the years into the renewable energy business in both local and regional markets. In view of the above, Comcorp Group is reprioritising its business to focus on its renewable energy business as its green energy plant in Kuang is expected to be fully commissioned and revenue generating in the fourth quarter of the financial year ending 31 January 2018. The plant in Kuang is a thermal decomposition biomass power plant which adopts an advanced biomass gasification technology that converts biomass from Municipal Garden Waste (which includes any form of wood and plant-based residues such as palm oil dry empty fruit bunch, palm kernel shells, wood chips, sugar cane pulp and refuse-derived fuel) and Municipal Solid Waste into synthetic gas for the production of renewable energy in the form of electric and thermal power. This biomass waste to energy power plant is carbon negative and contribute positively towards reducing global warming. The potential of this technology can be used for treatment of waste products not only in Malaysia but also globally. As such, if the Term Sheet results in a definitive agreement being executed, the Comcorp Group intends to use part of the disposal proceeds for its future investments in the renewable energy business.

The Company will make the necessary announcement to Bursa Malaysia Securities Berhad of any material information relating thereto.

This announcement is dated 7 September 2017.

Announcement Info

Company Name	COMINTEL CORPORATION BHD
Stock Name	COMCORP
Date Announced	07 Sep 2017
Category	General Announcement for PLC
Reference Number	GA1-06092017-00066