

COMINTEL CORPORATION BHD (630068-T)

Regularization Plan

Comintel Corporation Bhd (“Comcorp”) is classified as an affected listed issuer pursuant to paragraph 8.03A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad after its disposal of one hundred percent (100%) equity interest in BCM Electronics Corporation Sdn Bhd, a wholly-owned subsidiary to Aurelius Holdings Sdn Bhd which was completed on 25 January 2018.

As such, Comcorp is currently focusing on the following core businesses namely (1) system integration and maintenance services (“SIMS”) business, and (2) waste-to-energy business and (3) green waste management business.

As stated in our Circular to the Shareholders dated 29 December 2017, an allocation of approximately Ringgit Malaysia Forty Million (RM40 Million) is allocated for the development and expansion of Comcorp’s (1) green waste management and (2) waste-to-energy business, particularly in converting garden waste biomass and municipal solid waste into electricity and thermal power.

Waste-To-Energy Business

- (1) We are pleased to update that our first waste-to-energy plant at Kuang, Rawang (“Kuang’s plant”) has since successfully undergone the Commencement Operation Date (“COD”) final stage testing between 3 April 2018 and 17 April 2018, and currently awaiting the issuance of the formal COD certificate from Sustainable Energy Development Authority (“SEDA”) to start operation, that is, to supply a maximum of two (2) megawatt (MWatt) of electricity to Tenaga Nasional Berhad as per the Renewable Energy Power Purchase Agreement signed on 15 November 2013. To recapitulate, Comintel Green Technologies Sdn Bhd, a subsidiary of Comcorp was granted a feed-in approval by SEDA on 9 July 2013 bearing the approval number M2013050002 pursuant to the Renewable Energy Act 2011. Subsection 12 (1) of the said Act stipulated that “Upon receipt of the written notice by the Authority under subsection 7 (2) that an application from a feed-in approval holder has been approved, the distribution licensee shall, within such period as may be prescribed by the Authority, enter into a renewable energy power purchase agreement with the feed-in approval holder. We expect Kuang’s plant to commence recurring revenue and profit generation by June 2018 upon receipt of the COD approval.
- (2) Upon receipt of the COD approval for Kuang’s plant, we intend to further replicate a similar 2MWatt waste-to-energy plant in Penang whereby the location has been identified and feasibility study has been done. The expected location for the project is situated in Ampang Jajar, Penang. We have previously submitted our proposal to SEDA and we intend to reapply to obtain the Feed-In Approval by SEDA.

Green Waste Management Business

- (1) On 17 January 2018, Green Waste Management Sdn Bhd, the wholly-owned subsidiary of Comcorp entered into a Letter of Intent with Thanh Cong cooperative (Enterprise Code: 0012TX) in Hanoi, Vietnam as an Engineering, Procurement, Construction and Commissioning (“EPCC”) Contractor to develop and implement Xuan Son Municipal Solid Waste (“MSW”) Treatment Plant using green waste management’s waste-to-energy system (hereinafter referred

to as the “GWM WtE System”). Our technical and commercial teams are currently undertaking the necessary final due diligence prior to the signing of the Definitive Agreement which is expected to be by end of June 2018.

- (2) We are in the midst of finalising another business opportunity of the same nature as an EPCC Contract in Danang, Vietnam to convert the existing composting facilities to an Advanced Gasification waste-to-energy facility.
- (3) We have submitted a Request for Quotation (“RFQ”) proposal in early of April 2018 to the Ministry of Development (“MOD”) of Brunei for processing municipal solid waste (“MSW”) and converting MSW into energy. Currently, Brunei is managing its MSW via landfill and the Government of Brunei has the intention to do away with MSW landfill solution as our Advanced Gasification System is a better solution to tackle the problem. Our targeted facility will be situated near to the existing landfill.

As the EPCC contractor, we envisage that these contracts will provide Comcorp with immediate revenue flow and profit. We will provide detailed update in due course of the forecasted revenue and profit projections upon the signing of these definitive agreements.

SIMS Business

On our SIMS segment, it is still generating revenue despite the curtailed spending by the Government. Due to the upcoming Malaysia 14th General Election (“GE14”), the Government has delayed in awarding new projects for which we have submitted proposals and are hopeful of securing some of these projects after the GE14. We have more than thirty (30) years of experience in this segment as our system integration activities cover the area of Information and Communications Technology (“ICT”) and Radio Frequency (“RF”) communications solution systems in transportation, defence, public safety, broadcasting and commercial industries. In addition, we are equipped to provide in-country comprehensive maintenance support for the systems and projects implemented. We also have the state of art test equipment and possess the technical expertise in providing total integrated logistic support, ranging from repair, system maintenance, system testing and spare parts obsolescence management. Currently, we are implementing the Internal and External Communication System for the second-generation patrol crafts for one of the government’s enforcement agencies.

Arising from the slow-down in our SIMS business, we are undergoing internal reviews and reorganizations to improve profitability which we hope to (1) release our existing office space utilization for leasing to external parties, and (2) undertake other cost reduction initiatives.

Other Alternatives

However, in view of the current economic uncertainty and going forward, just in case there is significant delay in our EPCC projects, we have commenced exploring the possibility of acquiring profitable business to supplement the current businesses and accelerate the regularization of Comcorp.