

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

PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM THE DISPOSAL OF 100% EQUITY INTEREST IN BCM ELECTRONICS CORPORATION SDN BHD, A FORMER WHOLLY-OWNED SUBSIDIARY OF COMINTEL CORPORATION BHD TO AURELIUS HOLDINGS SDN BHD (“PROPOSED VARIATION”)

For the purpose of consistency, the abbreviations and definitions used throughout this announcement shall have the same meanings as those previously defined in the announcement dated 17 August 2018 in relation to the Proposed Variation.

1. INTRODUCTION

Further to the announcement of Proposed Variation on 17 August 2018, the Board wishes to announce that due to changing circumstances, the Company wish to further varied the manner in which the utilisation of the proceeds as described in our announcement dated 17 August 2018 of which the details of the original proposed utilisation of proceeds, actual utilisation of proceeds and proposed further revised utilisation of proceeds are set out in the ensuing sections of this Announcement.

2. RATIONALE OF THE FURTHER REVISED UTILISATION OF PROCEEDS

The proposed further revised utilisation of proceeds for additional working capital is to support the requirements of the existing core businesses of (1) SIMS, (2) waste-to-energy business and (3) green waste management business.

(i) SIMS segment – Overseas operations in Jakarta, Indonesia

As part of our focus in strengthening Comcorp Group’s financial performance, we are exploring for more project opportunities of the same nature in Indonesia. We may, if the opportunity arises, utilise up to RM 4.0 million for working capital purposes for future potential projects in Indonesia, including partnering with local partner(s) to build sub-stations for PT PLN (Persero). The new venture will be certain in the coming days.

(ii) Waste-to-energy business – Kuang IPP

Comcorp Group may be required to set aside an amount of approximately RM1.0 million as financing service reserve account as per the requirement of our financier. However, this amount will be finalised by Comcorp Group and the financier.

(iii) Green waste management business

As stated in our announcement of Proposed Variation on 17 August 2018, there is no further development for this business.

Pursuant to the above factors, additional working capital is required which will enable Comcorp Group to exploit potential opportunities and to undertake profitable projects without any disruption in funding.

The Board, after due and careful consideration, intends to re-allocate an amount of RM17.0 million, an increase of RM5.0 million from the initial Proposed Variation of RM12.0 million which was initially budgeted for the development of green waste management and waste-to-energy businesses for working capital.

3. DETAILS OF THE PROPOSED VARIATION

The original proposed utilisation of proceeds, actual utilisation of proceeds and proposed further revised utilisation of proceeds are set out as follows:

Purpose	Original proposed utilisation ¹ RM'000	Actual utilisation as at announcement dated 17 August 2018 RM'000	Remaining unutilised balance RM'000	Proposed variation of the utilisation RM'000	Remaining unutilised balance after variation RM'000	Remaining timeframe for utilisation
Development of our Company's green waste management and waste-to-energy businesses	40,000	8,678	31,322	(17,000)	14,322	Within 10 months
Working capital	8,156	12,673	(4,517) ²	17,145 ³	12,628	Within 4 months
Distribution to shareholders	63,000	63,000	-	-	-	Fully utilised
Estimated expenses in relation to the Disposal	1,166	1,021	145 ⁴	(145)	-	Fully utilised
Total	112,322	85,372	26,950	-	26,950	

Notes:

¹ Original intended utilisation of proceeds from the Disposal as set out in section 4 of the Disposal Circular.

² Due to the factors stated in section 2 of our announcement dated 17 August 2018, Comcorp Group has to date over-utilised funds allocated for working capital, including towards the working capital requirement of RM2.6 million to fund the project secured by our Indonesian subsidiary.

³ Further to Note 2 above, the balance of the additional working capital of RM14.5 million pursuant to the Proposed Variation shall be used to support our Group's day-to-day operational overheads, including but not limited to staff salaries, payments to suppliers, contractors and consultants, rental of offices, utilities, professional fees and other operational expenses.

⁴ In view of the actual expenses in relation to the Disposal being lower than estimated, the excess will be re-allocated and utilised for working capital purposes.

Pending utilisation of the proceeds, the unutilised proceeds have been placed in interest-bearing deposit accounts or investments in money market instruments as the Board deems fit.

4. APPROVALS REQUIRED

The Proposed Variation is subject to approvals being obtained from the following:

- (i) shareholders of the Company at an extraordinary general meeting to be convened; and
- (ii) any other relevant authorities and/or parties, if required.

The Proposed Variation is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

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

None of the directors or major shareholders of the Company and/or persons connected with them has any interest, direct or indirect, in the Proposed Variation.

6. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Variation including the rationale of the Proposed Variation, is of the opinion that the Proposed Variation is in the best interests of the Company.

This announcement is dated 15 October 2018.