

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

### MEMORANDUM OF UNDERSTANDING

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#### 1. INTRODUCTION

The Board of Directors of the Company wishes to announce that the Company had on 22 January 2020 entered into a memorandum of understanding (“**MOU**”) with Dhaya Maju Infrastructure (Asia) Sdn Berhad (“**Potential Awarder**”) and Datuk Seri Dr. Subramaniam Pillai A/L Sankaran Pillai (“**Investor**”) where the parties are desirous to enter into the Proposed Transaction (as herein defined).

#### 2. BACKGROUND

- (a) Comcorp is currently an affected listed issuer under the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**PN17 Issuer**”). As a PN17 Issuer, Comcorp is required to submit a regularisation plan (“**Regularisation Plan**”) to the regulatory authorities by 24 January 2020 for approval.
- (b) After taking cognisance of the expertise and experience of Comcorp in providing Communication, System Integration and Maintenance Services to the rail industry, the parties are desirous to explore the proposed award by the Potential Awarder and/or other third party(s) to be identified by the Potential Awarder of certain subcontract works for railway construction related communications, system integration and support services having a value of no less than RM115.0 million to Comcorp (“**Proposed Transaction**”).
- (c) It is the intention of Comcorp that the Proposed Transaction will form part of the Regularisation Plan.

#### 3. SALIENT TERMS OF THE MOU

- (a) The parties intend to sign a legally binding definitive agreement(s) (“**Definitive Agreement(s)**”) (and agreeing to the relevant ancillary documentation, if any) on terms and conditions to be mutually agreed between the parties, in any event prior to the expiry of 4 months from the date of the MOU or such longer period as may be mutually agreed by the parties in writing (“**Discussions Period**”).
- (b) The MOU shall terminate upon the earlier of:
  - (i) the execution of the Definitive Agreement(s); or
  - (ii) the mutual written consent of the parties to terminate the MOU; or
  - (iii) the expiry of the Discussions Period if the Definitive Agreement(s) have not been finalised and signed by the parties; or
  - (iv) the termination/upliftment of the winding up status of Comintel Sdn Bhd not being completed within 3 months from the date of the MOU or such longer period as may be mutually agreed by the parties in writing; or
  - (v) Comcorp not submitting the application for the Extension of Time (as defined below) by 24 January 2020; or
  - (vi) the application of Extension of Time being rejected by Bursa Securities or approval for Extension of Time not obtained, on or before the expiry of 1 month from the date of the MOU or such other longer period as may be mutually agreed by the parties in writing; or

- (vii) Comcorp not submitting the Regularisation Plan to the regulatory authorities on or before the expiry of 4 months from the date of the MOU or such longer period as may be mutually agreed by the parties in writing; or
- (viii) the Proposed Transaction being deemed by Bursa Securities or the Securities Commission Malaysia ("**Securities Commission**") for any reason whatsoever to constitute a significant change of the business direction or policy of Comcorp (as a listed corporation) under the Equity Guidelines issued by the Securities Commission and such views being communicated in writing to Comcorp or its principal adviser, on or before the expiry of 2 months from the date of the MOU or such other longer period as may be mutually agreed by the parties in writing.

In the event of the occurrence of any of the events set out above in Section 3(b), any party shall be entitled to issue a notice terminating the MOU and in such event, the MOU will terminate with immediate effect and thereafter no party will have any further obligation under the MOU to the other parties other than pursuant to any term of the MOU which is expressly stated to survive the termination of the MOU.

#### **4. REGULARISATION PLAN**

- (a) The Regularisation Plan is intended to comprise the following:
  - (i) the proposed repayment by Comcorp of the existing debts owing by Comintel Green Technologies Sdn Bhd to Malaysia Debt Ventures Berhad;
  - (ii) the proposed disposal by Comcorp of its entire shareholdings in the following loss-making subsidiaries ("**Disposed Subsidiaries**") for no less than RM1.0 million:
    - (aa) Comintel Sdn Bhd (wholly-owned subsidiary of Comcorp) and its subsidiaries;
    - (bb) Comintel System Technologies Sdn Bhd (*formerly known as Comintel Ship Systems Corporation Sdn Bhd*) (wholly-owned subsidiary of Comcorp); and
    - (cc) Comintel Green Technologies Sdn Bhd (50.6% owned subsidiary of Comcorp);
  - (iii) a proposed private placement ("**Proposed Placement**") by Comcorp of such number of new ordinary shares in Comcorp ("**Subscription Share**") to raise funding for the operations of the Comcorp group of companies (including the carrying out of the Proposed Transaction but excluding the Disposed Subsidiaries) at a fixed issue price of RM0.075 per Subscription Share ("**Agreed Issue Price**") which has been arrived at based on the 30 days volume weighted average price of the existing ordinary shares of Comcorp (up to the date of the MOU) as quoted and listed on Bursa Securities of RM0.0731 per share, to the Investor, and/or associates of the Investor as may be identified by the Investor (collectively, the "**Placee(s)**"), such that the aggregate shareholdings of the Placee(s) in Comcorp upon completion of the Regularisation Plan shall be 55% of the enlarged share capital of Comcorp. The commitment of the Investor to complete the Proposed Placement shall be subject to the findings of a due diligence review to be conducted by the Placee(s) or their professional advisers on Comcorp and its group of companies being satisfactory to the Placee(s). The Placee(s) shall be permitted to commence the said due diligence review upon Bursa Securities' approval for the Extension of Time and such due diligence review shall be completed within a period of 45 days after Bursa Securities' approval for the

Extension of Time or such longer period as may be mutually agreed by the parties in writing. Comcorp shall extend its co-operation to the Investor and will promptly provide the Investor with such information and documents, for purposes of the said due diligence review, in any case within 3 days from receipt of a written request from the Investor or his advisers. In the event of the Investor receiving any part of the necessary documents and/or information after the expiry of the said period of 3 days, the due diligence period shall be automatically extended by the number of calendar days delayed.

The parties agree that in the event the Placee(s) are required pursuant to the Malaysian Code on Take-Overs and Mergers 2016 to make a mandatory take-over for the remaining voting shares in Comcorp not held by the Placee(s) upon completion of the Proposed Placement, the Investor shall and shall procure the Placee(s) to make the mandatory take-over. The Agreed Issue Price shall be legally binding on the Investor and Comcorp and no variation of the Agreed Issue Price shall be effected without the prior approval in writing of both the Investor and Comcorp; and

- (iv) the award of various sub-contracts by the Investor and/or third party(s) in connection with the Proposed Transaction shall be conditional upon, amongst others, the implementation and completion of the items referred to in Sections 4(a)(i) to (iii) above.
- (b) The parties have agreed that the following additional terms and conditions shall be incorporated as terms of the Definitive Agreement(s):
- (i) the Regularisation Plan may include such additional or other proposals as may be mutually agreed upon in writing by Comcorp and the Investor from time to time ("**Additional Proposals**"); and
  - (ii) so as to ensure continuity in operations of the business and operations of Comcorp, Comcorp shall ensure that the current Managing Director of Comcorp, being Mr Leng Keng Hok @ Lim Keng Hock, shall continue to be engaged by Comcorp and its group of companies as the Managing Director for a period of at least one year following completion of the implementation of the Regularisation Plan.
- (c) Comcorp shall forthwith after the date of the MOU:
- (i) submit an application to Bursa Securities to seek an extension of time for no less than 6 months for the submission of its Regularisation Plan ("**Extension of Time**"); and
  - (ii) as soon as practicable following the approval of the Extension of Time, commence preparatory work for the submission of its Regularisation Plan, including but not limited to the appointment of advisors such as the principal adviser and placement agent. The appointment of the principal adviser and placement agent shall be party(s) acceptable to the Investor. The Regularisation Plan shall be in form and substance acceptable to the Investor and the Investor shall be involved at all times in the preparation of the Regularisation Plan. Comcorp shall keep the Potential Awarder and Investor informed at all times of the status of the matters above including providing copies of the applications and correspondence with the relevant authorities.

## 5. EXCLUSIVITY

Comcorp, the Investor and the Potential Awarder grant each other exclusivity with respect to the Proposed Transaction during the Discussions Period or earlier mutual termination of the MOU in accordance with Section 3(b) above.

**6. INFORMATION ON POTENTIAL AWARDER**

The Potential Awarder was incorporated in Malaysia on 4 May 1996 as a private limited company. The principal activities of the Potential Awarder is the business of housing developers and general and infrastructure, and contractors.

As at 22 January 2020, the issued share capital of the Potential Awarder is RM40,000,000.00 comprising 40,000,000 ordinary shares. The Directors of the Potential Awarder are Datuk Seri Dr. Subramaniam Pillai A/L Sankaran Pillai, Siti Saffur Binti Mansor, Gen. Tan Sri Dato' Seri Panglima Mohd Azumi Bin Mohamed (Rtd.) and Nazreen Binti Ahmad. The shareholders of the Potential Awarder and their respective shareholdings in the Potential Awarder as at 22 January 2020 are as follows:

<b>Name</b>	<b>Number of Shares</b>
Nazreen Binti Ahmad	10,666,667
Abdullah Bin Abdul Rahman	3,000,000
Siti Saffur Binti Mansor	14,333,333
Datuk Seri Dr. Subramaniam Pillai A/L Sankaran Pillai	12,000,000

**7. INFORMATION ON DATUK SERI DR. SUBRAMANIAM PILLAI A/L SANKARAN PILLAI**

Datuk Seri Dr. Subramaniam Pillai A/L Sankaran Pillai is an executive director of the Potential Awarder. He holds a Bachelor of Engineering (Civil) from University Putra Malaysia and a Masters in Business Administration (MBA-Euro-Asia Management) from the University of Aix-Marseille, France. He also holds a certificate in Project Management and Contract Administration from Teesside Tertiary College, Middlesbrough, United Kingdom and a certificate for the Asean Advance Senior Management Development Program of the Harvard Business School.

**8. DOCUMENTS FOR INSPECTION**

The MOU is available for inspection at the registered office of Comcorp at No. 37, Jalan Pelukis U1/46, Seksyen U1, Temasya Industrial Park, 40150 Glenmarie Shah Alam, Selangor Darul Ehsan during normal business hours for a period of 3 months from the date of this announcement.

This announcement is dated 22 January 2020.