

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

NON-RELATED PARTY TRANSACTION

- SHARE SALE AGREEMENT IN RESPECT OF THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN COMINTEL SYSTEM TECHNOLOGIES SDN. BHD.

1.0 Introduction

The Board of Directors of Comintel Corporation Bhd (“Comcorp” or “Company”) (“Board”) wishes to announce that the Company (“Vendor”) has on 20 November 2023 entered into a Share Sale Agreement with Huang Chai Sheng (“Purchaser”), for the disposal of 2,000,000 ordinary shares in Comintel System Technologies Sdn. Bhd. (“CST”) (“Sale Shares”), representing the entire equity interest in CST, for a total cash consideration of RM135,000.00 (“Disposal Consideration”) (“Disposal”) (“SSA”).

2.0 Details of the Disposal

Pursuant to the SSA, the Vendor agrees to sell and the Purchaser agrees to purchase the Sale Shares on an ‘as is where is’ basis, for the Disposal Consideration and upon the terms and conditions of the SSA. Further information on the salient terms of the SSA are set out in Section 2.2 of this announcement.

CST would cease to be a wholly-owned subsidiary of the Company upon the completion of the sale and purchase of the Sale Shares pursuant to the terms and conditions as set out in the SSA.

2.1 Information on CST

Name	Comintel System Technologies Sdn. Bhd.
Former names(s), if any	Comintel Ship Systems Corporation Sdn. Bhd.
Company registration number	201801021716 (1283735-P)
Date of incorporation	13 June 2018
Place of incorporation	Malaysia
Company type	Private Limited Company
Total number of issued shares	2,000,000 ordinary shares
Address of business office	No. 37, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan
Director	Kuan Yew Teck
Nature of Business	Turnkey engineering design and integration, programme management installation, commissioning and comprehensive after sales service support
Based on the audited financial statement for the year ended 31 January 2023, the financial information of CST are as follows:- Total Assets: RM4,514,596 Total Liabilities: RM3,604,663 Net Assets / Total Equity: RM909,933 Loss before tax: RM851,493	

2.2 Salient terms of the SSA

2.2.1 Disposal Consideration

The Disposal Consideration for the Sale Shares is RM135,000.00 which has been arrived at on a willing-buyer willing-seller basis based on the unaudited net assets of CST of RM133,747.23 as at 31 October 2023.

The Disposal Consideration shall be paid by the Purchaser to the Vendor in cash on the completion date, being the day falling 7 days after the date of the SSA, or such other date as may be agreed upon between the parties in writing upon which completion of the SSA is to take place.

The SSA has been completed on the date of this announcement (“**Completion Date**”).

2.2.2 Settlement of inter-company debts

Based on CST’s unaudited balance sheet as at 31 October 2023:-

Amount owing/payable by CST to the Vendor and Vendor’s subsidiary	RM
Amount owing by CST to the Vendor	1,436,587.54
Amount owing by CST to Binastra Builders Sdn. Bhd. (formerly known as Total Package Work Sdn. Bhd.), a subsidiary of the Vendor	143,892.60
Total amount owing (“Amount Owing”)	1,580,480.14

The Purchaser irrevocably and unconditionally undertakes to repay and ensure repayment in full of the Amount Owing within 6 months after the Completion Date.

2.2.3 Termination

2.2.3.1 Purchaser’s right to terminate

The Purchaser shall be entitled to issue a notice of termination to the Vendor if, at any time prior to completion of the SSA –

- (a) the Vendor commits any continuing or material breach of any of its obligations under the SSA which –
 - (i) is incapable of remedy; or
 - (ii) if capable of remedy, is not remedied within 14 days of being given notice to do so;
- (b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of CST and/or the winding up of the Vendor;
- (c) an administrator, or receiver, or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of CST;

- (d) CST and/or the Vendor become(s) insolvent and/or wound up or is/are unable to pay its/their debts or admits in writing its/their inability to pay its/their debts as and when they fall due or enter into any composition or arrangement with its/their creditors or makes a general assignment for the benefit of its/their creditors;
- (e) CST and/or the Vendor cease(s) or threaten(s) to cease or carry on the whole or any substantial part of its/their respective business (except for the purposes of a *bona fide* reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SSA); or
- (f) any of the warranties given by the Vendor is found at any time to be materially untrue or inconsistent.

2.2.3.2 Vendor's right to terminate

The Vendor shall be entitled to issue a notice of termination to the Purchaser if, at any time prior to the completion of the SSA –

- (a) the Purchaser commits any continuing or material breach of any of his/her obligations under the SSA which –
 - (i) is incapable of remedy; or
 - (ii) if capable of remedy, is not remedied within 14 days of it being given notice to do so;
- (b) the Purchaser is adjudicated or found to be bankrupt or had any or bankruptcy proceedings commenced against him/her; or
- (c) any of the warranties given by the Purchaser is found at any time to be materially untrue or inconsistent.

2.3 Basis of determining the Disposal Consideration

The Disposal Consideration for the Sale Shares is RM135,000.00, which has been arrived at on a willing-buyer willing-seller basis based on the unaudited net assets of CST of RM133,747.23 as at 31 October 2023.

Settlement of the Disposal Consideration

The Disposal Consideration shall be paid by the Purchaser to the Vendor in cash on the Completion Date.

2.4 Utilisation of Proceeds

The proceeds received from the Disposal will be mainly used for working capital requirements of Comcorp group of companies ("**Group**"), which may include, amongst others, payment of staff costs, statutory contributions as well as other operating expenses.

2.5 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees to be assumed by the Group arising from the Disposal.

2.6 Original cost and date of investment

The original cost and date of investment of the Company's entire equity interest in CST is set out below:-

Date of investment	Number of ordinary shares allotted	Cost of investment (RM)
13 June 2018	200	200
14 June 2019	9,800	9,800
12 September 2019	990,000	990,000
10 January 2020	1,000,000	1,000,000
	Total share capital	2,000,000
	Capital contribution	4,370,000
	Total:	6,370,000

2.7 Estimated gain / loss arising from the Disposal

The estimated gain on the Disposal is computed as below:-

	(RM)
Disposal Consideration	135,000
Less:	
Unaudited Net Assets of CST as at 31 October 2023	(133,747)
	1,253
Add:	
Reversal of consolidated adjustments previously provided resulting from deconsolidation of CST from the Group	38,358 ^(a)
Estimated gain arising from the Disposal	39,611

Note:

^(a) Represents reversal of consolidated adjustments arising from property, plant and equipment.

3.0 Risk Factor of the Disposal

The risk related to the Disposal is typical to any commercial contract and these include breaches or non-compliance of the obligations under the SSA.

Notwithstanding the above, the Group will use its best endeavour to ensure that every effort is made to comply with the terms of SSA so that the Disposal will be completed in accordance with the terms and conditions of the SSA.

4.0 Rationale for the Disposal

The Group wishes to streamline its business activities to focus on Construction Business. The Disposal will enable the Group to divest and deconsolidate the non-core and loss making business entity to better utilise its resources to generate future profit for the Group. It is also in line with the strategic direction of the Company to eliminate potential losses which may be incurred by the loss making business entity and streamline its operations to focus on Construction Business which is expected to be viable and profitable in the mid to long term.

5.0 Effects of the Disposal

5.1 Share capital and shareholdings of substantial shareholders

The Disposal will not have any effect on the Company's share capital and substantial shareholders' shareholdings in the Company as the Disposal does not involve any issuance of new ordinary share(s) in the Company.

5.2 Net Assets ("NA") and NA per share

The Disposal is not expected to have any material effect on the NA or NA per share of the Company.

5.3 Earnings and earnings per share

The Disposal is expected to have an estimated gain of RM39,611.

The Disposal is not expected to have any material impact on the earnings or earnings per share of the Company for the financial year ending 31 January 2024.

5.4 Gearing

The Disposal is not expected to have any impact on the gearing of the Group.

6.0 Approvals Required

The Disposal is not subject to the approval of the shareholders of the Company and/or any other relevant authorities.

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

7.0 Interest of Directors, Major Shareholders and Person Connected to them

None of the Directors and/or major shareholders and/or persons connected with them has any interest, whether direct or indirect, in the Disposal.

8.0 Statement By Directors

The Board after having considered all aspects of the Disposal, including but not limited to the terms and conditions of the SSA, rationale, benefits and effects of the Disposal, is of the opinion that the Disposal is in the best interest of the Company, and that the terms and conditions of the SSA are fair and reasonable.

9.0 Estimated Time Frame to Completion

The Disposal has been completed as at the date of this announcement following the settlement of the Disposal Consideration by the Purchaser to the Vendor.

10.0 Percentage Ratios

The highest percentage ratio applicable to the Disposal pursuant to paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 15.01%, based on the latest audited consolidated financial statements of the Company for the financial year ended 31 January 2023.

11.0 Documents Available for Inspection

The SSA is available for inspection at the registered office of the Company at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 Petaling Jaya, Selangor during normal business hours from Mondays to Fridays (except public holidays), for a period of 3 months from the date of this announcement.

This announcement is dated 20 November 2023.