

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- I. **PROPOSED BONUS ISSUE OF 367,897,500 NEW ORDINARY SHARES IN SARAWAK CONSOLIDATED INDUSTRIES BERHAD ("SCIB" OR THE "COMPANY") ("SCIB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 3 BONUS SHARES FOR EVERY 1 EXISTING SCIB SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("BONUS ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF SHARES"); AND**
- II. **PROPOSED ISSUANCE OF 245,265,000 FREE WARRANTS IN SCIB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 SCIB SHARES HELD ON AN ENTITLEMENT DATE, WHICH IS AFTER THE BONUS ENTITLEMENT DATE, TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED ISSUE OF FREE WARRANTS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Main Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No.: 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the extraordinary general meeting of SCIB ("EGM"), which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIH Online website at <https://tiah.online> on Tuesday, 17 November 2020 at 2.00 p.m. and the Form of Proxy are enclosed herein.

A member entitled to attend, participate, speak and vote remotely at the EGM via the Remote Participation and Voting facilities provided is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Form of Proxy must be deposited at the poll administrator's office at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, alternatively, at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or by electronic lodgement via TIH Online website at <https://tiah.online>, not less than 48 hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 15 November 2020 at 2.00 p.m.

Date and time of the EGM : Tuesday, 17 November 2020 at 2.00 p.m.

This Circular is dated 30 October 2020

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	:	The Companies Act 2016
Board	:	The Board of Directors of SCIB
Bonus Entitlement Date	:	A date to be determined and announced later by the Board, on which the names of the shareholders of the Company must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to participate in the Proposed Bonus Issue of Shares
Bonus Share(s)	:	367,897,500 new SCIB Shares to be issued pursuant to the Proposed Bonus Issue of Shares
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
Bursa Securities	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Circular	:	This Circular dated 30 October 2020
Depositories Act	:	Securities Industry (Central Depositories) Act 1991
Director(s)	:	The director(s) of SCIB and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
EGM	:	Extraordinary general meeting of the Company
Entitled Warrantholders	:	Shareholders of SCIB whose names appear in the Record of Depositors of the Company on the Warrants Entitlement Date
EPS	:	Earnings per Share
FYE	:	Financial year ended/ ending
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	13 October 2020, being the latest practicable date prior to the printing and despatch of this Circular
Market Day(s)	:	Any day from Mondays to Fridays (inclusive of both days), which is not a public holiday and on which Bursa Securities is open for trading of securities
NA	:	Net assets attributable to the owners of the Company
Official List	:	A list specifying all securities that have been admitted for listing on Bursa Securities and not removed
Proposed Bonus Issue of Shares	:	Proposed bonus issue of 367,897,500 Bonus Shares on the basis of 3 Bonus Shares for every 1 existing SCIB Share held on the Bonus Entitlement Date
Proposed Issue of Free Warrants	:	Proposed issuance of 245,265,000 Warrants on the basis of 1 Warrant for every 2 SCIB Shares held on the Warrants Entitlement Date

DEFINITIONS (CONT'D)

Proposals	:	Collectively, the Proposed Bonus Issue of Shares and the Proposed Issue of Free Warrants
Record of Depositors	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the Depositories Act
SCIB or the Company	:	Sarawak Consolidated Industries Berhad [Registration No. 197501003884 (25583-W)]
SCIB Group or Group	:	SCIB and its subsidiaries, collectively
SCIB Share(s) or the Share(s)	:	Ordinary share(s) in SCIB
UOB Kay Hian or the Main Adviser	:	UOB Kay Hian Securities (M) Sdn Bhd [Registration No. 199001003423 (194990-K)]
WVAP	:	Volume weighted average market price
Warrantholders	:	The holders of the Warrants
Warrant(s)	:	245,265,000 free warrants in SCIB to be issued pursuant to the Proposed Issue of Free Warrants
Warrants Entitlement Date	:	A date, which will be after the Bonus Entitlement Date, to be determined and announced later by the Board, on which the names of the shareholders of the Company must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to participate in the Proposed Issue of Free Warrants

Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole sen, for ease of reference.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

References to "**you**" or "**your(s)**" in this Circular are made to shareholders of SCIB and references to "**our Company**" or "**the Company**" or "**we**" or "**us**" or "**our**" or "**ourselves**" are made to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to "**Board**" are to our Board of Directors and "**Management**" are to our Executive Directors and key management personnel as at the LPD of this Circular.

Any reference in this Circular to any act or enactment is a reference to that act or enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. The shareholders of SCIB are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposals	<p><u>Proposed Bonus Issue of Shares</u></p> <p>SCIB proposes for a bonus issue of 367,897,500 Bonus Shares on the basis of 3 Bonus Shares for every 1 existing SCIB Share held on the Bonus Entitlement Date.</p> <p><u>Proposed Issue of Free Warrants</u></p> <p>SCIB proposes for an issuance of 245,265,000 Warrants on the basis of 1 Warrant for every 2 SCIB Shares held on the Warrants Entitlement Date.</p>	Sections 2 and 3
Rationale for the Proposals	<p><u>Proposed Bonus Issue of Shares</u></p> <ul style="list-style-type: none">• To reward you, as our shareholder, for your loyalty and continued support to our Group;• To increase your number of SCIB Shares held at no cost, while maintaining your percentage of equity shareholding held in our Company;• To potentially result in an improved trading liquidity of the Shares traded in the market at an affordable Share price without affecting the size of our market capitalisation; and• To encourage greater participation by investors and to potentially widen the share base and shareholders' profiles of our Company. <p><u>Proposed Issue of Free Warrants</u></p> <ul style="list-style-type: none">• To reward you, as our shareholder, in the form of Warrants for your loyalty and continued support to our Group by enabling you to participate in a derivative of our Company without incurring any costs;• To provide you, as our shareholder, an alternative mean to participate and trade in the equity of our Company;• To provide you, as our shareholder, with an opportunity to further increase your equity participation in our Company by exercising the Warrants at a pre-determined price during the exercise period. You may also benefit from potential capital gain in the event of Share price appreciation through the exercise of the Warrants;• To further strengthen our capital base with the proceeds from the exercise of Warrants; and	Section 4

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<ul style="list-style-type: none">To raise funds as and when the Warrants are exercised to fund our Group's working capital and partial repayment of our Group's borrowings as highlighted in Section 3.5 of this Circular without the need of incurring interest cost in the case of bank borrowings.	
Interested parties and any conflict of interest from the Proposals	<ul style="list-style-type: none">None of our Directors and/ or our major shareholders and/ or persons connected to them have any interest, either direct or indirect, in the Proposals, save for their respective entitlements as our shareholders under the Proposals, the Bonus Shares and/ or Warrants of which, are also available to all other shareholders of our Company.UOB Kay Hian is an independent party, which has no conflict of interest or potential conflicts of interest arising from its role as the Main Adviser for the Proposals.	Section 9 and Appendix II
Approvals required	<p>The Proposals are subject to the following approvals being obtained:</p> <ul style="list-style-type: none">(i) Bursa Securities, the approval of which was obtained on 9 October 2020, for the admission of the Warrants to the Official List, listing and quotation of the Warrants, Bonus Shares and new SCIB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities;(ii) Our shareholders at the forthcoming EGM; and(iii) Any other relevant authority and/ or third parties, if required.	Section 8
Board's recommendation	<p>Our Board recommends that you VOTE IN FAVOUR for the resolutions pertaining to the Proposals, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.</p>	Section 12

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SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

Registered Office

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching, Sarawak

30 October 2020

Board of Directors

YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (*Non-Independent Non-Executive Chairman*)
Encik Rosland Bin Othman (*Group Managing Director/ Chief Executive Officer*)
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak (*Independent Non-Executive Director*)
YBhg. Datu Haji Soedirman Bin Haji Aini (*Independent Non-Executive Director*)
Encik Shamsul Anuar Bin Ahamad Ibrahim (*Independent Non-Executive Director*)
Encik Sr. Mohd Nazri Bin Mat Noor (*Independent Non-Executive Director*)
Tuan Haji Abdul Hadi Bin Datuk Haji Abdul Kadir (*Non-Independent Non-Executive Director*)

To: The shareholders of Sarawak Consolidated Industries Berhad

Dear Sir/ Madam,

- I. **PROPOSED BONUS ISSUE OF SHARES; AND**
- II. **PROPOSED ISSUE OF FREE WARRANTS**

1. INTRODUCTION

On 27 August 2020, UOB Kay Hian had, on behalf of our Board, announced that our Company proposes to undertake the following:-

- (i) bonus issue of 367,897,500 new Bonus Shares on the basis of 3 Bonus Shares for every 1 existing SCIB Share held on the Bonus Entitlement Date; and
- (ii) issuance of 245,265,000 Warrants on the basis of 1 Warrant for every 2 SCIB Shares held on the Warrants Entitlement Date.

On 12 October 2020, UOB Kay Hian had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 9 October 2020, resolved to approve the following:-

- (a) listing and quotation for 367,897,500 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- (b) admission to the Official List and listing and quotation for 245,265,000 Warrants to be issued pursuant to the Proposed Issue of Free Warrants; and
- (c) listing and quotation for 245,265,000 new SCIB Shares to be issued arising from the exercise of the Warrants,

subject to the terms and conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE OF SHARES

As at the LPD, our issued Share capital is RM152,268,468 comprising 122,632,500 SCIB Shares. For avoidance of doubt, SCIB does not have any outstanding convertible securities nor retain any treasury shares as at the LPD.

2.1 Basis and number of Bonus Shares

The Proposed Bonus Issue of Shares entails the issuance of 367,897,500 Bonus Shares on the basis of 3 Bonus Shares for every 1 existing Share held by our shareholders whose names appear in the Record of Depositors of SCIB on the Bonus Entitlement Date. The actual number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares will depend on the total number of issued Shares of SCIB on the Bonus Entitlement Date.

In determining entitlements under the Proposed Bonus Issue of Shares, fractional entitlements, if any, shall be dealt with in such manner as our Board in its absolute discretion deems fit and expedient, and in the best interest of our Company.

The price of SCIB Shares will be adjusted pursuant to the Proposed Bonus Issue of Shares. Purely for illustrative purpose only, based on the 5-day VWAP of SCIB Share and the average of 3-month daily VWAP of SCIB Share up to and including the LPD, the theoretical ex-bonus price ("**TEBP**") of SCIB Shares is as follows:-

	Before the Proposed Bonus Issue of Shares Market price/ Share RM	After the Proposed Bonus Issue of Shares TEBP/ Share RM
5-day VWAP up to the LPD	3.6847	0.9211
Average of 3-month daily VWAP	3.2043	0.8010

Based on the above, the Proposed Bonus Issue of Shares is in compliance with Paragraph 6.30 (1A)* of the Listing Requirements.

Note:-

(*) Paragraph 6.30 (1A) of the Listing Requirements requires that "A listed issuer must ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily volume weighted average share price during the 3-month period before the application date ("**Pricing Condition**")".

The Proposed Bonus Issue of Shares will not be implemented on a staggered basis.

2.2 No capitalisation of reserves

Under the Act, a bonus issue can be undertaken either:-

- (i) by way of capitalisation of the retained earnings/ accumulated profits of a company; or
- (ii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

In view of the above, our Board has resolved that the implementation of the Proposed Bonus Issue of Shares shall be undertaken without any capitalisation from our reserves and that the Bonus Shares shall be issued as fully paid Shares at nil consideration. Therefore, our issued Share capital in RM value will not be affected by the increase in the number of Shares in issue pursuant to the Proposed Bonus Issue of Shares.

As the Proposed Bonus Issue of Shares is undertaken without capitalisation from our reserves, it allows us to preserve our reserves.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing SCIB Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the Bonus Entitlement Date.

For avoidance of doubt, the Bonus Shares will be entitled to the Warrants.

2.4 Listing and quotation for the Bonus Shares

Approval has been obtained from Bursa Securities vide its letter dated 9 October 2020 for the listing and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities. The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Bonus Entitlement Date.

3. DETAILS OF THE PROPOSED ISSUE OF FREE WARRANTS

3.1 Basis and number of Warrants

The Proposed Issue of Free Warrants entails the issuance of 245,265,000 Warrants on the basis of 1 Warrant for every 2 SCIB Shares held by Entitled Warrantholders.

Based on the number of SCIB Shares in issue as at the LPD and assuming the Proposed Bonus Issue of Shares has been completed, the enlarged number of issued Shares will be 490,530,000 SCIB Shares. As such, a total of 245,265,000 Warrants will be issued pursuant to the Proposed Issue of Free Warrants.

The basis for the Proposed Issue of Free Warrants was determined after taking into consideration the following:-

- (i) amount of proceeds that could potentially be raised as and when the Warrants are exercised during the exercise period of the Warrants;
- (ii) dilutive effects arising from the full exercise of Warrants on our consolidated EPS as set out in Section 6.4 of this Circular; and

- (iii) compliance with Paragraph 6.50 of the Listing Requirements, which states that the number of new SCIB Shares that will arise from all outstanding Warrants, when exercised, shall not exceed 50% of the total number of issued Shares (excluding treasury shares and before the exercise of the Warrants) at all times.

In determining the entitlements under the Proposed Issue of Free Warrants, fractional entitlements, if any, shall be dealt with in such manner as our Board in its absolute discretion deems fit and expedient, and in the best interest of our Company.

The Warrants will be issued in registered form and constituted by a deed poll to be executed by SCIB ("**Deed Poll**"). The indicative salient terms of the Deed Poll are set out in **Appendix I** of this Circular.

The Warrants Entitlement Date will be a date after the Bonus Entitlement Date, hence the Bonus Shares will be entitled to the Warrants.

The Proposed Issue of Free Warrants is not intended to be implemented in stages over a period of time.

3.2 Basis and justification of determining the issue price and exercise price of Warrants

The Warrants will be issued at no cost to the Entitled Warrantholders.

The exercise price of the Warrants will be determined at a later date and an announcement will be made by our Board after the receipt of all relevant approvals but before the announcement of the Warrants Entitlement Date, by taking into consideration the following:-

- (i) the historical price movement of SCIB Shares and the future funding requirements of SCIB Group;
- (ii) the TEBP of SCIB Shares based on 5-day VWAP of SCIB Shares up to the price-fixing date, with a premium of up to 30%.

For illustrative purpose, the indicative exercise price of the Warrants is assumed at RM1.21 per Warrant, which represents a premium of approximately 29.1% to the TEBP of SCIB Share of RM0.9375 post-Proposed Bonus Issue of Shares, calculated based on the closing price of the Company as at the LPD of RM3.75 per SCIB Share;

- (iii) Warrants are exercisable at any time for a tenure of 3 years from the date of issuance of the Warrants; and
- (iv) Warrants will be issued at no cost.

Our Board wishes to emphasise that the indicative exercise price of the Warrants of RM1.21 per Warrant should not be taken as an indication of or reference to the actual exercise price of the Warrants, as it will only be determined and announced at a later date. The actual exercise price of the Warrants may be fixed at a premium of up to 30% to the TEBP of SCIB Shares post-Proposed Bonus Issue of Shares and on a date up to and including the price fixing date of the Warrants' exercise price. An announcement will be made on an actual exercise price of the Warrants together with the basis and the justification in determining the exercise price of the Warrants upon its determination.

The premium of not more than 30% to the TEBP of SCIB Shares was determined after taking into consideration, amongst others, the following:-

- (i) The prevailing market conditions and the historical market price of SCIB Shares;
- (ii) The Warrants being exercisable at any time within a 3 year period from the date of issuance of Warrants; and
- (iii) The potential future earnings of SCIB Group. At present, the outstanding order book our Group stood at approximately RM1.40 billion, which may sustain our business operations for the next 4 years.

3.3 Ranking of the new SCIB Shares to be issued arising from the exercise of Warrants

The new SCIB Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing SCIB Shares, save and except that the new SCIB Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the date of exercise of Warrants.

3.4 Listing and quotation for the Warrants and new SCIB Shares to be issued arising from the exercise of the Warrants

Bursa Securities had, via its letter dated 9 October 2020, approved the following, amongst others:-

- (i) admission to the Official List and listing and quotation for Warrants; and
- (ii) listing and quotation for 245,265,000 new SCIB Shares to be issued upon exercise of the Warrants,

subject to the conditions as set out in Section 8 of this Circular.

3.5 Utilisation of proceeds

The Warrants will not raise any immediate funds for our Company when issued as the Warrants will be issued without any cost to the Entitled Warranholders. The amount of proceeds to be raised from the exercise of Warrants would depend on the actual number of Warrants exercised during the exercise period of Warrants and the exercise price of Warrants to be determined at a later stage. As such, the exact quantum and timeframe for utilisation of the proceeds to be used cannot be determined at this juncture.

For illustration purpose, assuming that all Warrants are exercised at the indicative exercise price of RM1.21 per Warrant, we will raise gross proceeds of up to approximately RM296.77 million. For clarity, any proceeds raised, as and when the Warrants are exercised, shall be utilised for the following:-

- (i) working capital of our Group, which may include payment of trade and other payables (which includes payment for administrative expenses such as staff expenses, legal and professional fees, and rental expenses). The allocation of the proceeds to be utilised for each component of working capital may be subject to our Group's operating requirements at the time of utilisation, and such allocation shall be determined at our Board's discretion; and

- (ii) partial repayment of our Group's borrowings. As at the LPD, the total borrowings of SCIB Group stood at approximately RM38.41 million. The allocation of the proceeds to be utilised for the partial repayment of our Group's borrowings is subject to the actual number of Warrants being exercised by the Entitled Warrantholders during the exercise period of the Warrants and the exercise price of the Warrants. Hence, the annual savings in interest payments cannot be reasonably determined at this juncture.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

4.1 Proposed Bonus Issue of Shares

Our Board intends to undertake the Proposed Bonus Issue of Shares to reward you as our shareholders in the form of Bonus Shares for your loyalty and continued support as the Proposed Bonus Issue of Shares serves to:-

- (i) increase your number of SCIB Shares at no cost to be incurred by you, while maintaining your percentage of equity shareholding held in our Company;
- (ii) potentially result in an improved trading liquidity of the Shares traded in the market at an affordable Share price i.e. lower trading price, without affecting the size of the market capitalisation of our Company; and
- (iii) encourage greater participation by investors and to potentially widen the share base and shareholders' profiles of our Company.

In addition, the implementation of the Proposed Bonus Issue of Shares via the adoption of the enhanced bonus issue framework and without capitalisation of our reserves is not expected to affect our reserves and the total NA of our Company.

4.2 Proposed Issue of Free Warrants

Our Board intends to undertake the Proposed Issue of Free Warrants to reward you as our shareholders in the form of Warrants for your loyalty and continued support as the Proposed Issue of Free Warrants:-

- (i) serves to reward you for your continuous support by enabling you to participate in a derivative of our Company without incurring any costs;
- (ii) provides you an alternative mean to participate and trade in our equity;
- (iii) provides you an opportunity to further increase your equity participation in our Company by exercising the Warrants at a pre-determined price during the exercise period. You may also benefit from potential capital gain in the event of Share price appreciation through the exercise of the Warrants;
- (iv) strengthen our capital base, as and when the Warrants are exercised; and
- (v) serves as an appropriate avenue to raise funds as opposed to other fund raising exercises in view that it will progressively raise proceeds as and when the Warrants are exercised to fund our Group's working capital and partial repayment of our Group's borrowings as highlighted in Section 3.5 of this Circular without the need of incurring interest cost in the case of bank borrowings. This will consequently improve the gearing level of our Group.

For shareholders' information, our Company had on 7 April 2020, announced a private placement of up to 36,750,000 SCIB Shares, representing up to 42.7% of the then total number of issued Shares, which were issued at an issue price of RM1.82 per Share, raising a total gross proceeds of approximately RM66.89 million ("**Private Placement**").

The status of the utilisation of the said gross proceeds as at the LPD is set out below:-

Private Placement	Expected timeframe for utilisation	Proposed utilisation RM'000	Amount utilised as at the LPD RM'000
Working capital for on-going projects	Within 12 months from the receipt of placement funds	6,477	4,150
Estimated expenses for future projects	Within 24 to 36 months from the receipt of placement funds	59,408	733 ^{*1}
Estimated expenses in relation to the Private Placement together with recurrent related party transaction	Upon completion of the Private Placement	1,000	589
Total		66,885	5,472

Note:-

^{*1} Details of the amount utilised for the projects are set out below:-

Contract/ Project Title	Contract Period	Percentage of completion up to the LPD %	Proposed utilisation RM'000	Amount utilised RM'000
Proposed development and construction of 12 classrooms and 6 units of "Rumah Guru" and other facilities at Sekolah Kebangsaan Kalok, Betong, Sarawak	September 2020 to August 2022	2	1,753	733

With reference to Section 3.2 of our announcement dated 27 August 2020 pertaining to the Proposals announced on Bursa Securities, the utilised proceeds of approximately RM10 million has been returned to our Group as our Board has decided not to proceed with a project, of which the said proceeds was allocated to. Therefore, our Board has allocated a total of approximately RM57.66 million (together with the aforesaid returned proceeds of approximately RM10 million) for a new project, which involves the construction, infrastructure and landscape for the proposed development of a hybrid mall together with the management office located in Abu Dhabi (Phase 1) project. The contract value of the project is approximately United States Dollar ("**USD**") 145 million and the tenure of the project is expected to take approximately 4 years for completion from the commencement date of the said construction. As at the LPD, our management team is still in the midst of finalising the agreement with the project owner, hence, the proceeds has yet to be utilised at this juncture.

The Private Placement was completed on 16 June 2020. Please refer to the circular to shareholders of SCIB dated 18 May 2020 for further details of the Private Placement. Save for the Private Placement, our Company has not undertaken any other fund raising exercise in the past 12 months up to the LPD.

5. INDUSTRY OVERVIEW AND OUTLOOK OF OUR GROUP

5.1 Overview and outlook for the Malaysian economy

Economic growth thus expanded by 4.3% in 2019 (2018: 4.7%), driven by private sector spending.

(Source: Annual Report 2019, Bank Negara Malaysia)

Overall, the Malaysian economy is forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order ("**MCO**"), followed by the Conditional and Recovery MCO, during 2Q 2020.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter.

Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued. During this challenging period, stimulus measures such as the disbursement of Bantuan Prihatin Nasional cash transfers, Employees Provident Fund i-Lestari withdrawals and the implementation of the loan moratorium helped to cushion consumption spending. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

Gross fixed capital formation registered a sharper contraction of 28.9% (1Q 2020: -4.6%), weighed by significantly lower capital spending by both public and private sectors. By type of asset, both investment in structures and machinery & equipment ("**M&E**") declined by 41.2% (1Q 2020: -4.0%) and 11.1% (1Q 2020: -6.2%), respectively. Private investment declined by 26.4% (1Q 2020: -2.3%), due mainly to the coronavirus disease 2019 ("**COVID-19**") containment measures and heightened uncertainty which affected business sentiments and investment intentions. During the quarter, investment was affected by mobility restrictions, which temporarily halted the implementation of projects. Despite the gradual relaxation of the MCO, firms maintained a cautious approach to capital expenditure amid slower production and disruptions to global value chains. Furthermore, businesses also faced challenges in the delivery and installation of M&E amid border closures.

Public investment also recorded a larger decline of 38.7% (1Q 2020: -11.3%). This was due to a contraction in capital spending by both general government and public corporations due mainly to the movement restrictions.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

Against a highly challenging global economic outlook, Malaysia's Gross Domestic Product ("**GDP**") growth is projected to be between -2.0 to 0.5% in 2020. The domestic economy will be impacted by the necessary global and domestic actions taken to contain the COVID-19 outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the MCO, while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

Given the significant headwinds to growth arising from COVID-19, the Government and Bank Negara Malaysia ("**BNM**") have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic. Two economic stimulus packages amounting to RM250 billion were introduced to provide immediate relief to affected households and businesses. These packages also include loan guarantees and an automatic 6-month moratorium on loan repayments for individuals and small and medium enterprises. The economic stimulus measures were complemented by two consecutive Overnight Policy Rate reductions early this year and measures to provide additional liquidity in the banking system.

Private consumption is expected to be dampened by weak labour market conditions, mobility restrictions and subdued sentiments. Nonetheless, policy measures introduced in the two economic stimulus packages, including cash transfers to vulnerable households, flexibility to withdraw from Employees Provident Fund savings and the moratorium on loan repayments will increase disposable income and improve cash flow for households. In addition to supporting household spending, these broad-based measures will facilitate a gradual recovery in private consumption as labour market conditions eventually stabilise following the projected improvement in global and domestic economic activities.

Domestic growth prospects are expected to improve towards the end of the year, in line with the projected recovery in global demand and amid continued support from policy measures. Recovering external demand will lift growth in the export-oriented sectors. Consumer sentiments are also expected to gradually improve following the easing of travel restrictions and resumption of tourism activities as risks from the pandemic subside. In addition, the anticipated recovery from supply disruptions in the commodities sector and higher public sector expenditure will support the gradual improvement in the Malaysian economy in the latter part of the year. Public sector spending will be underpinned by the continuation of large-scale transport-related projects by public corporations and the implementation of more small-scale projects worth RM4 billion by the Federal Government.

Overall risks to the domestic growth outlook are tilted to the downside, mainly due to the risk of a prolonged and wider spread of COVID-19 and its effects on the global and domestic economy. Domestic growth also remains susceptible to a recurrence of commodities supply shocks and continued low commodity prices which could pose additional risks to production in the commodities sector, exports and income growth. In addition, heightened financial market volatility due to on-going external uncertainties may lead to tighter domestic financial market conditions. The baseline growth projection could, however, be lifted by a stronger-than-expected impact from the various stimulus measures by the Federal Government and additional measures implemented by several state governments.

(Source: Executive Summary, Economic and Monetary Review 2019, Bank Negara Malaysia)

5.2 Overview and outlook of the general construction industry and manufacturing industry in Malaysia

"Construction sector is expected to remain lacklustre (2020F: -1.9%; 2019: 0.1%) due to the glut situation though fiscal initiatives to continue with infrastructure spending may give the sector a lifeline. The RM15 billion fiscal expenditure involving infrastructure projects are expected to lift the 2020 GDP growth by 1%. Projects like Mass Rapid Transit Line ("MRT") 2, Light Rail Transit Line ("LRT") 3, LRT Extension and Pan Borneo Highway will see a continuation in activities on top of green lights for new projects like the East Coast Rail Link ("ECRL"), Tekai Hydroelectric and Pasir Gudang combined cycle-gas turbine (Budget 2020).

Construction projects rollouts may have been dragged by the seismic shifts in Malaysia's political landscape and nationwide implementation of MCO and could spark further delays to the original timeline. Tender progress for ECRL might have stumbled as land acquisition has not been up to speed. Given the multiple moving parts, ECRL jobs could only come about in 2H20.

Prospects for the sector looks fairly muted due to earnings risks from weaker progress billings and cash flow pressure. Additional sector uncertainty emanates from delays in project rollout owing to the changes in political landscape.

With fewer sizeable job opportunities in Peninsular Malaysia in the meantime, it is going to be challenging for contractors to replenish their order-books going forward. One bright spot may be in Sarawak, where the state has budgeted to spend RM22 billion on infrastructure projects including the Second Trunk Road (RM6 billion), coastal road upgrades (RM5 billion), water grid programs (RM2.8 billion), rural electrification projects (RM2.4 billion) and telco towers (RM1 billion). Timing-wise, it would probably make political sense to roll out these projects to stimulate economic activity ahead of the Sarawak state election, which must be held by September 2021."

(Source: Economic Update, BNM 2019 Annual Report, PublicInvest Research, HLIB Research dated 7 April 2020, Kenanga Research dated 11 March 2020)

"The construction sector declined by 7.9% during the first quarter of 2020 (4Q 2019: +1.0%), reflecting mainly the halt in activities during the MCO. This had more than offset the progress in the large transportation projects and activities in the affordable housing segments during the early part of the quarter.

Domestically, the economic impact of the MCO is expected to be broad-based, with the largest impact likely felt by the consumer-oriented and labour-intensive industries. This includes the services sector, particularly consumer services and construction sectors. Capital-intensive sectors such as mining and electrical and electronics ("E&E") are expected to be the least impacted. In terms of employment, the impact from the slowdown would be larger on the self-employed and those working in small and medium enterprises. However, under the Conditional MCO that was effective 4 May 2020, most sectors of the economy were allowed to operate, albeit in a controlled and prudent setting and by observing stringent Standard Operating Procedures. Notwithstanding the lifting of movement restrictions, international travel restrictions and social distancing measures are expected to continue for the remainder of the year.

The manufacturing sector moderated further to 1.5% (4Q 2019: 3.0%). The lockdown in PR China to contain the pandemic disrupted the global supply chain for a broad range of products including E&E and transport equipment. This resulted in a shortage of intermediate input for some domestic industries. Nevertheless, the impact was mitigated through a drawdown of inventory, which largely sustained domestic production activities. Manufacturing activity was however impacted by the imposition of the MCO. While the production of essential items and its supply chain were allowed to operate, it did so at significantly reduced capacity due to the 50% cap on labour utilisation to ensure sufficient social distancing at workplaces."

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, Bank Negara Malaysia)

"The manufacturing sector recorded a slower growth of 3.8% in 2019 (2018: 5.0%). Within the export-oriented clusters, weak external demand affected manufacturing activity in the E&E cluster, while the supply disruptions in key commodities led to lower production in primary-related clusters. Growth in both clusters, however, remained positive, supported by the presence of Malaysian E&E firms in diversified, fast-growing product segments such as automotive electronics, medical devices and cloud computing, as well as the recovery in natural gas output. Domestically, the frontloading of demand for passenger cars during the tax holiday period in 2018 had weighed on the production of transport equipment in 2019.

Growth in the construction sector moderated to 0.1% (2018: 4.2%), reflecting mainly the completion and near completion of large infrastructure and mixed development projects. In the non-residential and residential subsectors, fewer and smaller new projects amid the commercial property glut and elevated level of unsold residential properties also contributed to the lower growth. While the civil engineering subsector remained the key contributor to growth, the delay in construction work for major highways, in addition to the completion of large petrochemical projects, led to a moderation in construction growth during the year."

(Source: Economic, Monetary and Financial Developments in 2019, Economic and Monetary Review 2019, Bank Negara Malaysia)

"During the first half of 2019, the manufacturing sector expanded by 4.2% mainly supported by domestic-oriented industries. Meanwhile, export-oriented industries grew at a slower pace due to modest expansion in the electrical & electronics subsector in line with softer global demand for electronic products. In 2020, the manufacturing sector is estimated to grow 4.1% driven by steady improvement in the export-oriented industries coupled with sustained expansion in the domestic-oriented industries.

In 2020, the performance of the export-oriented industries is anticipated to improve in tandem with the uptick in electronics cycle, especially during the second half of the year. Manufacturers in Malaysia are also expected to benefit from the changes in the global electronics supply chain following the US-China trade and technology dispute. Furthermore, expanding demand for artificial intelligence, internet of things, big-data analytics and 5G is anticipated to support the E&E subsector. Likewise, production of petrochemicals and oleochemicals is expected to increase with the commencement of RAPID. The domestic-oriented industries are expected to be driven by both consumer and construction-related clusters.

Outlook for the construction-related cluster is expected to rebound with higher demand for non-metallic mineral products, basic metal and fabricated metal products. The higher production will be supported by the implementation of new and on-going infrastructure projects such as East Coast Rail Link, MRT2, LRT3, Klang Valley Double Tracking 2 as well as Pan Borneo Highway and Central Spine Road."

(Source: Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)

5.3 Future prospects of our Group

As highlighted in Section 5.1 of this Circular, Malaysia's economy in the second quarter of 2020 registered 17.1% contraction which was impacted significantly in the face of COVID-19, following the enforcement of MCO to counter the COVID-19 outbreak. The on-going COVID-19 outbreak, which has led to the implementation of national lockdown policies in many countries worldwide, including Malaysia, has restricted many businesses from operating as usual, which include our Group's construction and manufacturing activities both in Malaysia and other countries. This has affected us operationally and financially as there is a fall in demand as a result of the disruption in raw materials supply, stopped operations and restriction in logistics and transportation movements in response to the MCO enforced by the Government. Notwithstanding the above, our Group was able to resume our construction business during the Conditional MCO, which was implemented in early May 2020. This has allowed us to gradually recover from the adverse operational and financial impacts due to the COVID-19 outbreak and the MCO.

Our Board believes that our Group, being one of the precast concrete and industrialised building system (IBS) manufacturer in East Malaysia, has an optimistic business prospect ahead premised on several pull factors for instance, people-centric state-funded construction projects, which will be rolling out in stages, comprising, amongst others, the notable Second Trunk Road, Coastal Road, Project Rumah Mesra Rakyat, Sekolah Daif Sarawak, government hospital and health clinic as well as Sarawak Water Supply Grid Programme.

Our Group's existing foothold established in Sarawak may enable us to tap into the localised advantage and to participate in Sarawak's developments. Furthermore, in October 2019, our Group has entered into an agreement with Edaran Kencana Sdn Bhd, which is a local business entity and Petronas' licensed vendor, for the construction of main building works, Phase 1 Package C of independent utility facility. Such network has enabled us to leverage and participate in job tendering in Sarawak moving forward. Our business coverage has also expanded into Indonesia, Oman, Qatar and United Arab Emirates since 2019.

At present, our Group's order book has reached approximately RM1.40 billion, which we have already achieved our internal order book target for 2020 and such order book may sustain our business operations for the next 4 years. In view of the challenges posed by COVID-19 pandemic, mitigation plans have been put in place for on-going contracts in order to minimise the interruption in respect of operational process, manpower capacity, supply chain, and distribution networks, of our projects, as required by the industry standard operating procedures.

Moving forward, our Group intends to focus on the following 3 key strategies to drive sustainable value creation for an improved efficiency and productivity:-

- (i) diversifying the geographical presence;
- (ii) strengthening in-house construction capabilities; and
- (iii) exploring supply chain partnerships or technology enabler.

Pursuant to the above, set out below are the initiatives and plans currently implemented by our Group:-

- (i) In view of our expanded geographical market presence, it is our intention to set up mobile manufacturing facilities, which will be equipped with production lines and the necessary raw materials, at our project locations to ease the carrying of our manufacturing activities of precast concrete and industrialised building system (IBS) at the project sites. At present, our projects are located in Peninsular Malaysia, Indonesia, Qatar and Oman. With the mobile manufacturing facilities, our manufacturing activities will be able to source the necessary materials from the nearest mobile manufacturing facilities to the project execution site to ensure a smooth logistics process for timely delivery of outputs. As at the LPD, our management team is still in the midst of identifying suitable base for the intended purpose;
- (ii) In an effort to strengthen our construction capabilities to become a full-fledged construction player, our Group is pursuing the necessary qualifications and licenses, for instance Construction Industry Development Board ("**CIDB**") license Grade 7, Sijil Taraf Bumiputera ("**STB**") license, Sijil Perolehan Kerja Kerajaan ("**SPKK**") license which allows us to undertake a higher value of construction contracts within Malaysia as well as the Ministry of Finance ("**MOF**") license to participate in Government or semi-government projects. As at the LPD, our wholly-owned subsidiary, namely SCIB Industrialised Building System Sdn Bhd ("**SIBS**") has successfully obtained the CIDB Grade 7 license, which allows SIBS to tender for contracts with unlimited value. Additionally, SIBS has also received STB license, SPKK license, which qualify SIBS as a Bumiputra contractor to undertake local construction projects, which require Bumiputra ownership as pre-requirement.

Our management team has identified 2 of our other wholly-owned construction subsidiaries, namely SCIB Properties Sdn Bhd and SCIB Infracore Sdn Bhd to qualify for the licenses, namely CIDB G7, STB, SPKK and MOF licenses. This will expand our construction capacities to tender and undertake a higher number of construction projects; and

- (iii) With the development and evolvement of Industrial Revolution 4.0, our management team has explored the digital approaches such as 3D printing technology to transform our existing supply chain into a digital value network system. The integrated 3D-printing architecture is a new emerging technology in the construction industry as the integrated 3D-printing architecture is able to build and imitate the building concepts model into an entire physical structure by integrating the design, construction, equipment, new materials and application to the architecture within a short period of time without incurring high cost (as it specifies the exact volume of each material and thus lowering the costs of production) against the traditional method.

At this juncture, our management team is still studying the application of the digital approaches into our business activities.

Barring any unforeseen circumstances, our Board and management remain optimistic of our Group's future prospects premised on the key strategies, initiatives and the plans to improve efficiency and productivity of our Group as mentioned above as well as our Group's order book as at the LPD, despite the current economic condition and the on-going COVID-19 outbreak.

(Source: Management of SCIB)

6. EFFECTS OF THE PROPOSALS

The effects of the Proposals on our issued Share capital, NA per Share and gearing ratio, earnings and EPS of our Group, convertible securities of our Company (if any) and substantial shareholders' shareholdings in our Company, are set out below:-

6.1 Issued share capital

The pro forma effects of the Proposals on our issued Share capital are set out below:-

	No. of Shares	RM
Issued Share capital as at the LPD	122,632,500	152,268,468
No. of Shares to be issued pursuant to the Proposed Bonus Issue of Shares	367,897,500	-
	490,530,000	152,268,468
No. of Shares to be issued pursuant to the full exercise of Warrants	245,265,000	296,770,650 ^{*1}
Enlarged issued Share capital	735,795,000	449,039,118

Note:-

^{*1} Assuming that all Entitled Warrantheolders exercise their Warrants at the exercise price of RM1.21 per Warrant

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6.2 NA per Share and gearing ratio

Based on the latest audited consolidated statements of financial position of our Group as at latest audited FYE 31 December 2019, the pro forma effects of the Proposed Bonus Issue of Shares and the Proposed Issue of Free Warrants on the NA per Share and gearing ratio of our Group are set out as follows:-

	I		II	
	Audited as at FYE 31 December 2019	Subsequent events up to the LPD	After Proposed Bonus Issue of Shares	After I and assuming full exercise of the Warrants
	RM	RM	RM	RM
Share capital	85,913,168	152,268,468 ¹	152,268,468	449,039,118 ³
Foreign exchange translation reserves	98	98	98	98
Accumulated losses	(33,912,548)	(33,912,548) ²	(34,112,548)	(34,112,548)
Shareholders' fund/ NA	52,000,718	118,356,018	118,156,018	414,926,668
No. of Shares in issue	85,882,500	122,632,500 ¹	490,530,000	735,795,000
NA per Share (RM)	0.61	0.97	0.24	0.56
Total borrowings (RM)	37,425,499	37,425,499	37,425,499	37,425,499
Gearing ratio (times)	0.72	0.32	0.32	0.09

Notes:-

- ¹ After taking into account the issuance of 36,750,000 Shares at RM1.82 per Share pursuant to the Private Placement and after deducting the expenses of approximately RM529,700 in relation to the Private Placement only
- ² After deducting the estimated expenses of approximately RM200,000 in relation to the Proposals
- ³ Assuming that all Entitled Warrantheolders exercise their Warrants at the indicative exercise price of RM1.21 per SCIB Share

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6.3 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Shares will not have any effect on the shareholdings of the substantial shareholders of SCIB as the Bonus Shares will be allotted on a pro-rata basis to all the shareholders of our Company. However, the number of SCIB Shares held by all the shareholders of SCIB will increase proportionately as a result of the Proposed Bonus Issue of Shares.

The Proposed Issue of Free Warrants will not have any effect on the shareholdings of the substantial shareholders of SCIB assuming all Entitled Warrant holders exercise their respective Warrants during the exercise period of the Warrants. The number of SCIB Shares held by all the Entitled Warrant holders will increase proportionately arising from the exercise of the Warrants into new SCIB Shares.

For illustration purpose, the pro forma effects of the Proposals on the shareholdings of the substantial shareholders of SCIB are as follows:-

Substantial shareholder:	I				II			
	Shareholdings as at the LPD		After the Proposed Bonus Issue of Shares		After I and assuming full exercise of the Warrants		After I and assuming full exercise of the Warrants	
	<-----Direct----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->
	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}	No. of Shares	% ^{*3}
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	44,920,055	36.63	-	-	179,680,220	36.63	-	-
Sarawak Economic Development Corporation	6,481,250	5.29	-	-	25,925,000	5.29	-	-
Gaya Belian Sdn Bhd	6,878,496	5.61	-	-	27,513,984	5.61	-	-
Marinah Binti Harris	-	-	6,878,496 ^{*4}	5.61	-	-	27,513,984 ^{*4}	5.61
Haijah Binti Harris	-	-	6,878,496 ^{*4}	5.61	-	-	27,513,984 ^{*4}	5.61
Rosland bin Othman	9,295,985	7.58	-	-	37,183,940	7.58	-	-

Notes:-

^{*1} Based on the issued Shares of 122,632,500

^{*2} Based on the enlarged issued Shares of 490,530,000

^{*3} Based on the enlarged issued Shares of 735,795,000

^{*4} Deemed interest by virtue of her substantial shareholding in Gaya Belian Sdn Bhd pursuant to Section 8 of the Act

6.4 Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of our Group for the financial year ending FYE 31 December 2020. However, assuming that the earnings of our Group remain unchanged, our EPS will be proportionately diluted as a result of the increase in the number of SCIB Shares in issue pursuant to the Proposed Bonus Issue of Shares and as and when the Warrants are exercised into new SCIB Shares.

The potential effects of the exercise of the Warrants on the future earnings of our Group and EPS of our Company will depend upon, amongst others, the number of Warrants exercised at any point in time and the benefits to be accrued to our Group from the utilisation of proceeds raised from the exercise of the Warrants.

6.5 Convertible securities

As at the LPD, our Company does not have any existing convertible securities.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of SCIB Shares traded on Bursa Securities for the past 12 months from October 2019 to September 2020 are set out below:-

	High RM	Low RM
2019		
October	1.83	1.05
November	1.88	1.55
December	1.92	1.71
2020		
January	2.65	1.84
February	3.49	2.25
March	3.05	0.90
April	2.55	1.80
May	2.36	1.95
June	2.30	1.96
July	3.03	2.13
August	3.56	2.59
September	4.00	3.22
Last transacted market price of SCIB Shares as at 26 August 2020 (being the latest trading day prior to the announcement on the Proposals)		3.07
Last transacted market price on the LPD		3.75

(Source: Bloomberg)

8. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities, for the following:-
 - (a) listing and quotation for 367,897,500 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
 - (b) admission to the Official List and listing and quotation for 245,265,000 Warrants to be issued pursuant to the Proposed Issue of Free Warrants; and

- (c) listing and quotation for 245,265,000 new SCIB Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities, the approval of which has been obtained vide its letter dated 9 October 2020 subject to the following conditions:-

- a. SCIB and UOB Kay Hian must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
 - b. SCIB and UOB Kay Hian to inform Bursa Securities upon completion of the Proposals;
 - c. SCIB and UOB Kay Hian to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;
 - d. SCIB and UOB Kay Hian are required to make the relevant announcements for the Proposed Bonus Issue of Shares pursuant to Paragraph 6.35(2)(a)&(b) and 6.35(4) of the Listing Requirements;
 - e. SCIB is required to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders at the extraordinary general meeting approving the Proposals; and
 - f. SCIB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.
- (ii) the approval of the shareholders of SCIB at the EGM; and
- (iii) any other relevant authority, if required.

Save for the completion of the Proposed Bonus Issue of Shares, the Proposed Issue of Free Warrants is not conditional upon any other proposals undertaken or to be undertaken by the Company.

The Proposed Bonus Issue of Shares is not conditional upon the implementation of the Proposed Issue of Free Warrants and any other proposals undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/ or chief executive of SCIB and/ or persons connected with them has any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders of our Company under the Proposals, which are also available to all other shareholders of our Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposals to be completed in the fourth quarter of 2020.

The tentative timetable in relation to the Proposals are set out below:-

Timeline	Events
17 November 2020	• Convening of EGM
End November 2020	• Announcement of Bonus Entitlement Date

Timeline	Events
Early December 2020	<ul style="list-style-type: none"> • Bonus Entitlement Date • Listing and quotation for the Bonus Shares on the Main Market of Bursa Securities • Announcement of Warrants Entitlement Date
Mid December 2020	<ul style="list-style-type: none"> • Warrants Entitlement Date • Listing and quotation for the Warrants on the Main Market of Bursa Securities

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, which are the subject matters of this Circular, our Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposals, which include, but are not limited to, the basis and number of Bonus Shares and Warrants to be issued, the rationale and justifications, and the pro forma effects of the Proposals on our Company, is of the opinion that the Proposals are in the best interest of our Company. Accordingly, our Board recommends that you **VOTE IN FAVOUR** for the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. EGM

Our EGM, the notice of which is enclosed in this Circular, will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Tuesday, 17 November 2020 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

A member entitled to attend, participate, speak and vote remotely at the EGM via the Remote Participation and Voting facilities provided, is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. As such, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the poll administrator's office at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, alternatively, at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the EGM or any adjournment thereof. In the case of electronic appointment, the Form of Proxy must be deposited via TIIH Online at <http://tiih.online> not less than 48 hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
SARAWAK CONSOLIDATED INDUSTRIES BERHAD

YBHG. DATO' DR. IR. TS. MOHD ABDUL KARIM BIN ABDULLAH
Non-Independent Non-Executive Chairman

APPENDIX I - INDICATIVE SALIENT TERMS OF THE DEED POLL

The indicative salient terms of the Deed Poll are as follows:-

Issue size	245,265,000 Warrants
Form and denomination	The Warrants will be issued in registered form and constituted by the Deed Poll
Tenure	3 years commencing from and inclusive of the date of issuance of the Warrants
Exercise period	The Warrants may be exercised at any time within 3 years commencing on and including the date of issuance of the Warrants not later than 5.00 p.m. on the last day of the exercise period. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid
Exercise price	The exercise price of the Warrants will be determined at a later date by the Board upon receipt of all relevant approvals but before the announcement of the Warrants Entitlement Date. The exercise price during the exercise period shall however be subject to adjustments under circumstances prescribed in the Deed Poll
Exercise rights	Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for 1 SCIB Share at the exercise price of the Warrants, subject to adjustment in accordance with the provision of the Deed Poll
Expiry date	The last day of a period of 3 years commencing from and including the date of issue of the Warrants (but if that day is not Market Day, it shall be the immediately preceding Market Day)
Mode of exercise	The Entitled Warrantheolders must complete and sign the exercise form (which shall be irrevocable) and deliver the duly completed exercise form to the Company or the Company's share registrar together with a remittance of the exercise money by way of cashier's order or banker's draft or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia in accordance with the provisions of the Deed Poll
Participating rights of the holders of Warrant	The Entitled Warrantheolders are not entitled to vote in any general meeting of SCIB and/ or to participate in any distribution other than on winding-up, compromise or arrangement of SCIB and/ or offer of further securities in SCIB unless and until the Entitled Warrantheolder becomes a shareholder of SCIB by exercising his/ her Warrants into new SCIB Shares or unless otherwise resolved by SCIB in a general meeting
Adjustments in the exercise price and/or number of Warrants	The exercise price and/ or the number of Warrants held by each Entitled Warrantheolder shall from time to time be adjusted in accordance with the provisions of the Deed Poll by the Directors in consultation with an approved adviser appointed by the Company and certified by the auditors to be in accordance with the provisions of the Deed Poll
Transferability	The transfer of Warrants shall be subject to and be carried out in accordance with the provisions of the Deed Poll, the provisions of the Depositories Act and the Rules of Bursa Depository. Subject to the provisions of the Depositories Act and the Rules of Bursa Depository, no person shall be recognised by the Company as having title to the Warrants entitling the holder to subscribe for a fractional part of a new Share
Board lot	For the purposes of trading on the Bursa Securities, board lot for the Warrants shall be 100 Warrants each carrying the right to subscribe for 100 new Shares at any time during the exercise period or in such other denominations permitted by Bursa Securities from time to time

APPENDIX I - INDICATIVE SALIENT TERMS OF THE DEED POLL (CONT'D)

Rights on winding up, liquidation, compromise and/or arrangement	<p>Where a resolution has been passed for a members' voluntary winding up of the Company, or where there is a scheme of compromise or arrangement under Section 366 of the Act (whether or not for the purpose of or in connection with the amalgamation of the Company with one or more companies) then:-</p> <p>(i) if such winding up, compromise or arrangement has been approved by the Entitled Warranholders by way of a special resolution, the terms of such winding up, compromise or arrangement shall be binding on all the Entitled Warranholders; and</p> <p>(ii) in any other case, every Entitled Warranholders shall be entitled upon and subject to the conditions of the Deed Poll at any time within 6 weeks after the service of the notice of the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the exercise period), by irrevocable surrender on a Market Day of his/ her Warrants to the Company with the exercise form(s) duly completed, together with payment of the relevant exercise price and otherwise in accordance with the Deed Poll, to elect to be treated as if he/she had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights represented by such Warrants to the extent specified in the exercise form and be entitled to receive out of the assets of the Company which would be available in liquidation if he/ she had on such date been the holder of the new Shares to which he/ she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.</p> <p>If the Company is wound up by way of members' voluntary winding up or an order has been granted for such compromise or arrangement, all exercise rights which have not been exercised within 6 weeks after the service of the notice of the passing of such a resolution or of the court order, shall lapse and the Warrants will cease to be valid for any purpose.</p> <p>If the Company is wound up (other than by way of a members' voluntary winding up), all exercise rights which have not been exercised prior to the date of commencement of the winding up shall lapse and the Warrants will cease to be valid for any purpose</p>
Modification of rights of the holders of Warrant	<p>Any modification, deletion or addition to the Deed Poll may be effected only by a deed poll executed by the Company and expressed to be supplemental to the Deed Poll, sanctioned by a special resolution and only if the relevant requirements under the Deed Poll have been complied with and with the approval of the relevant authority</p>
Listing status	<p>The Warrants will be listed and quoted on the Main Market of Bursa Securities</p>
Governing law	<p>The Warrants and the Deed Poll shall be governed by the applicable laws and regulations of Malaysia</p>

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APPENDIX II - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and our Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOB Kay Hian, being the Main Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOB Kay Hian has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Main Adviser to SCIB for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect our Group's financial position or business:-

There is an on-going dispute between SCIB and Asgari Bin Mohd Fuad Stephens, Brian Francis Ticcioni and Gaya Belian Sdn Bhd (collectively referred to as the "**Vendors**") arising from the share sale agreement dated 28 December 2016 entered into between SCIB and the Vendors ("**SSA**") in relation to the disposal of the entire equity shareholdings in Carlton Gardens Sdn Bhd ("**CGSB**") by the Vendors to SCIB.

Pursuant to the SSA, the Vendors have made representations concerning CGSB as to the profitability of contract and plant capacity of CGSB in relation to several contracts entered into by the Vendors separately with CGSB, such representations of which had turned out to be false and did not reflect the correct state of affairs of CGSB and its related activities. SCIB had relied upon the representations made by the Vendors in entering into the SSA for the acquisition of the entire equity shareholdings in CGSB from the Vendors.

Arising from the dispute, SCIB seeks to claim against the Vendors for a full refund of the purchase consideration of RM9,500,000 consisting a cash sum of RM5,266,000 paid to the Vendors, as well as a re-transfer of the remaining undisposed ordinary shares in SCIB ("**Consideration Shares**"), which were allotted and issued to the Vendors as part of the purchase consideration, for the acquisition of the entire equity shareholdings in CGSB under the SSA and also damages and losses incurred.

In accordance with the SSA, SCIB had on 25 May 2018 issued a notice of dispute to the Vendors, to refer the dispute to a mutually appointed arbitrator but there has been no response received from the Vendors agreeing to such appointment.

APPENDIX II - FURTHER INFORMATION (CONT'D)

In order to maintain the status quo and preserve the Consideration Shares, SCIB had applied for an injunction from the Kota Kinabalu High Court vide Originating Summons No. BKI-24NCC(ARB)-2/7-2018 restraining the Vendors jointly and severally from selling, transferring or otherwise dealing with the Consideration Shares as part of the purchase consideration under the SSA. The Court had on 28 November 2018, granted an inter parte injunction against the Vendors. The Vendors had on 21 December 2018, filed an appeal to the Court of Appeal against the injunction granted. As at the LPD, no date has been fixed for the hearing of the appeal.

SCIB and the Vendors have since agreed to refer the dispute for mediation, and at the hearing of the mediation on 29 January 2019, it was agreed that a further meeting be held at a date to be fixed to facilitate a better understanding of the basis and reasoning of the matters arising under the dispute to enable the parties to reach an amicable settlement. However, as the mediation has failed and the parties were unable to reach a mediated settlement, further notice to commence arbitration with reference to the Notice of Dispute dated 25 May 2018 has been issued by a letter dated 18 February 2020.

In the interim, the board of directors of CGSB, having considered the affairs of CGSB and taking into account the legal advice by its solicitors, has determined that CGSB cannot by reasons of its liabilities, continue its business. Consequently, on 11 January 2019, an interim liquidator was appointed under section 440 of the Act thereby marking the commencement of a voluntary winding up of CGSB. The appointment of a liquidator was then resolved at the meeting of the creditors of CGSB on 31 January 2019 and a committee of inspection was set up to administer the liquidation process of CGSB.

Subsequently, having received no response from the proposed respondents, SCIB had through its solicitors via a letter dated 5 August 2020, requested for the appointment of an Arbitrator with the Asian International Arbitration Centre ("**AIAC**") pursuant to Clause 10.14(b)(s) of the SSA. On 12 August 2020, AIAC had informed the solicitors of SCIB that they were unable to appoint an Arbitrator as the the directorship of the AIAC is still vacant.

As at the LPD, the Parties are presently in the midst of finalising a settlement of the dispute as between themselves and we expect an amicable settlement can be reached within the next two months or so. We believe that upon such settlement being finalised and the Settlement Agreement being executed all pending litigation and other claims and actions between the parties in respect to the dispute would be terminated and discontinued. Nevertheless, the inter parte injunction is still valid at this juncture.

5. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, SCIB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:-

- (i) On 24 January 2019, SCIB Concrete Manufacturing Sdn Bhd entered into a conditional sale and purchase agreement with Reignvest Corporation Sdn Bhd for the acquisition of a parcel of land together with 2 units of industrial buildings thereon and appurtenances thereof situated at Sejingkat Industrial Park, Kuching, measuring approximately 2.793 hectares and described as "**Lot 830 Block 7, Muara Tebas Land District**" for a cash consideration of RM8,236,000. This acquisition has been completed on 29 November 2019.

APPENDIX II - FURTHER INFORMATION (CONT'D)

6. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on our Group's financial results/ position:-

Property, plant and equipment:	RM'000
Contracted but not provided for	350
Authorised but not contracted for	2,282
Total	<u>2,632</u>

7. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on our Group's financial results/ position:-

	RM'000
Unsecured: Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	<u>38,376</u>

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- (i) Constitution of SCIB;
- (ii) Audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2019 and the latest unaudited results for the 6-month financial period ended 30 June 2020;
- (iii) Deed Poll;
- (iv) Cause papers referred to in Section 4 above;
- (v) Material contracts referred to in Section 5 above; and
- (vi) The letter of consent and declaration of conflict of interests referred to in Sections 2 and 3 above, respectively.

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SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Sarawak Consolidated Industries Berhad ("**SCIB**" or the "**Company**") ("**EGM**") will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online> on Tuesday, 17 November 2020 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF 367,897,500 NEW ORDINARY SHARES IN SCIB ("SCIB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 3 BONUS SHARES FOR EVERY 1 EXISTING SCIB SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER BY THE BOARD ("BONUS ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF SHARES")

"**THAT** subject to the approvals of all relevant authorities and/ or parties (where applicable), authority be and is hereby given to the Board of Directors of SCIB ("**Board**") to issue and allot 367,897,500 Bonus Shares in the share capital of the Company credited to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Bonus Entitlement Date on the basis of 3 Bonus Shares for every 1 existing SCIB Share held;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Shares, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing SCIB Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the Bonus Entitlement Date;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares."

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF 245,265,000 FREE WARRANTS IN SCIB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 SCIB SHARES HELD ON AN ENTITLEMENT DATE, WHICH IS AFTER THE BONUS ENTITLEMENT DATE, TO BE DETERMINED AND ANNOUNCED LATER BY THE BOARD ("WARRANTS ENTITLEMENT DATE") ("PROPOSED ISSUE OF FREE WARRANTS")

"THAT subject to the Ordinary Resolution 1 and the approvals of all relevant authorities and/ or parties (where applicable), authority be and is hereby given to the Board to issue and allot 245,265,000 Warrants (at an exercise price to be determined at a later date) in the share capital of the Company credited to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Warrants Entitlement Date on the basis of 1 Warrant for every 2 SCIB Shares held;

THAT the Board be and is hereby authorised to enter into and execute a deed poll constituting the Warrants ("**Deed Poll**") with full powers to ascent to any condition, modification, variation and/ or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of Warrants in accordance with the provisions of the Deed Poll and where required, to adjust the exercise price and/ or the number of Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new Shares pursuant to the exercise of the Warrants by the holders of the Warrants in accordance with the provisions of the Deed Poll;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Issue of Free Warrants, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the new SCIB Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing SCIB Shares, save and except that the new SCIB Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the date of exercise of Warrants;

THAT the Board be and is hereby authorised to use the proceeds to be raised from the exercise of the Warrants for such purposes and in such manner as set out in Section 3.5 of the circular to shareholders of the Company dated 30 October 2020, and the Board be authorised with full powers to vary the manner and/ or purpose of the use of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Issue of Free Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Issue of Free Warrants."

By Order of the Board

LAU YEN HOON (MAICSA 7061368)
SSM Practicing Certificate No.: 202008002143
TAN SIEW HONG (MAICSA 7066226)
SSM Practicing Certificate No.: 201908001915
Company Secretaries

Kuching, Sarawak
30 October 2020

Notes:

- 1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the meeting to be present at the main venue of the EGM. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM.*
- 2) *Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd. A member who has appointed a proxy or attorney or authorised representative to participate in this EGM via the RPV must request his/ her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tjih.online>. Please refer to the procedures set out in the Administrative Guide for the EGM to register, participate and vote remotely via the RPV.*
- 3) *For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 10 November 2020 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the EGM or appoint proxy(ies) to attend and vote on his/her behalf.*
- 4) *A member of the Company who is entitled to attend and vote at this EGM is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf.*
- 5) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- 6) *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- 7) *Where a member appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.*
- 8) *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to participate at the EGM.*
- 9) *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least 48 hours before the time appointed for holding the EGM or any adjournment thereof:*
 - i) *In hard copy form*
The proxy form must be deposited at the poll administrator's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii) *By electronic means*
The proxy form can be electronically lodged with the poll administrator via TIIH Online website at <https://tjih.online>. Please refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of Proxy Form.
- 10) *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the poll administrator's office at the above address not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
- 11) *For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/ DULY CERTIFIED certificate of appointment of authorised representative with the poll administrator at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least 2 authorised officers, of whom 1 shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

CDS Account No.	
No. of shares held	



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

FORM OF PROXY

*I/We (full name)

*NRIC No./Passport No./Company No..... of (full address).....

being a member of **SARAWAK CONSOLIDATED INDUSTRIES BERHAD (the "Company")** hereby appoint (full name)..... *NRIC No./Passport No./Company No.

of (full address)

and/ or (full name)..... *NRIC No./Passport No./Company No.

.....of (full address)

*or failing him/her, the Chairman of the meeting as *my/ our proxy to attend, speak and vote for *my/ our behalf at the Extraordinary General Meeting ("**EGM**"), which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIH Online website at <https://tjih.online> on Tuesday, 17 November 2020 at 2.00 p.m., or at any adjournment thereof.

*My/ our proxy is to vote as indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	PROPOSED BONUS ISSUE OF SHARES		
2.	PROPOSED ISSUE OF FREE WARRANTS		

*Strike out whichever is not applicable

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

The proportions of *my/ our holdings to be presented by *my/our proxies are as follows:

Proxy 1	%
Proxy 2	%
Total	100%

Dated this.....day of.....2020.

.....
Signature of shareholder(s)/ Common Seal

Notes:

- 1) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the meeting to be present at the main venue of the EGM. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM.
- 2) Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd. A member who has appointed a proxy or attorney or authorised representative to participate in this EGM via the RPV must request his/ her proxy or attorney or authorised representative to register himself/herself for RPV via TIH Online website at <https://tjih.online>. Please refer to the procedures set out in the Administrative Guide for the EGM to register, participate and vote remotely via the RPV.
- 3) For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 10 November 2020 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the EGM or appoint proxy(ies) to attend and vote on his/her behalf.



- 4) A member of the Company who is entitled to attend and vote at this EGM is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf.
- 5) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 6) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- 7) Where a member appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.
- 8) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to participate at the EGM.
- 9) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least 48 hours before the time appointed for holding the EGM or any adjournment thereof:
 - i) In hard copy form
The proxy form must be deposited at the poll administrator's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii) By electronic means
The proxy form can be electronically lodged with the poll administrator via TIH Online website at <https://tjh.online>. Please refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of Proxy Form.
- 10) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the poll administrator's office at the above address not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 11) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/ DULY CERTIFIED certificate of appointment of authorised representative with the poll administrator at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least 2 authorised officers, of whom 1 shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX
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The Poll Administrator of
SARAWAK CONSOLIDATED INDUSTRIES BERHAD
Registration No.: 197501003884 (25583-W)
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32 Tower A, Vertical Business Suite
Avenue 3, Bangsar South No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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Fold This Flap For Sealing