



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

(Registration No.: 197501003884 (25583-W))

(Incorporated in Malaysia)

1. INTRODUCTION

Reference is made to the previous announcements made by Sarawak Consolidated Industries Berhad (“**SCIB**” or “**the Company**”) in relation to Engineering, Procurement, Construction and Commissioning (EPCC) contracts awarded to SCIB and its wholly owned subsidiary company, SCIB International (Labuan) Ltd., respectively (“**Contracts**”) for the projects as follows (“**Projects**”):-

Contract title	Client	Country	Announcement Reference date
Under SCIB:			
Construction, completion and maintenance of 6 Villas (Ground + 1 st Floor + Penthouse, including external majlis, ancillary block and external block works)	Pavilion Qatar Engineering Co. W.L.L.	Qatar	25 October 2019
Complete Construction of nine (9) Residential Villas at Street 47, Block 327, Al Hayl, Muscat, Oman	Revenue International L.L.C	Oman	25 October 2019
Under SCIB International (Labuan) Ltd.:			
Construction, Completion and Maintenance of 18 numbers of Five Storey Buildings, Proposed New Boundary Wall, Guard House and Car Parking located at Doha, Qatar	Interceptor Trading and Contracting W.L.L	Qatar	3 April 2020
Construction and Completion of 2 units of Service Centres located at the region of Al Khor, State of Qatar	Skyview Trading and Contracting W.L.L	Qatar	3 April 2020

Civil works for the Fire Water Project (47,000 mtrs) State of Qatar	Pavillion Qatar Engineering Co. W.L.L.	Qatar	3 December 2020
Complete Construction of 20 Villas at Street 14, Block 112, Ruwi, Muscat Sultanate of Oman	Revenue International L.L.C	Oman	3 April 2020

The Board of Directors of SCIB wishes to announce that the Company and SCIB International (Labuan) Ltd. had on 10 November 2021 signed the respective Settlement Agreements with the above Clients and the respective subcontractors engaged by SCIB for the respective Project (“**Subcontractors**”) (collectively referred to as “**Parties**” and each of them is referred to as “**Party**”), to mutually terminate the Contracts as listed above, confirm the obligation on the full and final settlement of debts and establish the term and payment schedule for the amount owing between the Parties.

2. INFORMATION ABOUT THE TERMINATION OF CONTRACTS

The termination of the Contracts is based on mutual agreement between SCIB Group, the respective Clients and the respective Subcontractors, after taking into consideration the following factors :

1. The project progress was greatly affected by the manpower issues caused by the COVID-19 pandemic;
2. The prolonged pandemic and travelling and operational restrictions posed challenges in the project management;
3. Slow payment and long outstanding debts owing by the Clients.

The key salient terms of the respective Settlement Agreements are as follows:

- The Client irrevocably and unconditionally admits, confirms and agrees on the amount owing to SCIB as of the cut-off date (“**Debt 1**”) for the works carried out for the Project where SCIB agrees to accept Debt 1 as the full and final settlement sum owing in accordance with the terms and conditions of the Settlement Agreement. No further penalty, agreed and/or punitive damages will be imposed on SCIB for the works carried out for the Project;
- SCIB acknowledges and agrees with the amount owing to the Subcontractors as at cut-off date (“**Debt 2**”) for the works carried out for the Project, on back-to-back payment terms;
- The Subcontractors agree that Debt 2 shall be the final and conclusive amount owing to the respective Party by SCIB. The Subcontractors shall not be entitled to impose any further claims or damages upon SCIB after the cut off date. In the event Debt 1 is not paid to SCIB by the Client, either in full or progressively according to the agreed

- payment schedule, SCIB's payment to the Subcontractors shall also be delayed and/or halted where applicable, of which the Subcontractors are agreeable;
- The Client agrees to undertake to guarantee the payment of Debt 1 owing to SCIB and Debt 2 owing to the Subcontractors, indemnify and keep SCIB indemnified for Debt 1 owing to SCIB and Debt 2 owing to the Subcontractors, against all liabilities, penalties, obligations, losses, damages, actions, proceedings, judgment, suits, claims, demands, costs, expenses and disbursement of any kind or nature whatsoever in relation to any breach, default, failure and/or delay by the Client to perform, discharge or comply with its obligations under or any of the terms and conditions of the Settlement Agreement.
 - The Settlement Agreement shall be terminated in the event that any one the payments are not made according to the schedule or a breach by the Client or Subcontractors of any of its representations and warranties or any other obligations under the Settlement Agreement has occurred at any time and SCIB has not agreed in writing to waive such breach.
 - The list of information on the respective Settlement Agreements as at the cut-off date on 30 September 2021 are as follows:

The Client	The Company of which the Contract was awarded	Debt 1 (Amount owing by the Client)	Sum of Debt 2 (Amount owing to the subcontractors)
Pavilion Qatar Engineering Co. W.L.L.	SCIB	USD 8,947,661.00	USD7,540,778.00
Revenue International L.L.C	SCIB	USD 10,064,840.00	USD8,615,905.00
Interceptor Trading and Contracting W.L.L	SCIB International (Labuan) Ltd.	USD 43,058,009.00	USD39,477,118.00
Skyview Trading and Contracting W.L.L	SCIB International (Labuan) Ltd.	USD 28,339,018.00	USD25,937,448.00
Pavillion Qatar Engineering Co. W.L.L.	SCIB International (Labuan) Ltd.	USD 19,183,925.00	USD17,829,098.00
Revenue International L.L.C	SCIB International (Labuan) Ltd.	USD 39,112,957.00	USD35,744,783.00

3. RATIONALE OF THE TERMINATION OF CONTRACTS

The Company is enforcing its rights under the Contracts and taking the necessary measures to protect SCIB's interests in mitigating the risks arising from the long-overdue debts owing by the Clients and the uncertainties surrounding the COVID-19 Pandemic. Additionally, this decision was made as a result of repositioning of business strategy in overseas projects.

4. FINANCIAL EFFECTS

The final claims stated in the Settlement agreements are consistent with the provisions that were taken up in the accounts. As a result, the termination of Contracts will not have any material effect on the gearing, earnings per share and net assets of SCIB for the financial year ending 30 June 2022.

The termination of Contracts will not have any effect on the issued share capital and the shareholdings of substantial shareholders of the Company.

5. RISK FACTORS

Barring any unforeseen circumstances, there are no risk factors identified in relation to the termination of Contracts.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders of the Company and/ or person connected with them have any interest, direct and/or indirect, in the Contracts and the Settlement Agreements.

7. STATEMENT BY DIRECTORS

The Board, having taken into consideration all aspects of the termination of Contracts, is of the opinion that the entering of the aforesaid Settlement Agreements is in the best interest of the Company.

8. APPROVALS REQUIRED

The termination of Contracts is not subject to the approvals of any authority and/or the shareholders of SCIB.

This announcement is dated 10 November 2021