



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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

(Incorporated in Malaysia)

1. INTRODUCTION

Reference is made to the previous announcement made by Sarawak Consolidated Industries Berhad (“**SCIB**” or “**the Company**”) in relation to Engineering, Procurement, Construction and Commissioning (EPCC) contract awarded to its wholly owned subsidiary company, SCIB International (Labuan) Ltd. (“**SCIBILL**”) (“**Contract**”) for the project as follows:-

Contract title	Client	Country	Announcement Reference date
Under SCIBILL:			
Earthwork Job for Toll Road Construction Project Prabumulih-Muara Enim	PT. Cipta Multi Sarana	Indonesia	18 August 2020

The Board of Directors of SCIB wishes to announce that its wholly owned subsidiary company, SCIB International (Labuan) Ltd. had on 13 February 2023 issued the Notice of Termination to the above Client (collectively referred to as “**Parties**” and each of them is referred to as “**Party**”) to mutually terminate the Contract as listed above, and unconditionally release and indefinitely discharges both parties from all claims, liens and obligations of every nature arising out of or in connection with the performance of the works and all amendments thereto, provided that the parties’ obligations under the understanding.

2. INFORMATION ABOUT THE TERMINATION OF CONTRACT

The termination of the Contract is based on mutual agreement between SCIBILL and the Client, after taking into consideration the following factors and the key salient terms of the Notice of termination are as follows:

The Client	Factors resulting in termination	Key salient terms of the Notice of Termination	Date of acceptance
Under SCIBILL			
PT. Cipta Multi Sarana	To protect SCIB's interests in mitigating the risks arising from the non-movement of project progress due to the uncertainties surrounding the COVID-19 Pandemic and the economic and political situations.	<p>The Client acknowledges that:</p> <ul style="list-style-type: none"> • Both parties have indefinitely agreed to release and discharge each other from all claims, liens, and obligations of every nature arising out of or in connection with the performance of the works and all amendments thereto, provided that the parties' obligations under the Settlement Agreement ("Agreement") are fulfilled; • The parties shall enter into the Agreement subsequent to this Notice, and the Agreement shall reflect the parties' mutual understanding; • SCIBILL shall finalize the cut-off work-in progress acceptance report and last invoice as soon as possible and submit it to the Client; • The Client acknowledges that there is no penalty/Liquidated Ascertain Damages imposed by the Client to SCIBILL 	14.02.2023

3. RATIONALE OF THE TERMINATION OF CONTRACT

The Company is enforcing its rights under the Contract and taking the necessary measures to protect SCIB's interests in mitigating the risks arising from the non-movement of project progress due to the uncertainties surrounding the COVID-19 Pandemic and the economic and political situations. Additionally, this decision was made due to reviewing and updating the group's order book records to reflect the current situation.

4. FINANCIAL EFFECTS

The outstanding amounts due and owing by the Client have been fully impaired in the Financial Period Ended 30 June 2021. As a result, the termination of Contract will not have any material effect on the gearing, earnings per share and net assets of SCIB for the financial year ending 2023. The amount impaired shall be written back upon recovery of the debts.

The termination of Contract 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 Contract.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the other Directors and/or major shareholders of the Company and/ or person connected with them have any interest, whether direct and/or indirect, in the contract.

7. STATEMENT BY DIRECTORS

The Board, having taken into consideration all aspects of the termination of Contract, is of the opinion that the aforesaid Notice of Termination is in the best interest of the Company.

8. APPROVALS REQUIRED

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

This announcement is dated 14 February 2023

A copy of the press release is attached herein.