



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 the Company (“**Contracts**”) for the project as follows (“**Project**”):-

Contract title	Client	Country	Announcement Reference date
Capital Equipment Procurement, and Leasing Concession for the Procurement, Supply, Installation, Testing and Commissioning of Medical Equipment for Cadangan Pembangunan Kompleks Hospital Pakar Dan Parkir Bertingkat Di Atas Tanah Wakaf Majlis Agama Islam Johor Di Atas Lot PTB 17458, Jalan Tahana, Bandar Baru Uda, Johor Bahru, Johor Darul Ta’zim (“ Project ”)	Kencana Healthcare Sdn. Bhd. (“ KHSB ”)	Malaysia	1 September 2021

The Board of Directors of SCIB wishes to announce that the Company had on 18 January 2023 issued a Letter of Withdrawal to the above Client (referred to as “**the Party**”). The Parties have mutually agreed that SCIB withdraws the acceptance of the Letter of Award dated 13th August 2021 (“**LOA**”) and the Contract as listed above.

The Parties have agreed that SCIB withdraws from the Contracts with the condition made pursuant to the term sheet dated 30 August 2021, where a commitment fee of RM 1,650,000.00, which has been made in two tranches amounting to RM 1,500,000.00 on 1 September 2021 and RM 150,000.00 on 12 January 2022 respectively by SCIB to KHSB via Bintang Kencana Sdn. Bhd. is to be reimbursed back accordingly. The party is given

within five (5) working days from the date of the Letter to accept the terms and conditions of the Letter of Withdrawal. In the absence of such, the Client is deemed to have accepted the termination with the terms and conditions as stated therein.

The details of the reimbursement arrangement shall be laid out in a separate agreement namely, a settlement agreement.

2. INFORMATION ABOUT THE TERMINATION OF CONTRACTS

The withdrawal of the acceptance of the LOA and Contracts is based on the Letter of Withdrawal issued by SCIB, after taking into consideration the following factors and the key salient terms of the letter of withdrawal are as follows:

The Client	Factors resulting in withdrawal of the Project	Key salient terms of the Letter of withdrawal	Date of acceptance
Kencana Healthcare Sdn. Bhd. (“KHSB”)	The Parties had mutually agreed that SCIB withdraw the acceptance of the LOA and the project in view that KHSB is unable to kick start the project as initially scheduled due to their inability to secure the necessary operator leading to financing issues.	<p>The Client acknowledges that:</p> <ul style="list-style-type: none"> Pursuant to the term sheet dated 30 August 2021, SCIB and KHSB have agreed that the commitment fee of RM 1,650,000.00 which has been made in two tranches amounting to RM 1,500,000.00 on 1 September 2021 and RM 150,000.00 on 12 January 2022 respectively by SCIB to KHSB via Bintang Kencana Sdn. Bhd. is to be reimbursed back accordingly. The details of the reimbursement arrangement shall be laid out in a separate Settlement Agreement. 	Deemed acceptance on 26 January 2023

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 delay or non-movement of project progress due to the uncertainties and inability to secure the

necessary operator for the project. 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 reported outstanding amount due and owing by the Client was fully impaired in the Financial Year ended 30 June 2022. The project withdrawn has not commenced, and no revenue or costs have been taken up in the accounts. The withdrawal of the 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 withdrawal of the 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 withdrawal of the 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 contracts.

7. STATEMENT BY DIRECTORS

The Board, having taken into consideration all aspects of the withdrawal of the Contract, is of the opinion that the aforesaid Letter of Withdrawal is in the best interest of the Company.

8. APPROVALS REQUIRED

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

This announcement is dated 27 January 2023.