



## 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 and its wholly owned subsidiary companies, SCIB International (Labuan) Ltd. (“**SILL**”), SCIB Properties Sdn. Bhd. (“**SCIBP**”) and SCIB Industrialised Building System Sdn. Bhd. (“**SIBS**”), respectively (“**Contracts**”) for the projects as follows (“**Projects**”):-

Contract title	Client	Country	Announcement Reference date
<b>Under SCIB:</b>			
Proposed mixed development of Lot 6036 Block 26 Muara Tuang Land District and part of River Bank reserve for Mixed development comprising of the following: i. Block 2 : 20 storey office twin towers with 3- storey commercial podium ii. Block 4 : 3 to 4- Storey shophouses iii. Block 6 : 12- storey service apartment iv. Block 10: Open Green with pedestrian walkways, Bicycles lane & landscape green v. Block 11: 10 to 15 Condominium & 2-storey clubhouse vi. Block 12: 7-storey “Putera House” Apartment vii. Block 13: 20M new Drain Reserve viii. Block 14: 28M new Drain	Lestari Asiabina Sdn. Bhd.	Malaysia	9 February 2021

<b>Contract title</b>	<b>Client</b>	<b>Country</b>	<b>Announcement Reference date</b>
Reserve			
<b>Under SILL:</b>			
Enabling Works, Infrastructure, Landscaping Hybrid Mall and Management/ Sales Office for Phase 1	Serba Dinamik International Limited	Abu-Dhabi	18 August 2020
<b>Under SCIBP:</b>			
Main Building Works Phase 1 Package C: Independent Utility Facility (IUF) and  Main Building Works Phase 1 Package C: Maintenance, Repair & Overhaul (MRO)	Edaran Kencana Sdn. Bhd.	Malaysia	25 October 2019
<b>Under SIBS:</b>			
Piling works for Cadangan Pembangunan Perdagangan Berstrata yang mengandungi :  i. Blok Menara Pejabat 28 Tingkat (167 unit), 3 Tingkat Ruang Perniagaan Berserta Mezznine, 1 Tingkat Kemudahan Utiliti dan Tingkat Helipad ii. Blok Menara Pangsapuri Perkhidmatan (A) 23 Tingkat (292 unit) iii. 1 Block Menara Pangsapuri Perkhidmatan (B) 25 Tingkat (299 unit) iv. 1 Blok Menara Pangsapuri Perkhidmatan (C)15 Tingkat (236 unit) dan 1 Tingkat Ruang Perniagaan Berserta Kemudahan v. 3 Tingkat Ruang Perniagaan Berserta Aras Bawah Tanah vi. 4 Tingkat Podium Tempat Letak Kenderaan Berserta Ruang Perniagaan dan 1 Tingkat Kemudahan Termasuk Gimnasium, Kolam Renang, Surau, Tadika dan Dewan Serbaguna	Serba Dinamik Development Sdn. Bhd.	Malaysia	18 August 2020

<b>Contract title</b>	<b>Client</b>	<b>Country</b>	<b>Announcement Reference date</b>
vii. 2 Tingkat Tempat Letak Kenderaan Aras Separa Bawah Tanah di atas Sebahagian PTD 5317 dan Sebahagian PTD 9112, Mukim Pengerang, Daerah Kota Tinggi, Johor Darul Tazim			

The Board of Directors of SCIB wishes to announce that the Company and its wholly owned subsidiary companies, SCIB International (Labuan) Ltd., SCIB Properties Sdn. Bhd. and SCIB Industrialised Building System Sdn. Bhd. had on 22 November 2022 issued the respective Notices of Termination to the above Clients (collectively referred to as “Parties” and each of them is referred to as “Party”) to mutually terminate the Contracts as listed above, and unconditionally release and forever 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.

SILL and SIBS gave the clients five (5) working days from receiving the Notice of Termination to acknowledge and accept the notice, which has lapsed yesterday, 29 November 2022. In the absence of such, the Client shall be deemed to have accepted the termination with the terms and conditions as stated in the Notice of Termination.

## 2. INFORMATION ABOUT THE TERMINATION OF CONTRACTS

The termination of the Contracts is based on mutual agreement between SCIB Group and the respective Clients, after taking into consideration the following factors and the key salient terms of the respective Notice of termination are as follows:

<b>The Client</b>	<b>Factors resulting in termination</b>	<b>Key salient terms of the Notice of Termination</b>	<b>Date of acceptance</b>
<b>Under SCIB</b>			
Lestari Asiabina Sdn. Bhd.	The Parties had mutually agreed to terminate the project in view that SCIB is not in a position to execute the project of such size. Hence, the Project was awarded to another	The Client acknowledges that: <ul style="list-style-type: none"> <li>• There is no penalty/ Liquidated Ascertain Damages nor there shall be any claim of punitive damages/ losses to be imposed on SCIB;</li> <li>• By virtue of the Notice of termination, both parties</li> </ul>	Acceptance deemed on 29 November 2022

The Client	Factors resulting in termination	Key salient terms of the Notice of Termination	Date of acceptance
	Contractor.	unconditionally release and forever 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	
<b>Under SILL</b>			
Serba Dinamik International Limited	<ul style="list-style-type: none"> <li>• The Concept Master Plan was never received by SILL;</li> <li>• Since the issuance of Letter of Intent, there is no further update/direction and invitation for the kick-off meeting by the Client coupled with the recent issues encountered by the Client</li> </ul>	<p>The Client acknowledges that:</p> <ul style="list-style-type: none"> <li>• There is no penalty/ Liquidated Ascertain Damages nor there shall be any claim of punitive damages/ losses to be imposed on SILL;</li> <li>• By virtue of the Notice of termination, both parties unconditionally release and forever 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</li> </ul>	Acceptance deemed on 29 November 2022
<b>Under SCIBP</b>			
Edaran Kencana Sdn. Bhd.	Slow payment and long outstanding debts owing by the Client. Slow/no movement in the project progress.	<p><u>Main Building Works Phase 1 Package C: Independent Utility Facility (IUF)</u></p> <p>The Client acknowledges that:</p> <ul style="list-style-type: none"> <li>• There is no penalty/ Liquidated Ascertain Damages nor there shall be any claim of punitive</li> </ul>	Acceptance on 22 November 2022

The Client	Factors resulting in termination	Key salient terms of the Notice of Termination	Date of acceptance
		<p>damages/ losses to be imposed on SCIBP;</p> <ul style="list-style-type: none"> <li>• There is a sum due and owing by the Client to SCIBP for the amount of RM4,880,653.16 which SCIBP has demanded via letter of demand dated 17.02.2022, 18.05.2022 and 20.07.2022;</li> <li>• By virtue of the Notice of termination, both parties unconditionally release and forever 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;</li> <li>• Notwithstanding the above, the Client shall not be discharged of their obligation to pay the sum owing and due above and as stated in the letter of demand.</li> </ul> <p><u>Main Building Works Phase 1 Package C: Maintenance, Repair &amp; Overhaul (“MRO”)</u></p> <p>The Client acknowledges that:</p> <ul style="list-style-type: none"> <li>• There is no penalty/ Liquidated Ascertain Damages nor there shall be any claim of punitive damages/ losses to be imposed on SCIBP;</li> <li>• There is a sum due and owing by the Client to SCIBP for the amount of</li> </ul>	

The Client	Factors resulting in termination	Key salient terms of the Notice of Termination	Date of acceptance
		<p>RM6,073,763.15 which SCIBP has demanded via letter of demand dated 17.02.2022, 18.05.2022 and 20.07.2022;</p> <ul style="list-style-type: none"> <li>• By virtue of the Notice of termination, both parties unconditionally release and forever 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;</li> <li>• Notwithstanding the above, the Client shall not be discharged of their obligation to pay the sum owing and due above and as stated in the letter of demand.</li> </ul>	
<b>Under SIBS</b>			
Serba Dinamik Development Sdn. Bhd.	No movement in the project progress	<p>The Client acknowledges that:</p> <ul style="list-style-type: none"> <li>• There is no penalty/ Liquidated Ascertain Damages nor there shall be any claim of punitive damages/ losses to be imposed on SIBS;</li> <li>• There shall be a claim on the CIDB levy to be reimbursed by the Client via final claim from SIBS amounting to RM54,856.10;</li> <li>• There is no sum due and owing by SIBS to the Client;</li> </ul>	Acceptance deemed on 29 November 2022

The Client	Factors resulting in termination	Key salient terms of the Notice of Termination	Date of acceptance
		<ul style="list-style-type: none"> <li>By virtue of the Notice of termination, both parties unconditionally release and forever 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.</li> </ul>	

### 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 or the slow / 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

Save for the projects awarded by Edaran Kencana Sdn. Bhd. which reported outstanding amounts due and owing by the Client with full provision of impairment in the Financial Year ended 30 June 2022, other terminated projects have not commenced, and no revenue or costs have been taken up in the accounts. 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 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 Contracts.

## **6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

Save for the below, 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.

Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (“Dato' Dr. Karim” or “Interested Director”), is the Non-Independent Non-Executive Director and Major Shareholder of SCIB. Dato' Dr. Karim is also the Group Managing Director/ Chief Executive Officer and Major Shareholder of Serba Dinamik Holdings Berhad. As such, Dato' Dr. Karim is deemed to be interested in the contracts awarded by Serba Dinamik International Limited and Serba Dinamik Development Sdn. Bhd. Accordingly, Dato' Dr. Karim has abstained and will continue to abstain from all deliberations and voting at board meetings and/ or general meeting in relation to the RRPTs.

## **7. STATEMENT BY DIRECTORS**

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

## **8. STATEMENT BY AUDIT COMMITTEE**

The Audit Committee of the Company, after having considered the rationale of the termination of the contracts and all aspects thereof, is of the opinion that the termination of contracts is in the best interest of the Company, the terms of the termination are fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders of SCIB.

## **9. 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 30 November 2022