



## **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

*[Registration No.: 197501003884 (25583-W)]*

*(Incorporated in Malaysia)*

### **1. INTRODUCTION**

Reference is made to the Company's announcement dated 15 March 2021 and 22 September 2021 in relation to Engineering, Procurement, Construction and Commissioning ("**EPCC**") contract awarded to its wholly owned subsidiary company, SCIB PROPERTIES SDN. BHD. (Registration No.: 200101019135 (544892-V)) ("**Main Contractor**" or "**SCIBP**").

Subsequently, the Company had on 6 July 2023 announced to BURSA MALAYSIA SECURITIES BERHAD ("**BURSA**") that SCIBP has signed the Settlement Agreement with **AWANA JV SURIA SAGA SDN. BHD. [Registration No. : 201601020432 (1191370-X)]** ("**Proprietor**" or "**Developer**" or "**AWANA**") to mutually terminate the EPCC Contract and to confirm the obligation on the full and final settlement of debts and also to establish the term and payment schedule for the amount owing between the Party. The agreed payment schedule was further announced to BURSA on 7 July 2023.

Pursuant to the Settlement Agreement dated 6 July 2023, AWANA has expressly, irrevocably and unconditionally acknowledged, admitted, confirmed and agreed that it is indebted to SCIBP the sum of RM18,715,249.52 which was to be repaid over 24 installments, of which only the 1<sup>st</sup> installment payment amounting to RM75,000.00 was paid on 21 August 2023, leaving a balance of amount owing of RM18,640,249.52 ("**Indebtedness**").

Unless otherwise stated, the words and abbreviations used herein shall have the same meaning as those defined in series of the announcements.

The Board of Directors of SARAWAK CONSOLIDATED INDUSTRIES BERHAD ("**SCIB**" or "**Company**") wishes to announce that SCIBP, had on 15 April 2024 entered into a Settlement cum Appointment of Contractor Agreement ("**Further Agreement**") with AWANA for purposes of the followings:

1. To appoint SCIBP as the exclusive Main Contractor for construction of the Project as follow;

Cadangan Skim Perumahan Projek Penjawat Awam (PPAM Muallim) ("**Project**") consists of following:

Fasa 1	<ul style="list-style-type: none"> <li>i. 346 unit rumah teres 1 tingkat (20'x70')-Perumahan MampuMilik (Perakku II);</li> <li>ii. 28 unit kedai-pejabat 2 tingkat @ 20'x70';</li> <li>iii. Pencawang Elektrik;</li> <li>iv. Loji Rawatan Kumbahan;</li> <li>v. Tangki air;</li> <li>vi. Pumping station;</li> <li>vii. Surau;</li> <li>viii. Dewan;</li> <li>ix. Kawasan lapang;</li> <li>x. (x) Legaan cerun.</li> </ul>
Fasa 2	<ul style="list-style-type: none"> <li>i. 455 unit rumah teres 2 tingkat (20'x70')-Perumahan MampuMilik (Perakku III);</li> <li>ii. Kawasan lapang;</li> <li>iii. Legaan cerun.</li> </ul>
Fasa 3	<ul style="list-style-type: none"> <li>i. 198 unit Pengsapuri Berbilang Tingkat-Perumahan MampuMilik (Perakku I);</li> <li>ii. Kawasan lapang</li> </ul>
Fasa 4	<ul style="list-style-type: none"> <li>i. 206 unit rumah teres 2 tingkat (20'x70')-Perumahan MampuMilik (Perakku III);</li> <li>ii. Legaan cerun.</li> </ul>
Fasa 5	<ul style="list-style-type: none"> <li>i. 196 unit rumah teres 2 tingkat (20'x70')-Perumahan MampuMilik (Perakku III);</li> <li>ii. Kawasan lapang;</li> <li>iii. Legaan cerun.</li> </ul>
Fasa 6	<ul style="list-style-type: none"> <li>i. 1 plot komersial;</li> <li>ii. Legaan cerun.</li> </ul>

2. To allow AWANA an opportunity to repay the outstanding amount of RM19,132,682.24 (**“Total Indebtedness”**) owing to SCIBP includes of Indebtedness of RM18,640,249.52 and further sum of RM492,432.72 that were advanced on behalf of AWANA by SCIB INDUSTRIALISED BUILDING SYSTEM SDN. BHD. (**“SIBS”**), a related company of SCIBP (**“Subsequent Indebtedness”**). Subsequent Indebtedness shall also include such sum(s) that may be paid and / or advanced on behalf of AWANA by SCIBP and / or its related companies in its absolute discretion, from time to time, after the date of this announcement.

(SCIBP and AWANA shall hereinafter be collectively referred to as the “Parties” and individually as the “Party”).

The Parties have agreed to enter into the Further Agreement to record their mutual commitments and to regulate their rights in relation to the Project.

## 2. DETAILS OF THE FURTHER AGREEMENT

### 2.1 Background Information

#### Information on the Main Contractor

**SCIBP** is a company incorporated in Malaysia and having its registered office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450, Kuching, Sarawak and a its branch office at Lot 16024, Jalan Nilam 4, Kawasan Perindustrian Nilai Utama, Nilai, 71800, Negeri Sembilan.

SCIBP has a total issued share capital of RM51,250,002 made up of 750,002 units of ordinary share and 50,500,000 units of Redeemable Convertible Preference Share.

SCIBP is a wholly-owned subsidiary of SCIB HOLDINGS SDN. BHD., which in turn the wholly-owned subsidiary of the Company and the Directors are Ku Chong Hong, Chiew Jong Wei and Sr. Mohd Nazri Mat Noor.

SCIBP is principally involved in property investment, development, engineering, procurement, construction and commissioning.

#### Information on the Proprietor

**AWANA** is a company incorporated in Malaysia and having its registered office at 58C, 2<sup>nd</sup> Floor, Jalan BRP 6/11, Bukit Rahman Putra, Seksyen U20, 47000, Sungai Buloh, Selangor and a its branch office at C-6-9, Jalan C180/1, Dataran C180, Batu 11, Cheras, 43200, Selangor.

AWANA has a total issued share capital of RM15,000,100 made up of 15,000,100 units of ordinary share and is principally involved in dealing in construction of building and related activities, general trading and Investment Holding.

The directors and the shareholders of AWANA are as follows:

<b>Name</b>	<b>No. of shares</b>	<b>%</b>
<b><u>Director</u></b>		
Dato' Ang Tee Peng	-	-
<b><u>Shareholders</u></b>		
Chen Ye	5,250,045	35
Ang Xin Yu	9,750,055	65
<b>TOTAL</b>	<b>15,000,100</b>	<b>100</b>

## 2.2 Salient Terms on the Further Agreement

No.	Salient Terms	Descriptions
(i)	Implementation Of the Project	<p>(a) <b>Implementation of the Project:</b> In consideration of the Developer’s undertaking to comply with the terms, conditions, covenants and obligations stated herein, the Main Contractor hereby agrees to construct and to complete the Project on all that parcels of freehold land held under Geran No.: 161695, 161698, 161709, 161776, 161777, 161779, 161782, 161785, 161787, 161812 and 161815, Lots 3452, 3453, 3457, 3480-3485, 3493 and 3494, all at Mukim Hulu Bernam, Daerah Muallim, Perak, measuring in total approximately 48.56 hectares (120 acres) (hereinafter referred to as the “<b>Land</b>”) in accordance to its construction schedule and terms of payment (including progress claims schedule) to be prepared and forwarded to the Developer in due course.</p> <p>(aa) To this end, SCIBP shall be conferred with the following rights in respect of the Project :-</p> <ul style="list-style-type: none"> <li>• the right to build and complete the Project on the Land based on the Plans; and</li> <li>• the right to appoint all sub-contractors and suppliers in relation thereto.</li> </ul> <p>(b) <b>Construction Commencement:</b> The commencement of the construction works shall take place within nine (9) months from the Unconditional Date or such other further period to be mutually agreed by the Parties.</p> <p>(c) For the purposes of the Agreement the words “commence construction works” shall mean the commencement of the piling works in respect of the construction of the Project. In addition, “Unconditional Date” shall mean the date of compliance, fulfilment and/or waiver of the Condition Precedent.</p>
(ii)	Repayment Of Indebtedness To SCIBP	<p>(a) In consideration of SCIBP entering into the Agreement with the Developer, the Developer irrevocably agrees and confirms to repay the Total Indebtedness to SCIBP from its proceeds derived from or in relation to the Project, in accordance with the provision of Distribution of Proceeds which as stated in Clause 10.2 of Further Agreement, or earlier, through other means (such as, but not limited to, additional bank borrowings, financing etc).</p>

		<p>(b) As such, the Developer undertakes to use its best endeavours to market and to sell, and to procure that all Parcels of freehold land in its respective phases are completely disposed of on or before the completion of the Project.</p> <p>(c) The Parties herein agree and acknowledge that SCIBP shall have the absolute discretion in determining the manner and method of payment of the Subsequent Indebtedness and / or the revised manner and method of payment of the Total Indebtedness.</p>
(iii)	Conditions Precedent	<p>(a) satisfactory legal, financial and / or business due diligence on the Land and the Project by SCIBP (including valuation on the current market value of the Land);</p> <p>(b) the approval of the board of directors and / or shareholders of the Parties (including SCIB) and / or the Appropriate Authority in relation to the Agreement and / or its implementation thereof (if applicable);</p> <p>(c) the discharge of MEGAJUTA CONSTRUCTION SDN. BHD., the former Main Contractor as the corporate guarantor;</p> <p>(d) consent and / or approval from the MBSB BANK BERHAD (hereinafter referred to as the “<b>Existing Chargee</b>”) in relation to the Developer entering into the Agreement (if applicable);</p> <p>(e) the appointment by SCIBP of its director(s) (as per Clause 5.1 in the Agreement) to sit in the board of directors of AWANA; and</p> <p>(f) the appointment of SCIBP’s director(s) (as per Clause 5.2 in the Agreement), within fourteen (14) business days after execution of the agreement, to be one (1) of the authorized signatories to all the bank account(s) of AWANA.</p>
(iv)	Roles and Responsibilities	<p>I. <b><u>Developer’s / Proprietor's Roles and Responsibilities:</u></b> The Developer / Proprietor hereby covenants with the Main Contractor / SCIBP as follows:-</p> <p>(a) to apply and to maintain (as the case may be) all necessary approvals, licenses and permits in its capacity as the developer for the purpose of the Project;</p>

		<p>(b) to assume the role of developer for the Project;</p> <p>(c) to enter into sale and purchase agreement and / or any relevant transfer documents with the end-purchasers of the Project;</p> <p>(d) to manage and to implement-development of the Project;</p> <p>(e) to design, to develop, to build and to complete the Project;</p> <p>(f) to receive, to collect, and / or to demand all proceeds derived from the sale of the Parcels and / or to any other form of revenue derived from the Project;</p> <p>(g) to operate and to maintain the Housing Development Account of the Project;</p> <p>(h) to market and to sell the Parcels and in relation thereto, to review selling price of the Parcels taking into account prevailing market conditions from time to time;</p> <p>(i) to assist in monitoring and managing collections of receivables from the Project;</p> <p>(j) to finance development cost of the Project;</p> <p>(k) to manage the Project during the developer management period in accordance with the Strata Management Act 2013; and</p> <p>(l) to do and to perform all acts, deeds and things as shall be necessary as the Developer /Proprietor, as required by law.</p> <p><b>II. <u>Main Contractor's / SCIBP's Roles and Responsibilities:</u></b> The Main Contractor / SCIBP hereby covenants with the Developer/Proprietor as follows:-</p> <p>(a) to apply for (where applicable) and to maintain all necessary approvals, licenses and permits in its capacity as the Main Contractor for the purpose of the Project;</p> <p>(b) to appoint any consultants, advisers and / or subcontractors as it deems fit in relation to the Project; and</p>
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		<p>(c) to build and to construct the Project on the Land.</p> <p>III. <b>Mutual Covenants:</b> The Parties covenant and agree that, to ensure smooth implementation and timely completion of the Project, the Parties shall jointly partake and mutually assist each other in relation to the following:-</p> <p>(a) to ensure that Project complies with and adhered to the development order, plans, all laws, regulations, requirements, stipulations and directions of the Appropriate Authorities;</p> <p>(b) to do and to perform all acts, deeds and things as shall be necessary for completion of the Project without unreasonable delay or as may be requested or as directed by the Appropriate Authorities; and</p> <p>(c) to obtain issuance of the Certificate of Completion and Compliance (“CCC”) for the Project.</p> <p>The Parties further acknowledge and agree that the abovementioned roles and responsibilities shall be jointly undertaken by the Parties whereupon any non-fulfilment thereof shall not constitute a breach of either Party under Clause 12 or Clause 13 of the Agreement, or shall not constitute a ground to terminate the Agreement under any guise and / or pretext whatsoever.</p>
(v)	Loan And Charging Of Land	<p>i. <b>Term Loan/Bridging Loan:</b> The Parties acknowledge that the Developer / Proprietor has obtained or shall be obtaining (as the case may be) the relevant financing for the purposes of the Project.</p> <p>ii. <b>Legal Charge over the Land:</b> In contemplation of Clause 8.1 of the Agreement, the developer / Proprietor has charged or shall be charging (as the case may be) the Land in favour of the Existing Chargee as security for the repayment of the Term Loan and/or Bridging Loan.</p> <p>iii. <b>Proprietor's Letter of Undertaking:</b> If required by the Existing Chargee, the Proprietor shall issue a Letter of Undertaking addressed to the Existing Chargee to refund such part of the Loan paid by the Existing Chargee directly to the Proprietor, in the event the subsequent charge (if applicable) in favour of the Existing Chargee cannot be registered</p>

		at the Land Registry due to reasons attributable to the Proprietor.
(vi)	Grant Of Power Of Attorney And Vacant Possession	<p>i. <b><u>Power of Attorney:</u></b> Simultaneous with the execution of the Agreement, the Developer / Proprietor shall execute and deliver to the Main Contractor / SCIBP a power of attorney ("<b>Power of Attorney</b>").</p> <p>ii. <b><u>Delivery of Vacant Possession:</u></b> Subject to the Main Contractor / SCIBP's observance of all the terms and conditions therein, vacant possession of the Land shall be delivered to the Main Contractor / SCIBP within five (5) Business Days from the Unconditional Date.</p> <p>iii. <b><u>Right of Access to the Land:</u></b> Pending the delivery of vacant possession of the Land, the Main Contractor / SCIBP may at its own costs and expense appoint such consultants and / or contractors to survey, to evaluate or otherwise advise on state and condition of the Land, without commencing any physical works or construction works on the Land for such purpose as the Main Contractor / SCIBP may deem fit, provided always that the Main Contractor / SCIBP shall be liable for and shall indemnify the Proprietor against any damage, costs and expenses, liability, loss, claim or any other proceedings in respect of personal injury to or death of any person or of damage of any kind to any property incurred by the Proprietor arising out of or in the course of or by reason of such activities being carried out by the Main Contractor / SCIBP and / or its agents and servants.</p>
(vii)	Default By The Proprietor/Developer	<p>I. <b><u>Default by the Proprietor/ Developer:</u></b> In the event:-</p> <p>(a) the Proprietor / Developer commits a breach of any material obligations, covenant or undertaking where in such event, the Proprietor / Developer shall be given Thirty (30) days' notice in writing by the Main Contractor to remedy such breach and where the Proprietor / Developer has failed to take any action whatsoever to remedy such breach within the said period; or</p> <p>(b) the Proprietor / Developer goes into liquidation or makes an assignment for benefit or enters into an arrangement or composition with its creditors or has a receiver appointed; or</p>



		<p>(c) a winding up petition is instituted or threatened to be instituted against the Proprietor / Developer; or</p> <p>(d) any distress, legal or execution proceedings are levied or commenced against the Proprietor / Developer or judgment is entered against the Proprietor / Developer which may materially and adversely affect the Proprietor's / Developer's performance of its obligations under the Agreement; or</p> <p>(e) the Proprietor / Developer shall have a receiver or manager or receiver and manager appointed over the whole or any material part of its assets;</p> <p>Then, in such an event, the Main Contractor shall have the right and power to either:-</p> <p>(a) claim for specific performance of the Agreement at the cost and expense of the Proprietor / Developer; OR</p> <p>(b) terminate the Agreement and the following shall apply:-</p> <ul style="list-style-type: none"> <li>• the Proprietor / Developer shall do all the necessary to, if requested by the Main Contractor, transfer the ownership of the Land to the Main Contractor and cause the Land to be registered under the name of the Main Contractor; and</li> <li>• without prejudice to any other rights and remedies to which the Main Contractor may be entitled to at law and / or under equity, the Main Contractor shall be entitled to recover such damages which the Main Contractor has suffered under the Agreement.</li> </ul>
(ix)	Default By The Main Contractor	<p>I. <b><u>Default by the Main Contractor:</u></b> In the event:-</p> <p>(a) the Main Contractor commits a breach of any material obligations, covenant or undertaking herein contained where in such event, the Main Contractor shall be given Thirty (30) days' notice in writing by the Proprietor / Developer to remedy such breach and where the Main Contractor fails to take any action whatsoever to remedy such breach within the said period; or</p> <p>(b) the Main Contractor goes into liquidation or makes assignment for benefit or enters into</p>

		<p>an arrangement or composition with its creditors or has a receiver appointed; or</p> <p>(c) a winding up petition is instituted or threatened to be instituted against the Main Contractor; or</p> <p>(d) any distress, legal or execution proceedings is levied or commenced against the Main Contractor or judgment is entered against the Main Contractor which may materially and adversely affect the Main Contractor's performance of its obligations under the Agreement; or</p> <p>(e) the Main Contractor shall have a receiver or manager or receiver and manager appointed over the whole or any material part of its assets;</p> <p>Then, in such an event, the Proprietor / Developer shall have the right and power to either claim for specific performance of the Agreement at the cost and expense of the Main Contractor or to terminate the Agreement whereupon the Proprietor / Developer shall be entitled to recover such damages which the Proprietor / Developer has suffered under the Agreement without prejudice to any other rights and remedies to which the Proprietor / Developer may be entitled to at law and / or under equity.</p> <p>II. <b>Step-In:</b> Upon the Agreement being terminated under Clause 13.1 of the Agreement, the Proprietor / Developer shall have the option (but not obligated) to take out of the hands of the Main Contractor the works pertaining to the development and completion of the Project ("<b>Step-In</b>") whereby the Proprietor / Developer may:-</p> <p>(a) perform the Step-in (or employ or pay other persons to perform the Step-in);</p> <p>(b) take full control of, and manage, any or all sub-contracts of the Main Contractor; and</p> <p>(c) take possession of all such output materials produced or procured by the Main Contractor which are required by the Proprietor / Developer to facilitate the Step-in.</p>
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		<p>In this regard, the Main Contractor hereby irrevocably undertakes to perform or cause to be performed all the following acts:-</p> <p>(a) at the option of the Proprietor / Developer, to novate all the Main Contractor's agreements with the existing sub-contractors, architects, engineers and / or any other consultants ("<b>Consultants</b>") (as the case may be and where applicable) to the Proprietor / Developer; and</p> <p>(b) to settle all outstanding sums due and owing by the Main Contractor to the Consultants upon the date the Proprietor / Developer exercises the Step-in rights.</p>
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### 2.3 Termination

In the event the Main Contractor elects to terminate the Agreement as provided therein, the Total Indebtedness and all such further costs and expenses incurred by the Main Contractor shall be repaid and / or refunded by the Proprietor to the Main Contractor within Fourteen (14) days of receipt of the Main Contractor's notice electing to terminate the Agreement, whereupon, the Agreement shall thereafter be of no further force or effect whatsoever save and except for any antecedent breaches, if any.

### 3. RATIONALE OF THE AGREEMENT

The intended objective of the Agreement is to enhance SCIBP's position to secure the proceeds from the Project to repay the indebtedness due from Awana.

The Agreement establish a strategic opportunity for SCIB and its group of companies ("Group") to increase its sustainable revenue, which is aligned with the business direction to expand into the Construction sector.

The Project is expected to contribute positively towards the future earnings of the Group.

### 4. RISK FACTORS

The identified risk factors were as follows:

NO.	RISK CATEGORY	DELIBERATION
1	Construction Risk	Escalation of material price, non or less availability of skilled workforce, non or less availability of materials, and ineffective or less-effective of subcontractors' performance that could result to increase in cost and delayed of delivery of the Project.

2	Project Risk	inability to fulfill provisions and Conditions Precedent of the Agreement and failure of SCIB and / or AWANA to perform and to execute the designated roles and responsibilities / covenants that could result to termination of the Agreement.
3	Financial Risk	Non-recoverability or less-recoverability of Total Indebtedness from AWANA that could result to adverse financial position of SCIB.

However, SCIB will put in place control measures and / or procedures to mitigate the potential associated risks.

## **5. FINANCIAL EFFECTS OF THE AGREEMENT**

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

It is not expected to have any material effect on the earnings, net assets and gearing of SCIB and its group of companies for the financial year ending 30 June 2024 but is expected to contribute positively towards future earnings of the Group.

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

None of the Directors and / or major shareholders of the Company and / or person connected has any interest, direct and / or indirect, in the Agreement.

## **7. APPROVALS REQUIRED**

The Agreement is not subject to the approval of the shareholders and / or any regulatory authorities.

## **8. STATEMENT BY DIRECTORS**

The Board of Directors of the Company, having reviewed and considered the terms of the Agreement and the rationale, is of the opinion that the Agreement is in the best interest of the SCIB and its group of companies.

## **9. DOCUMENT AVAILABLE FOR INSPECTION**

The Agreement is available for inspection at the business address of the Company at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450, Kuching, Sarawak during normal office hours from Monday to Friday (except for public holidays) for a period of one (1) month from the date of this announcement.

This announcement is dated 15 April 2024.