



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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

(Incorporated in Malaysia)

SUBJECT: CLARIFICATION ON PUBLIC REPRIMAND ISSUED BY BURSA MALAYSIA SECURITIES BERHAD RELATING TO THE BREACH OF PARAGRAPH 9.23(1) OF THE MAIN MARKET LISTING REQUIREMENTS

Pursuant to Public Reprimand issued by Bursa Malaysia Securities Berhad and / fines against SCIB and the two (2) former directors of the Company, namely YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah and En. Rosland Bin Othman, in relation to the breach of paragraph 9.23(1) of the Main Market Listing Requirements for failing to issue the Annual Report that included the audited financial statements ("AFS") together with the auditors' and directors' report for the 18-month financial period ended 30 June ("AR2021") on or before 31 October 2021 ("Breach").

The Board of Directors of SCIB wishes to furnish the following clarifications on the Breach:

1. As a matter of fact, upon resignation of Messrs. KPMG PLT ("KPMG") as external auditors on 23 July 2021, the followings steps / actions were taken by the Company to expedite the appointment of new external auditors:
 - Special Audit Committee meeting and Board of Directors' meeting were held on 25 July 2021, 2 days after KPMG's resignation;
 - The Board of Directors has instructed the Management to liaise with potential audit firms to fill the casual vacancy of external auditor after KPMG's resignation as soon as possible in view of the limited time to finalise and issue the AFS for the financial period ended 30 June 2021.
 - Official Request of Proposals were issued to 4 potential audit firms commencing from 26 July 2021 to 16 August 2021, 3 days after KPMG's resignation. Of 4, only 1 – Messrs. Nexia SSY PLT ("NEXIA") – has responded to the request of proposal which was on 17 August 2021.
 - Subsequently, NEXIA has issued a consent to act to SCIB on 6 September 2021, following by the announcement made on appointment of NEXIA on 7 September 2021.
 - NEXIA has then presented its Audit Planning Memorandum ("APM") for period of 18 months ended 30 June 2021 to the Audit Committee on 28 September 2021, in which NEXIA highlighted that the AFS can only be finalised in December 2021.
2. In the light of approved standards on accounting and auditing, the Company opined that the external auditors should be given adequate time to perform their statutory obligations without interference and time constraints to ensure that their audit works can be conducted effectively and sufficiently.

3. Thus, the Company had on 8 October sought an Extension of Time (“EOT”) up to 31 December 2021 to issue its AR2021. However, Bursa Securities has vide its letter dated 25 October 2021 rejected the Company’s application for EOT.
4. Throughout, the Board of Directors empowered the management to give full cooperation and have regular communication with the external auditors to resolve all the highlighted outstanding audit issues and to finalise the audit by the stipulated timeline.
5. Given the tight deadline, the Board had also delegated to the Audit Committee to have more regular meetings and progress updates from the external auditors.
6. The Audit Committee held six (6) special meetings on 25 July 2021, 19 August 2021, 28 October 2021, 10 November 2021, 14 December 2021 and 29 December 2021 to have constant communication and progress updates from the external auditors.
7. Several Board of Directors’ meetings were also convened on 25 July 2021, 30 September 2021 and 29 December 2021 to discuss the status of the audit for the financial period ended 30 June 2021. This shows the commitment from the top to ensure the successful and timely closure of the audit.
8. Subsequently, the Company issued the AR 2021 that included AFS together with auditors’ and directors’ reports for the Financial Year Ended 30 June 2021, on 17 January 2022.
9. However, for the subsequent Financial Years Ended 30 June 2022 and 30 June 2023, the Company has made timely submission of the Annual Report that included AFS together with auditors’ and directors’ reports on 31 October 2022 and 31 October 2023, respectively.
10. In addition, the Company never failed to ensure the timely issuance of Quarterly Reports as required under Chapter 9.22 of Main LR, in the financial year 2022 and financial year 2023.
11. The current Board of Directors remain committed to ensuring the similar failure will not recur in future and has endeavoured necessary actions to ensure our finance and accounting resources are adequate and competent and procedures concerning financial reporting are adequate and comprehensive.
12. To demonstrate the commitment, the Company have instructed the Internal Auditor to conduct a review and assessment of the finance and accounting function in which the scope of works, among others, shall highlight any shortcoming and propose action plans and a timeline for implementation of the action plan.
13. Our Internal Auditor, Salihin Consulting Group Sdn. Bhd. has completed their review and assessment of the finance and accounting function in November 2023 and reported to the recent Audit Committee and Board of Directors’ meetings held on 28 November 2023 and 29 November 2023, respectively. The Internal Auditor has concluded that the findings of the finance and accounting function of the Company is satisfactory and has raised some areas of shortcomings, which the management has taken note of and would take the necessary improvement plans.

14. At SCIB, we take our responsibility for corporate compliance and governance seriously to ensure shareholders' and other stakeholders' interests are taken care of.

Announcement: 4 December 2023