



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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

(Incorporated in Malaysia)

1. INTRODUCTION

The Board of Directors (“**Board**”) of SARAWAK CONSOLIDATED INDUSTRIES BERHAD (“**SCIB**” or “**Company**”) wishes to announce that SCIB PROPERTIES SDN. BHD. [Company Registration No.: 200101019135 (554892-V)] (“**SCIBP**”) (“**Purchaser**”), an indirect wholly-owned subsidiary of SCIB, had on 6 November 2024 entered into four (4) Sale & Purchase Agreements (“**SPA**” or “**Agreements**”) to purchase all that parcel of land and appurtenances thereof situate at Jalan Bintulu-Sibu, Bintulu containing total area of 7.34815 hectares, with the Vendors (as defined in Section 2 of this announcement) for a total consideration of Ringgit Malaysia Eighteen Million Four Hundred and Ten Thousand (RM18,410,000.00) only (“**Purchase Consideration**”) (“**Proposed Acquisition**”).

2. DETAILS OF THE PROPOSED ACQUISITION OF THE PROPERTIES

2.1 Details of the Properties

The Properties comprise all that parcel of land and appurtenances thereof situated at Jalan Bintulu-Sibu, Bintulu containing a total area of 7.34815 hectares, more or less, with details as follows:

Registered Proprietor or Vendors	Lot No.	Description as per Land title	Leasehold period	Size (hectares)	Charge (if applicable)
James Wong Hee Beng	Lot 17585 Block 32 Kemena Land District (“Land 1”)	Agricultural purposes and is currently vacant land	Lease period expiring on 25-9-2076	0.8094	No Charge
Wong Kwong Hie Enterprise Sdn. Bhd.	Lot 17586 Block 32 Kemena Land District (“Land 2”)	Agricultural purposes and is currently vacant land	Lease period expiring on 25-9-2076	2.616	No Charge

Registered Proprietor or Vendors	Lot No.	Description as per Land title	Leasehold period	Size (hectares)	Charge (if applicable)
Wong Kwong Hie Enterprise Sdn. Bhd.	Lot 17587 Block 32 Kemena Land District (“Land 3”)	Agricultural purposes and is currently vacant land	Lease period expiring on 25-9-2076	3.911	No Charge
Wong Kwong Hie Enterprise Sdn. Bhd. and James Wong Hee Beng	Lot 5937 of Block 32 Kemena Land District (“Land 4”)	Agricultural purposes & Electricity pylon	Lease period expiring on 5-1-2075	0.01175	No Charge

SCIB is currently in the preliminary stage of development planning for the project. As at now, SCIB is unable to determine the total development cost and thus, is unable to provide a definite timeline for commencement and completion of the project.

At this stage, SCIB is unable to determine the sources of funds to finance the development. However, once the land acquisition is completed and all relevant details are finalised, SCIB will submit the comprehensive development plan to the relevant authorities for approval.

All that parcel of land has no appurtenances attached to them.

2.2 Background Information on the Proposed Acquisition

Information on the Purchaser

SCIBP is a company incorporated in Malaysia and has its registered office at Lot 1258 Jalan Utama, Pending Industrial Estate, 93450, Kuching, Sarawak and a branch office at Lot 16024, Jalan Nilam 4, Kawasan Perindustrian Nilai Utama, 78000 Nilai, Negeri Sembilan.

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

SCIBP has a total issued share capital of RM51,250,002.00 made up of 750,002 ordinary shares and 50,500,000 Redeemable Convertible Preference Shares.

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

Information on the Vendors

- a. Wong Kwong Hie Enterprise Sdn. Bhd. (“WKHESB”)

WKHESB is a company incorporated in Malaysia and having its registered office at 1st Floor, Lot 4544 – Lot 4545, Jalan Abang Galau Shophouse, Kampung Masjid, 97000

Bintulu, Sarawak and business address at 1st Floor, 63 Main Bazaar, 97000 Bintulu, Sarawak.

WKHESB has a total issued share capital of RM913,602.00 made up of 913,602 ordinary shares.

WKHESB is principally involved in realty investment and letting of premises.

The Directors and Shareholders of WKHESB are as follow:

No.	Directors / Shareholders	No. of Shares Held	%
1	Moh Wan Kung	365,441	40%
2	Moh Hiong Kung	548,161	60%
Total		913,602	100%

WKHESB is the registered proprietor of Land 2, Land 3 and Land 4.

b. James Wong Hee Beng (“James Wong”)

James Wong is an individual and was the registered proprietor of Land 1 and Land 4.

3.0 SALIENT TERMS OF THE PROPOSED ACQUISITION

The words and abbreviations used throughout this section of the Announcement shall have the same meaning as defined in the SPAs unless the context otherwise requires or defined herein. For the avoidance of doubt, the terms and conditions of the four (4) SPAs for the Proposed Acquisition are the same and shall be applied to each of the proposed acquisition of the four (4) lands on an individual basis and not on a collective basis.

NO. SALIENT TERMS		DESCRIPTIONS			
(i)	Purchase Price	The Purchase Price shall be paid in the following manner:			
		Lot No.	Purchase price	Deposit	Balance sum
		Land 1	RM2,000,000.00	RM200,000.00 upon the signing of the agreement	The balance sum of RM1,800,000.00 only, shall be paid within the Completion Date
		Land 2	RM6,460,000.00	RM646,000.00 upon the signing of the agreement	The balance sum of RM5,814,000.00 only, shall be paid within the Completion Date
		Land 3	RM9,660,000.00	RM966,000.00 upon the signing of the agreement	The balance sum of RM8,694,000.00 only, shall be paid within the Completion Date
Land 4	RM290,000.00	RM29,000.00 upon the	The balance sum of RM261,000.00		

			signing of the agreement	only, shall be paid within the Completion Date
		Total	18,410,000.00	-
		<p>In the event that the Purchaser fails or unable to settle the balance of Purchase Price on or before the Completion Date, then the Stakeholder, Loming & Jayadi Advocates, shall upon written request by the Purchaser, grant a grace period of one (1) month from the Completion Date (hereinafter referred to as “the Extended Completion Date”) to enable the Purchaser to pay the balance of the Purchase Price subject to the payment of interest at the rate of eight percent (8%) per annum.</p>		
(ii)	Transfer of Title	<p>a) Upon full payment of the Purchase Price made by the Purchaser, the Purchaser shall be entitled to a Memorandum of Transfer affecting the said Land free from all encumbrances and with vacant possession.</p> <p>The Vendor shall deposit the original document of title and quit rent booklet with the common solicitors to be submitted for the registration of the Memorandum of Transfer upon receipt of the balance of the Purchase Price by the said solicitors.</p> <p>Upon the adjudications of the ad-valorem stamp duties on the Memorandum of Transfer by the Collector of Stamp Duties, the Purchaser hereto shall pay the requisite stamp duties within fourteen (14) days from the date of receipt of notification of the same.</p>		
(iii)	Breach By Vendor	<p>In the event the Vendor at any time after the execution hereof, failing or refusing to complete the sale and transfer of said Land in favour of the Purchaser free from all encumbrances and with vacant possession when circumstances permit such a transfer, the Vendor shall forthwith refund whatever money having been paid to them together with a further sum as per the respective Agreements as pre-estimated liquidated damages but without prejudice to the Purchaser’s right to resort to the court of law for an order of specific performance or any form of relief from the court.</p>		
(iv)	Breach By Purchaser	<p>In the event of the Purchaser after the execution of the respective Agreements, failing or refusing to complete this contract or failing to make full payment of the Purchase Price of the said Land, then whatever sum of moneys, free of interest, having been paid to the Vendor shall be forfeited to the Vendor as agreed pre-estimated liquidated damages and the respective Agreements shall be automatically rescinded and any caveat lodged shall be forthwith withdrawn and if failing to withdrawn the caveat, the Purchaser shall be liable to compensate the Vendor for all consequential losses suffered. The Vendor shall be at liberty to sell the said Land to any other party as he deems fit, and the Purchaser shall not have any further claim against the Vendor.</p>		

3.1 Basis and Justification for the Purchase Consideration

The Purchase Consideration was arrived at on a “willing buyer and willing seller” basis.

The condition of the land is currently vacant with no buildings erected which formed our basis of the purchase consideration.

SCIB is in the opinion that the land's prospects are positive, considering that it is situated in a prime area within 10 km of Bintulu city and is surrounded by medium to upper-class residential communities.

There was no official valuation was carried out by SCIB. Although no valuation was carried out, the Board is of the view that the Purchase Consideration is fair and reasonable after conducting an internal assessment and taking into consideration the prospects of the Property and the potential profitability from the intended development of the project before concluding the Purchase.

3.2 Manner of the purchase consideration to be satisfied

The payment for the purchase consideration shall be made in the manners as follows:

- (a) A total sum of Ringgit Malaysia One Million Eight Hundred Forty One Thousand (RM1,841,000.00) only upon the signing of the Agreements as deposit the receipt of which sum is hereby acknowledged by the respective Vendors; and
- (b) The total balance sum of Ringgit Malaysia Sixteen Million Five Hundred Sixty Nine Thousand (RM16,569,000.00) only shall be paid within the Completion Date from the date of the Agreements.

The estimated premium for converting the agricultural land into residential development land is RM4,000 per unit of residential house, in addition to other miscellaneous fees.

According to the general guidelines, the maximum density allowed per acre is 10 units of landed residential.

Therefore, for 7.34815 hectares (equivalent to 18.15767 acres), the maximum number of landed residential units allowed to be developed cannot exceed 181 units.

Thus, the estimated premium for the conversion of the land is RM724,000.

At this point, SCIB has not determined the sources of funds.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The acquisition of the Properties is to expand SCIB Group’s business operations through collaboration with developers to jointly develop and construct residential housing projects that use our own manufactured products.

The Properties will be converted into mixed development that brings sustainable revenue in both Engineering, Procurement, Construction and Commissioning (“EPCC”) and Manufacturing segments.

It is also more economically advantageous for SCIB to purchase agricultural land prior to its conversion to residential status considering that the cost of agricultural land is lower than that of residential land. By securing agricultural land at this earlier stage, SCIB can capitalise on the cost savings, which may contribute positively to the overall financial viability of the development project.

5. SOURCE OF FUNDING

The Purchase Consideration will be satisfied by a combination of SCIB’s internally generated fund and financing facility(ies) (“**Facility**”) from licensed banks or financial institutions (“**Bank**”) to part finance the purchase of the Properties.

At this juncture, SCIB is unable to determine the exact breakdown between the internally generated funds and bank borrowings.

6. RISK FACTORS

The Proposed Acquisition may lead to potential associated risks as follows:

- (a) Potential inability to secure expected financing from licensed banks and financial institutions to part finance the Proposed Acquisition;
- (b) Unanticipated associated costs and time in relation to conversion of the land title from Agriculture to Mixed Development and approval from relevant authorities for Mixed Development;
- (c) Potential costs overrun in undertaking Mix Development that may impact anticipated return to SCIB Group.
- (d) Potential non-recovery or less recovery of the Deposit and Balance of Purchase Price in the event of breach by Vendor.

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

7. FINANCIAL EFFECTS OF THE LAND ACQUISITION

The proposed acquisition is expected to increase total assets, but no material financial impact on earnings, net assets, gearing, share capital and substantial shareholdings of SCIB Group for the financial year ending 30 June 2025.

8. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTEREST

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

9. STATEMENT BY DIRECTORS

The Board of Directors, having considered all aspects of the Proposed Acquisition, including but not limited to the rationale of the Proposed Acquisition is of the opinion that the Proposed Acquisition is in the best interest of the SCIB Group.

10. PERCENTAGE RATIO

Based on the latest audited financial statements for the financial year ended 30 June 2024 of SCIB, the highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g), Chapter 10 of the Main Market Listing Requirements of Bursa Securities is 12.19%.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed within four (4) Months from the date of the Agreements.

The estimated completion date by 31 March 2025.

12. APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approval of the shareholders of SCIB and/or any securities regulatory authorities.

13. DOCUMENT AVAILABLE FOR INSPECTION

The Agreements are available for inspection at the registered office of the Company at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450, Kuching, Sarawak during office hours from Monday to Friday (except for public holidays) for a period of three (3) month from the date of this Announcement.

This Announcement is dated 6 November 2024