

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (“SCIB” OR THE “COMPANY”)

- (I) PROPOSED DISPOSAL; AND
- (II) PROPOSED OPTIONS

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On 2 October 2025, the Board of Directors of SCIB (“**Directors**”) (“**Board**”) announced that the Company had on even date received an indicative letter of offer from YTL Cement (Sarawak) Sdn Bhd (“**YTL Cement Sarawak**” or the “**Purchaser**”), an indirect subsidiary of YTL Corporation Berhad, to acquire 100% equity interest in SCIB Concrete Manufacturing Sdn Bhd (“**SCM**”), an indirect wholly-owned subsidiary of the Company, at an indicative purchase price of RM113.00 million (“**Indicative Offer**”). Further to that, the Board had deliberated on the matter and had resolved to accept the Indicative Offer, which in turn is subject to, amongst others, the signing of a definitive share sale and purchase agreement between the parties.

Following the above, on behalf of the Board, Berjaya Securities Sdn Bhd (formerly known as Inter-Pacific Securities Sdn Bhd) (“**Berjaya Securities**”) wishes to announce that the Company and SCIB Holdings Sdn Bhd (“**SCIB Holdings**” or the “**Seller**”), a wholly-owned subsidiary of the Company, had on 18 November 2025 entered into a conditional share sale and purchase agreement (“**SSPA**”) with YTL Cement Sarawak for the proposed disposal of the entire equity interest in SCM for an indicative total cash consideration of RM113.00 million (“**Disposal Consideration**”) subject to adjustments in accordance with Sections 3.2 and 3.3 of Appendix I of this announcement and other terms and conditions as set out in the SSPA (“**Proposed Disposal**”).

SCIB had previously entered into the following agreements with SCM:-

- (i) tenancy agreement dated 1 July 2025 for the tenancy by SCM of 2 parcels of land, namely Lot 1166 and Lot 1541 (each as defined in Section 3.1 of this announcement), which are owned by SCIB and are where SCM’s existing factories are erected thereon (“**Lot 1166 and Lot 1541**”) (“**Tenancy Agreement**”); and
- (ii) right to build and operate agreement dated 1 March 2025 in relation to 5 parcels of land owned by SCIB, namely Lot 787, Lot 788, Lot 789, Lot 790 and Lot 791 (each as defined in Section 3.2 of this announcement), which are owned by SCIB and are where a new factory is intended to be constructed thereon by SCM for its manufacturing operations (“**Lot 787-791**”) (“**Right to Build and Operate Agreement**”).

Lot 1166 and Lot 1541 as well as Lot 787-791 shall collectively be referred to as the “**Lands**”.

Under the terms of the Tenancy Agreement, SCIB had granted to SCM an irrevocable option to purchase Lot 1166 and Lot 1541 exercisable within a period of 30 years from the date of the Tenancy Agreement (“**Option to Purchase Lot 1166 and Lot 1541**”). SCM has also granted to SCIB an irrevocable option to sell Lot 1166 and Lot 1541 exercisable within a period of 30 years from the date of the Tenancy Agreement (“**Option to Sell Lot 1166 and Lot 1541**”).

Pursuant to the Proposed Disposal, SCIB and SCM executed a letter on 18 November 2025 (“**Supplemental Letter to the Tenancy Agreement**”) to record, amongst others, their mutual agreement on the purchase price of RM24.00 million, which is subject to certain adjustments, for the sale and purchase of Lot 1166 and Lot 1541 upon the exercise of the Option to Purchase Lot 1166 and Lot 1541 or the Option to Sell Lot 1166 and Lot 1541, as the case may be.

Under the terms of the Right to Build and Operate Agreement, SCIB had also granted SCM an irrevocable option to purchase Lot 787-791 exercisable within a period of 30 years from the date of the Right to Build and Operate Agreement (“**Option to Purchase Lot 787-791**”). SCM has also granted to SCIB an irrevocable option to sell Lot 787-791 exercisable after the date of issuance of the occupation permit(s) in relation to the structures and buildings to be constructed by SCM thereon and within a period of 30 years from the date of the Right to Build and Operate Agreement (“**Option to Sell Lot 787-791**”).

Pursuant to the Proposed Disposal, SCIB and SCM executed a letter on 18 November 2025 (**"Supplemental Letter to the RBO"**) to record, amongst others, their mutual agreement on the purchase price of RM14.19 million, which is subject to certain adjustments, for the sale and purchase of Lot 787-791 upon exercise of the Option to Purchase Lot 787-791 or the Option to Sell Lot 787-791, as the case may be.

The Option to Purchase Lot 1166 and Lot 1541 and the Option to Purchase Lot 787-791 shall collectively be referred to as the **"Options to Purchase"** while the Option to Sell Lot 1166 and Lot 1541 and the Option to Sell Lot 787-791 shall be collectively referred to as the **"Options to Sell"**.

After completion of the Proposed Disposal, SCM will cease to be a subsidiary of the Company. Thereafter, if the Options to Purchase are exercised by SCM, or if the Options to Sell are exercised by SCIB, they would entail the disposal by SCIB of the Lands to an entity that is no longer a subsidiary of the Company. As such, in conjunction with the Proposed Disposal which is subject to approval of the shareholders of the Company (**"Shareholders"**), the Company also wishes to seek Shareholders' approval upfront for the exercise, as the case may be, of the Options to Purchase and the Options to Sell in accordance with the terms and conditions of the Tenancy Agreement, Supplemental Letter to the Tenancy Agreement, the Right to Build and Operate Agreement and the Supplemental Letter to the RBO (**"Proposed Options"**).

For avoidance of doubt, should Shareholders' approval for the Proposed Options be obtained at the EGM to be convened, the Company shall not be required to seek Shareholders' approval for the exercise and completion of the Options to Purchase or the Options to Sell, as the case may be, pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) (**"Listing Requirements"**). Nevertheless, the Company shall make the requisite announcement(s) in relation to the exercise and completion of the Options to Purchase or Options to Sell, as the case may be, as and when required in accordance with the Listing Requirements.

Further details on the Proposals are set out in ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Background information on the Proposed Disposal

The Proposed Disposal entails the disposal by SCIB Holdings of 18,581,702 ordinary shares in SCM (**"Sale Shares"**), representing 100% equity interest in SCM, to YTL Cement Sarawak for the Disposal Consideration to be fully satisfied in cash, subject to the terms and conditions of the SSPA. The Disposal Consideration is equivalent to the Indicative Offer previously issued by YTL Cement Sarawak on 2 October 2025. The Disposal Consideration is subject to adjustments in accordance with the terms and conditions of the SSPA as set out in Sections 3.2 and 3.3 of Appendix I of this announcement.

The Sale Shares to be acquired by the Purchaser shall be free from encumbrances and together with all rights and advantages attaching to them as at the date of completion of the Proposed Disposal.

The Proposed Disposal is subject to the approval of the Shareholders at an extraordinary general meeting (**"EGM"**) to be convened in due course.

As at 12 November 2025, being the latest practicable date prior to the date of this announcement (**"LPD"**), the concrete manufacturing segment of the Company and its subsidiaries (**"Group"**), which comprises the trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products (**"Manufacturing Business"**), is primarily operated under SCM.

Accordingly, the Proposed Disposal, which would result in SCM ceasing to be a subsidiary of the Company, would result in the discontinuation of the Group's Manufacturing Business. For information, SCM contributed 68.59% and 63.75% of the Group's total revenue in the latest audited financial year ended ("**FYE**") 30 June 2024 and latest unaudited 12-month financial period ended ("**FPE**") 30 June 2025 respectively.

Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing construction, engineering, procurement, construction and commissioning ("**EPCC**") as well as project management businesses (collectively referred to as the "**Construction & EPCC Segment**").

For avoidance of doubt, the Proposed Disposal is not a Major Disposal pursuant to Paragraph 10.02(eA) of the Listing Requirements as the Proposed Disposal will not result in the Company being classified as a cash company, an affected listed issuer or a Practice Note 17 issuer pursuant to Paragraphs 8.03, 8.03A and 8.04 of the Listing Requirements respectively.

The salient terms of the SSPA are set out in Appendix I of this announcement.

2.2 Background information on SCM

SCM was incorporated in Malaysia on 31 July 2001 under the Companies Act 1965 and is deemed registered under the Companies Act 2016 ("**Act**") as a private limited company under the existing name.

SCM is principally involved in trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products.

As at the LPD:-

- (i) SCM has an issued share capital of RM37,097,047.00 comprising 18,581,702 ordinary shares;
- (ii) SCM is a wholly-owned subsidiary of SCIB Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of the Company;
- (iii) the directors of SCM are Ku Chong Hong, Chai Tze Khang and Chiew Jong Wei; and
- (iv) SCM does not have any subsidiary or associate company.

Kindly refer to Appendix II of this announcement for the historical financial information of SCM.

2.3 Background information on YTL Cement Sarawak or the Purchaser

YTL Cement Sarawak was incorporated in Malaysia on 5 August 2025 as a private limited company under the Act and is principally involved in investment holding.

As at the LPD:-

- (i) YTL Cement Sarawak has an issued share capital of RM100,000 comprising 100,000 ordinary shares;
- (ii) YTL Cement Sarawak is a wholly-owned subsidiary of YTL Cement Berhad which in turn is a 96.11%-owned subsidiary of YTL Corporation Berhad, a company listed on the Main Market of Bursa Securities;

- (iii) the directors of YTL Cement Sarawak are Tan Sri (Sir) Yeoh Sock Ping, Dato' Sri Yeoh Sock Siong, Dato' Yeoh Seok Kian, Dato' Seri Yeoh Seok Hong and Yeoh Soo Keng; and
- (iv) YTL Cement Sarawak does not have any subsidiary or associate company.

2.4 Basis and justification for the Disposal Consideration

The Disposal Consideration is equivalent to the Indicative Offer issued by YTL Cement Sarawak to the Company on 2 October 2025.

The Disposal Consideration represents the following:-

- (i) a premium of RM14.54 million or 14.77% to the latest unaudited net assets ("NA") of SCM as at 30 June 2025 of RM98.46 million; and
- (ii) a premium of RM23.96 million or 26.91% to the latest audited NA of SCM as at 30 June 2024 of RM89.04 million.

An independent business valuation is in the midst of being conducted to ascertain the fair value of the entire equity interest in SCM. Details of such valuation will be disclosed in the circular to Shareholders to be issued in connection with the Proposed Disposal in due course.

2.5 Original cost and date of investment

The original cost and date of investment of SCIB Holdings in SCM is as follows:-

Date of investment	No. of shares	No. of ordinary shares	Investment amount (RM)
23 August 2001	2	2	2
9 December 2003	3,942,000	3,942,000	11,826,000
9 December 2009	8,654,700	8,654,700	8,654,700
10 December 2010	5,315,000	5,315,000	15,945,000
31 December 2010	670,000	670,000	670,000
Total	18,581,702	18,581,702	37,095,702

2.6 Liabilities or guarantees which will remain with SCIB Holdings

Save for the obligations and liabilities in and arising from the SSPA, there are no other liabilities, including any contingent liabilities and guarantees in relation to SCM, which will remain with SCIB Holdings upon completion of the Proposed Disposal.

In addition, there are no guarantees given by SCIB Holdings to the Purchaser in relation to the Proposed Disposal.

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3. DETAILS OF THE PROPOSED OPTIONS

3.1 Background information on the Tenancy Agreement

As at the date of this announcement, SCIB is the legal, registered and beneficial owner of the following 2 parcels of lands i.e. Lot 1166 and Lot 1541, which are currently rented by SCIB to SCM under the Tenancy Agreement:-

- (i) all that parcel of land situated at Demak Laut Industrial Park, Kuching, measuring more or less 4.047 hectares, described as Lot 1166 Block 8 Muara Tebas Land District (title registration no. 01-LCPLS-014-008-01166) ("**Lot 1166**") with a two-storey office building, a one-storey pre-cast panels factory, a one-storey pipe plant building and other buildings erected thereon; and
- (ii) all that parcel of land situated at Demak Laut Industrial Park, Kuching, measuring more or less 1.25 hectares, described as Lot 1541 Block 8 Muara Tebas Land District (title registration no. 01-LCPLS-014-008-01541) ("**Lot 1541**") with a one-storey i-Beam factory and a one-storey store.

Under the Tenancy Agreement, SCIB had granted the tenancy of Lot 1166 and Lot 1541 to SCM for a period of 1 year from the date of the Tenancy Agreement at a rental of RM22,000 per month, which shall automatically renew for a successive 1 year.

While Lot 1166 and Lot 1541 are owned by SCIB, the buildings erected thereon are constructed and owned by SCM and are currently used by SCM for its manufacturing operations. As such, the continued tenancy of Lot 1166 and Lot 1541 is crucial for the continued business of SCM and therefore it is crucial for SCM to be able to secure its interests and rights over Lot 1166 and Lot 1541.

In view of the above, under the Tenancy Agreement, SCIB had also granted to SCM the Option to Purchase Lot 1166 and Lot 1541 in consideration of a payment of RM1.00 from SCM to SCIB.

Pursuant to the Proposed Disposal, SCIB and SCM executed the Supplemental Letter to the Tenancy Agreement to record, amongst others, their mutual agreement on the purchase price for the sale and purchase of Lot 1166 and Lot 1541 (as stated below), which is subject to adjustments, to ensure contractual certainty upon exercise of the Option to Purchase Lot 1166 and Lot 1541.

Upon delivery of the exercise notice by SCM, SCM and SCIB shall enter into a pre-agreed form of land sale and purchase agreement, which is appended to the Supplemental Letter to the Tenancy Agreement, within 14 days from the date of the exercise notice, stipulating the terms and conditions as well as the pre-agreed purchase prices of Lot 1166 and Lot 1541 as follows:-

Subject property	Pre-agreed purchase price ⁽¹⁾ (RM'000)
Lot 1166	18,000
Lot 1541	6,000
Total	24,000

Note:-

- (1) Under the terms of the pre-agreed form of sale and purchase agreement for Lot 1166 and Lot 1541 as appended to the Supplemental Letter to the Tenancy Agreement, the pre-agreed purchase price is subject to certain adjustment as stipulated in the said pre-agreed form of sale and purchase agreement.

In addition, under the terms of the Tenancy Agreement and the Supplemental Letter to the Tenancy Agreement, SCM had also granted to SCIB the Option to Sell Lot 1166 and Lot 1541 at the same pre-agreed purchase price, in consideration of a payment of RM1.00 from SCIB to SCM.

Further to the above, under the terms of the Tenancy Agreement, SCIB shall not grant any similar option to purchase, lease or rent, or any right of first refusal in respect of Lot 1166 and Lot 1541, to any third party without the prior written consent of SCM.

After completion of the Proposed Disposal, SCM will cease to be a subsidiary of the Company. Thereafter, if the Option to Purchase Lot 1166 and Lot 1541 is exercised by SCM, or if the Option to Sell Lot 1166 and Lot 1541 is exercised by SCIB, it would entail the disposal by SCIB of Lot 1166 and Lot 1541 to an entity that is no longer a subsidiary of the Company.

As such, in conjunction with the Proposed Disposal which is subject to Shareholders' approval, the Company also wishes to seek Shareholders' approval upfront for the exercise, as the case may be, of the Option to Purchase Lot 1166 and Lot 1541 and the Option to Sell Lot 1166 and Lot 1541 in accordance with the terms and conditions of the Tenancy Agreement and the Supplemental Letter to the Tenancy Agreement.

3.2 Background information on the Right to Build and Operate Agreement

On 26 January 2024, the Company accepted an offer from the Land and Survey Department of Sarawak for the alienation of the following lands i.e. Lot 787-791, measuring a total of approximately 8.8544 hectares located at Demak Laut Industrial Park subject to the payment of the land premium of RM21.62 million by the Company ("**Land Premium**"):-

- (i) all that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2) Sejingkat, Kuching, measuring more or less 1.8506 hectares, described as Lot 787 Block 4 Muara Tebas Land District (title registration no. 01-LCLS-014-004-00787) ("**Lot 787**");
- (ii) all that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2), Sejingkat, Kuching, measuring more or less 1.982 hectares, described as Lot 788 Block 4 Muara Tebas Land District (title registration no. 01-LCLS-014-004-00788) ("**Lot 788**");
- (iii) all that parcel of land situated at Demak Laut Industrial Park Phase 2B (Stage 2B), Sejingkat, Kuching, measuring more or less 1.6011 hectares, described as Lot 789 Block 4 Muara Tebas Land District (title registration no. 01-LCLS-014-004-00789) ("**Lot 789**");
- (iv) all that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2), Sejingkat, Kuching, measuring more or less 1.6847 hectares, described as Lot 790 Block 4 Muara Tebas Land District (title registration no. 01-LCLS-014-004-00790) ("**Lot 790**"); and
- (v) all that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2), Sejingkat, Kuching, measuring more or less 1.736 hectares, described as Lot 791 Block 4 Muara Tebas Land District (title registration no. 01-LCLS-014-004-00791) ("**Lot 791**"),

Lot 787-791 were offered to the Company as part of the relocation of SCM's existing factory operations in Pending Industrial Estate, which is located close to the Kuching City Centre, to Demak Laut Industrial Park. The relocation is undertaken to align with the Sarawak State Government's initiatives to develop Demak Laut Industrial Park into a dedicated industrial hub.

As part of the terms of the offer, the construction of SCM's new factory shall be completed within 3 years⁽¹⁾ from the date the issue documents of title to the Lands are registered in the name of the Company i.e. on 13 March 2024.

Note:-

- (1) Vide a letter dated 30 September 2025, the Company has submitted an application to the Land and Survey Department of Sarawak for the extension of the construction period of SCM's new factory for another 2 years. As such, if the application is approved by the Land and Survey Department of Sarawak, the construction of SCM's new factory can be completed within 5 years from 13 March 2024, i.e. by 13 March 2029.

As at the LPD, the approval on the application for the extension of the construction period for an additional 2 years by the Land and Survey Department Sarawak is still pending.

As at the LPD, the construction of the new factory has commenced.

Based on the above, while Lot 787-791 is owned by SCIB pursuant to the offer from the Land and Survey Department of Sarawak, the continued right to build and operate on Lot 787-791 is crucial for the continued business of SCM and therefore it is crucial for SCM to be able to secure its interests and rights over Lot 787-791.

In view of the above, SCIB had on 1 March 2025 entered into the Right to Build and Operate Agreement with SCM (which is supplemented by the Supplemental Letter to the RBO) whereby SCIB has granted to SCM, amongst others, the following rights in relation to the Lands ("**Rights**") in consideration of the payment of RM1.00 from SCM to SCIB:-

- (a) the right to enter upon and remain upon Lot 787-791;
- (b) the right to construct, erect, build, install, alter, improve, maintain, repair, replace, renovate and remove any buildings, structures, roads, utilities and other improvements upon Lot 787-791;
- (c) the right to occupy, use and possess Lot 787-791;
- (d) the right to conduct any activity upon the Lands for any lawful purposes, including without limiting, the right to operate its business on Lot 787-791;
- (e) the right to bring upon, store and remove any and all fixtures, fittings, machinery, equipment, goods, properties, merchandise, furniture, apparatus, vehicles and chattels on Lot 787-791;
- (f) the right to enjoy vacant and exclusive possession (including full and free access) of Lot 787-791;
- (g) the right to invite, grant access to or permit to remain on Lot 787-791, SCM's directors, officers, employees, contractors, sub-contractors, agents, consultants, suppliers, licensees, invitees, assignees, sub-tenants, visitors, customers and guests; and
- (h) all other rights akin to a tenant or lessee of Lot 787-791,

exercisable from the date of the Right to Build and Operate Agreement to the earlier of:-

- (a) registration of SCM as a lessee / sub-lessee of Lot 787-791;
- (b) registration of SCM as a proprietor of Lot 787-791; or
- (c) 11 March 2084, being the expiry of the lease period of Lot 787-791.

Under the Right to Build and Operate Agreement, SCIB had also granted SCM the Option to Purchase Lot 787-791, in consideration of a payment of RM1.00 from SCM to SCIB.

Pursuant to the Proposed Disposal, SCIB and SCM executed the Supplemental Letter to the RBO to record, amongst others, their mutual agreement on the purchase price for Lot 787-791 (as stated below), which is subject to adjustments, to ensure contractual certainty upon exercise of the Option to Purchase Lot 787-791.

Upon delivery of the exercise notice by SCM, SCM and SCIB shall enter into a pre-agreed form of land sale and purchase agreement, which is appended to the Supplemental Letter to the RBO, within 14 days from the date of the purchase exercise notice, stipulating the terms and conditions as well as the pre-agreed purchase prices of Lot 787-791 as follows:-

Subject property	Pre-agreed purchase price⁽¹⁾ (RM'000)
Lot 787	2,965
Lot 788	3,175
Lot 789	2,565
Lot 790	2,699
Lot 791	2,781
Total	14,185

Note:-

- (1) Under the terms of the pre-agreed form of land sale and purchase agreement for Lot 787-791 as appended to the Supplemental Letter to the RBO, the pre-agreed purchase price is subject to certain adjustments as stipulated in the said pre-agreed form of land sale and purchase agreement.

In addition, under the terms of the Right to Build and Operate Agreement and the Supplemental Letter to the RBO, SCM had also granted SCIB an Option to Sell Lot 787-791 at the same purchase prices totalling RM14.19 million (as stated above), in consideration of a payment of RM1.00 from SCIB to SCM. This option may be exercised by SCIB by delivering a notice to SCM at any time after the date of the issuance of the occupation permit in relation to the completion of the construction of the new factory on Lot 787-791 by SCM and subject to SCIB having paid the next instalment towards the Land Premium of RM4.25 million due in year 2026 in full. This option shall lapse on the 30th anniversary of the date of the Right to Build and Operate Agreement.

Further to the above, under the terms of the Right to Build and Operate Agreement, SCIB shall not grant any similar option to purchase, lease or rent, or any right of first refusal in respect of Lot 787-791, to any third party without the prior written consent of SCM.

After completion of the Proposed Disposal, SCM will cease to be a subsidiary of the Company. Thereafter, if the Option to Purchase Lot 787-791 is exercised by SCM, or if the Option to Sell Lot 787-791 is exercised by SCIB, it would entail the disposal by SCIB of Lot 787-791 to an entity that is no longer a subsidiary of the Company.

As such, in conjunction with the Proposed Disposal which is subject to Shareholders' approval, the Company also wishes to seek Shareholders' approval upfront for the exercise, as the case may be, of the Option to Purchase Lot 787-791 and the Option to Sell Lot 787-791 in accordance with the terms and conditions of the Right to Build and Operate Agreement and the Supplemental Letter to the RBO.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSALS

In the last few financial years, SCM had contributed steadily to the revenue and earnings of the Group as it had posted the following results:-

	Audited			Unaudited
	FYE 30 June 2022	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	85,012	89,663	115,322	122,558
Gross profit	13,241	18,110	30,410	32,388
(Loss after tax) / Profit after tax	(91)	3,501	10,329	8,664

For information, SCM had contributed 68.59% and 63.75% of the Group's total revenue in the latest audited FYE 30 June 2024 and the latest unaudited 12-month FPE 30 June 2025.

As set out in Section 2.1 of this announcement, the Proposed Disposal would result in SCM ceasing to be a subsidiary of the Company, and therefore, the discontinuation of the Group's Manufacturing Business.

In turn, the Group would no longer be able to derive a major source of revenue and earnings from SCM moving forward. Further details and commentaries on the historical financial information of SCM are set out in Appendix II of this announcement.

In addition, the Group will also no longer be able to capitalise on any potential future growth of the Manufacturing Business as well as ride on the future prospects of the precast concrete industry in Malaysia. Further details on the overview, outlook and prospects of the precast concrete industry in Malaysia are set out in Sections 6.3 and 6.4 of this announcement.

Despite the above, the Proposed Disposal represents an opportunity for the Group to divest and unlock the value of its Manufacturing Business potentially at or close to the peak of its recent financial performance. In particular, the last 4 years have shown an increasing trend in revenue for SCM, with revenue growing from RM85.01 million in FYE 30 June 2022 to RM122.56 million in 12-month FPE 30 June 2025. Likewise, SCM had also recorded an increasing trend in earnings, from a net loss of RM0.09 million in FYE 30 June 2022 to a net profit of RM10.33 million in FYE 30 June 2024 before moderating to a net profit of RM8.66 million in 12-month FPE 30 June 2025.

In light of the above, it is pertinent to note that the Disposal Consideration offered by the Purchaser represents a price that is attractive if compared to the book value of SCM as it represents:-

- (i) a premium of RM14.54 million or 14.77% to the latest unaudited NA of SCM as at 30 June 2025 of RM98.46 million; and
- (ii) a premium of RM23.96 million or 26.91% to the latest audited NA of SCM as at 30 June 2024 of RM89.04 million.

Nevertheless, an independent business valuation is in the midst of being conducted to ascertain the fair value of the entire equity interest in SCM. Details of such valuation will be disclosed in the circular to Shareholders to be issued in connection with the Proposed Disposal in due course.

Moreover, the Group is estimated to record a gain on disposal of RM11.29 million from the Proposed Disposal, which in turn is expected to increase the NA and contribute to higher earnings for the Group in the immediate term.

The estimated gain on disposal arising from the Proposed Disposal is derived as follow:-

	RM'000
Disposal Consideration	113,000
Less: Unaudited NA of SCM as at 30 June 2025	(98,462)
Less: Estimated expenses for the Proposed Disposal (including estimated capital gains tax of RM2.26 million ⁽¹⁾)	(3,250)
Estimated net pro forma gain from the Proposed Disposal	11,288

Note:-

(1) Being the estimated capital gains tax at the rate of 2% on the Disposal Consideration of RM113.00 million.

Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing Construction & EPCC Segment. In line with this, the Group intends to utilise the proceeds from the Proposed Disposal mainly to fund current ongoing projects undertaken by the Construction & EPCC Segment as well as to secure more projects for the Construction & EPCC Segment in the future. Further details on the utilisation of proceeds from the Proposed Disposal are set out in Section 5 of this announcement.

In turn, the prospects of the Group's Construction & EPCC Segment appear to be positive moving forward, premised on the overview and prospects of the building and construction industry in Malaysia as set out in Section 6.2 of this announcement. The Group's Construction & EPCC Segment may also stand to benefit from spillover effects arising from the development plans of the Sarawak State Government over the coming years, including the construction of public infrastructure projects throughout Sarawak.

The Proposed Options allows SCIB to restructure its existing connections with SCM with regards to:-

- (i) Lot 1166 and Lot 1154, which are owned by SCIB but the buildings erected thereon are owned by SCM and are crucial for SCM's continued business; and
- (ii) Lot 787-791, which was acquired by SCIB for the purpose of relocation of SCM's factory operations to align with the Sarawak State Government's initiatives as described in Section 3.2 of this announcement and are therefore crucial for SCM's continued business.

Upon completion of the Proposed Disposal whereupon SCM will cease to be a subsidiary of SCIB, the Lands will no longer be of significant importance or value to SCIB, and therefore it is in the best interest of SCIB that the Lands be eventually sold to SCM for the continued use of SCM's business in the long term.

In addition, the Proposed Options allows the Group to monetise and unlock the value of the Lands and convert them into cash to support the Group's future business needs. The proceeds from the disposal of the Lands are intended to be used to finance future working capital requirements of the Group (such as those described in Section 5(iii) of this announcement). However, the exact utilisation breakdown cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time and as such the timeframe for full utilisation from the date of receipt of the proceeds cannot be determined at this juncture.

5. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL

The proceeds from the Proposed Disposal are intended to be utilised in the following manner:-

Utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposed Disposal	RM'000
(i) Funding for ongoing and future projects for the Construction & EPCC Segment	Within 24 months	44,562
(ii) Funding for future property development projects	Within 24 months	20,000
(iii) Working capital	Within 24 months	10,000
(iv) Settlement of the Net Intercompany Receivables (as defined below)	Immediate	⁽¹⁾ 35,188
(v) Estimated expenses for the Proposed Disposal	Immediate	⁽²⁾ 3,250
Total		⁽³⁾113,000

Notes:-

- (1) The Net Intercompany Receivables amount is not final and is subject to change based on the management accounts of SCM as at the close of business on the Completion Date (as defined in Section 1 of the Appendix I of this announcement), in accordance with the terms of the SSPA.
- (2) If the actual expenses incurred are higher than this amount, the deficit will be funded via the amount earmarked for funding for ongoing and future projects for the Construction & EPCC Segment. Conversely, any surplus of funds following payment of expenses will be utilised for funding for ongoing and future projects for the Construction & EPCC Segment.
- (3) The Disposal Consideration is subject to adjustments pursuant to Sections 3.2 and 3.3 of the Appendix I of this announcement. Accordingly, any increase or decrease in the proceeds from the Proposed Disposal arising from such adjustments will be adjusted accordingly to / from the proceeds allocated for funding for ongoing and future projects for the Construction & EPCC Segment as set out in Section 5(i) of this announcement.

Pending the utilisation of the proceeds from the Proposed Disposal, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments with licensed financial institutions. Any interest income or gains earned from such placements will be utilised for working capital in the same manner as set out in Section 5(iii) of this announcement.

(i) Funding for ongoing and future projects for the Construction & EPCC Segment

As set out in Section 2.1 of this announcement, the Proposed Disposal would result in SCM ceasing to be a subsidiary of the Company, and therefore, the discontinuation of the Group's Manufacturing Business. Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing Construction & EPCC Segment.

In line with the above, the Group intends to utilise the proceeds from the Proposed Disposal mainly to fund current ongoing projects undertaken by the Construction & EPCC Segment as well as to secure more projects for the Construction & EPCC Segment in the future. As at 30 September 2025, the Construction & EPCC Segment is involved projects with total remaining contract value of RM146.75 million.

Nevertheless, the actual allocation of funding between ongoing and future projects cannot be determined at this juncture as it is dependent on the progress and funding requirements of the respective projects at the relevant point time as well as the availability and suitability of future projects to be undertaken.

If the Group is unable to fully utilise the proceeds allocated for funding for ongoing and future projects for the Construction & EPCC Segment within 24 months from the completion of the Proposed Disposal, the timeframe for utilisation of such allocated proceeds will be extended and announced as well as disclosed in the Group's quarterly financial results announcements and annual reports until the construction works commence.

Alternatively, the Group may also consider to revise the utilisation of such allocated proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

(ii) Funding for future property development projects

The Group intends to utilise RM20.00 million of the proceeds from the Proposed Disposal to fund new property development projects to be undertaken by the Group.

Previously, the Group had on 18 September 2024 and 6 November 2024 entered into a total of 5 sale and purchase agreements to acquire 5 parcels of land located at Kemena Land District, Bintulu, Sarawak, measuring approximately 9.84 hectares in total, for a total purchase consideration of approximately RM27.64 million ("**Bintulu Lands**"). The acquisition of the Bintulu Lands was undertaken with the intention of collaborating with developers to jointly develop and construct residential housing projects. The acquisition of the Bintulu Lands has since been completed between 15 January 2025 and 27 March 2025.

Thus, the Group intends to allocate part of the proceeds from the Proposed Disposal for the development of the Bintulu Lands. As at the LPD, the Group is still in the midst of assessing the suitability and feasibility of the development plans to be undertaken on the Bintulu Lands. Accordingly, the exact proceeds to be allocated for potential development on the Bintulu Land cannot be determined at this juncture. The intended utilisation is expected to reduce the Group's reliance on external borrowings, which in turn would avoid additional interest expenses moving forward. Nevertheless, the Group may obtain external borrowings to cover any shortfall in funding requirements, if required.

The Company will make the necessary announcements in accordance with the Listing Requirements (if required) as and when it enters into any agreement for the development of the Bintulu Lands. In the event that Shareholders' approval and/or regulatory approvals are required, the necessary approvals will be sought.

The development of the Bintulu Lands represents part of the Group's initiative to venture into property development ("**Property Development Segment**") with the aim of diversifying its revenue and earnings stream. This is especially pertinent in light of the discontinuation of the Manufacturing Business upon completion of the Proposed Disposal. At the same time, the Group aims to capitalize on its existing Construction & EPCC Segment to assist the Group's venture into the Property Development Segment.

Apart from the potential development of the Bintulu Lands, the Group may also utilise the allocated proceeds to undertake other property development projects moving forward, depending on the suitability and feasibility of such projects as well as the availability of funding options at the relevant time. Any shortfall in funding requirements for such projects will be met via internally generated funds, external borrowings and/or other future fund-raising exercises to be undertaken, if required.

For avoidance of doubt, in the event that the Company enters into any transaction or business arrangement which might reasonably be expected to result in the diversion of 25% or more of the Group's NA to the Property Development Segment and/or the Property Development Segment contributing 25% or more of the Group's net profit, the Company will make the necessary announcements and seek Shareholders' approval for the diversification of the Group's business to include the Property Development Segment in accordance with Paragraph 10.13(1) of the Listing Requirements.

(iii) Working capital

The Group intends to utilise RM10.00 million of the proceeds from the Proposed Disposal for working capital purposes in the following manner:-

Working capital	RM'000
Staff costs ⁽¹⁾	6,000
Other operating and administrative expenses ⁽²⁾	4,000
Total	10,000

Notes:-

- (1) As at the LPD, the Group has a total of 67 employees after excluding the employees from SCM. In tandem with the anticipated growth of the Group's Construction & EPCC Segment as well as the Group's venture into the Property Development Segment as set out in Section 5(ii) of this announcement moving forward, the Group plans to expand its headcount to cater for such growth. The exact number of new employees to be hired cannot be determined at this juncture as it will depend on the construction projects to be undertaken by the Group moving forward as well as the Group's operational requirements at the relevant time.
- (2) These include, amongst others, upkeep of office premises, rental, legal expenses and general administrative payments. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.

(iv) Settlement of net intercompany receivables

As at 30 June 2025, the net intercompany receivables, i.e. the difference between the aggregate of all amounts owing by the Group (excluding SCM) to SCM and the aggregate of all amounts owing by SCM to the Group (excluding SCM) ("**Net Intercompany Receivables**") amount to RM35.19 million as summarised below:-

Intercompany receivables		Amount RM'000
Amount owing by the Group (excluding SCM) to SCM	[A]	38,560
Amount owing by SCM to the Group (excluding SCM)	[B]	3,372
Net Intercompany Receivables	[A] – [B]	35,188

In light of such Net Intercompany Receivables, pursuant to the terms of the SSPA (as outlined in Section 4.2(i) and Section 4.3(i)(a) of the Appendix I of this announcement), the actual amount to be paid by the Purchaser and received by the Company shall be the Disposal Consideration less the Net Intercompany Receivables. In other words, part of the proceeds from the Proposed Disposal will be utilised to fully settle the Net Intercompany Receivables.

For avoidance of doubt, the abovementioned Net Intercompany Receivables amount is not final and is subject to change based on the management accounts of SCM as at the close of business on the Completion Date (as defined in Section 1 of the Appendix I of this announcement), in accordance with the terms of the SSPA. Accordingly, any surplus or deficit arising from such potential change will be adjusted accordingly to / from the proceeds allocated for funding for ongoing and future projects for the Construction & EPCC Segment as set out in Section 5(i) of this announcement.

(v) Estimated expenses for the Proposed Disposal

The breakdown of the estimated expenses for the Proposed Disposal is set out below:-

Estimated expenses	Amount RM'000
Professional fees ⁽¹⁾	900
Estimated capital gains tax ⁽²⁾	2,260
Fees to relevant authorities	26
Miscellaneous expenses (printing, advertising and contingencies)	64
Total	3,250

Notes:-

- (1) These include, amongst others, professional fees of the Principal Adviser, reporting accountants, solicitors, business and property valuers, independent market researcher and company secretaries.
- (2) Being the estimated capital gains tax at the rate of 2% on the Disposal Consideration of RM113.00 million.

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6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

6.1 Overview and prospects of the Malaysian economy

The Malaysian economy expanded by 4.4% in the second quarter of 2025 (the first quarter of 2025 (“**1Q 2025**”): 4.4%), driven by robust domestic demand. Household spending was higher amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. Of significance, both private and public investments recorded stronger expansion, supported by the realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower commodities-related exports. This was partially offset by continued electrical and electronics (“**E&E**”) exports and robust tourism activity. At the same time, import growth was higher, driven by strong demand for capital goods, reflecting higher investment activities.

On the supply side, growth was driven by the services and manufacturing sectors. The services sector was supported by consumer-related and government services. Steady growth in domestic-oriented clusters underpinned the performance in the manufacturing sector. Overall growth was weighed down by a contraction in the mining sector amid lower commodities production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.1% (1Q 2025: 0.7%).

Similar to other countries, Malaysia’s 2025 growth will be affected by tariff outcomes from trade negotiations. The external environment remains challenging. Uncertainty surrounding tariffs continues to linger and the impact will take time to fully materialise. Nonetheless, Malaysia is facing these challenges from a position of strength. Our economy remains on solid footing, supported by resilient domestic demand, continued demand for E&E goods, and a diversified export structure. These fundamentals, alongside continued structural reforms, ensure that Malaysia is well-positioned to navigate the evolving global landscape.

Notwithstanding the external risks, economic growth is firmly supported by resilient domestic demand, serving as a buffer against global headwinds. Employment and wage growth within domestic-oriented sectors and income-related policy measures will continue to support household spending. The expansion in investment activity will be sustained by several factors. This includes the progress of infrastructure projects, continued high realisation of approved private investments and implementation of national master plans. Malaysia’s export prospects could be raised by favourable outcomes from remaining trade negotiations, pro-growth policies in major economies, and robust tourism activity. The steady rollout of structural reforms, such as the implementation of announced national master plans and fiscal reform measures, is critical to boost our resilience against future shocks.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2025, Bank Negara Malaysia)

6.2 Overview and prospects of the building and construction industry in Malaysia

The value of work done in the construction sector amounted to RM43.9 billion in the second quarter of 2025, marking a growth of 12.9 per cent, following a 16.6 per cent increase in the previous quarter. This growth was driven by continued expansion in the special trade activities and non-residential buildings sub-sectors, which posted substantial double-digit growth of 22.2 per cent and 16.2 per cent, respectively. The residential buildings sub-sector also contributed significantly, expanding by 13.9 per cent. Meanwhile, the civil engineering sub-sector maintained a positive trend with a marginal growth of 7.5 per cent.

Of RM43.9 billion of work done value recorded in the second quarter of 2025, a total of RM16.3 billion or 37.1 per cent was attributed to the civil engineering sub-sector, primarily in the activity of construction of utility projects (RM8.1 billion), and roads and railways (RM6.5 billion). Meanwhile, the value of work done for non-residential buildings and residential buildings sub-sectors accounted for RM12.4 billion (28.2%) and RM10.0 billion (22.8%), respectively. Additionally, the special trade activities sub-sector accounted for RM5.2 billion (11.9%), largely in site preparation (RM1.5 billion); electrical installation (RM1.2 billion); and plumbing, heat and air-conditioning installation (RM1.1 billion) activities.

The private sector remained the primary driver of growth in the construction sector, contributing RM28.2 billion or 64.2 per cent of the total value. It sustained its double-digit growth momentum at 19.3 per cent growth (1Q 2025: 23.7%), propelled by strong performance in the non-residential buildings (23.7%) and the special trade activities (22.8%) sub-sectors. Meanwhile, the value of work done by the public sector increased by 3.1 per cent (1Q 2025: 6.3%) to RM15.7 billion (share: 35.8%), which was primarily fuelled by the special trade activities sub-sector at 20.8 per cent growth.

Summarising the performance of the construction work for the first half of 2025, the sector posted a value of RM86.8 billion, reflecting a 14.7 per cent increase compared to the same period in 2024 (1Q 2024 to 2Q 2024: 17.2%). This growth was driven by positive performance across all sub-sectors, particularly in special trade activities (28.3%) and residential buildings (20.0%).

(Source: Quarterly Construction Statistics Second Quarter 2025 published on 11 August 2025, Department of Statistics Malaysia)

Sarawak and Pulau Pinang displayed stable and gradual growth, reflecting steady government-led infrastructure development and industrial expansion tailored to local needs. Sarawak's construction output was buoyed by infrastructure initiatives such as the Pan Borneo Highway, rural connectivity programs, and energy projects, notably in hydroelectric power.

Malaysia's construction sector demonstrates diverse growth trajectories across its states, each shaped by unique regional factors and development strategies. Selangor and Kuala Lumpur continue to lead with urban construction, driven by rapid population growth and infrastructure demands. Johor stands out with its large-scale initiatives, including Iskandar Malaysia and Forest City, positioning the state as a key player in visionary development projects. In Sarawak, the focus on infrastructure development, particularly in rural and industrial areas, plays a critical role in the state's economic expansion. Meanwhile, Penang is capitalising on its transformation into an economic hub, supported by industrial growth and strategic infrastructure projects.

(Source: Malaysian Economic Statistics Review Vol. 4 2025 published on 27 April 2025, Department of Statistics Malaysia)

6.3 Overview of precast concrete industry in Malaysia

Precast concrete products are derived from a mixture of cement, aggregates (gravel and sand) and water. Concrete and cement are fundamental building materials that have revolutionised the construction industry. The manufacturing of cement is a complex process that begins with the quarrying of raw materials such as limestones and clay, and then grinding them to a powder. After being heated at a high temperature (through a process called sintering), the chemical bonds of the raw materials are broken down and are recombined into a new compound called clinker. Cement is manufactured from the clinker mixed with gypsum.

Cement, which is a fine powder, acts as a binding agent when mixed with aggregates (gravel and sand) and water to form concrete. As a building material, concrete is primarily used to provide structural stability in buildings and structures. In addition, it possesses excellent compressive strength, which means it can bear heavy loads without collapsing. Furthermore, it can also be moulded into various shapes and sizes, allowing for flexibility in construction design.

Precast concrete products encompass mainly pre-stressed beams, box culverts, columns, concrete manholes, concrete pipes, highway barriers, roof tiles, paving slabs, spun piles and wall panels. They provide an advanced solution that offers speed, cost efficiency and exceptional quality, unlike the traditional poured concrete in the construction sites. Precast concrete products formed the most common group of Industrialised Building System (“**IBS**”) products, which are proven to be able to reduce the construction period compared to the conventional construction method. In contrast, the conventional construction method involves building materials such as beams, walls and slabs fabricated on site (cast-in-situ), usually with moulds made from timber formwork. Also, the conventional construction method requires many wet trades at the construction sites and is often more labour-intensive and less productive.

The construction industry generally refers to the construction of physical infrastructure and buildings. Both infrastructure construction and building construction are the largest sources of construction jobs for the construction industry. The construction industry is also immersed in the full cycle of infrastructure and buildings, ranging from initial construction to post-construction building services and maintenance such as refurbishments, renovations, retrofitting, repairs and maintenances, as well as their eventual demolition, dismantling or decommissioning. Although it may be viewed as a single activity, construction is a feat of multitasking taking place across many quite varied functions and disciplines.

The construction industry also acts as a catalyst to spur the economy, as construction activities will also generate the manufacturing of various building materials and provision of services locally, such as in civil engineering, quantity surveying, architecture, banking, legal, insurance, property management and property valuation. These linkages have the potential to create high multiplier effects to the economy, with the Construction Industry Development Board reporting that the construction industry has backward and forward linkages with another 120 different industries in the country.

The ex-factory sales (refer to sales registered by the manufacturers, and not the wholesalers or retailers) of precast concrete products in Malaysia was reported at RM18.74 billion in 2024, an increase of 12.9% over the previous year's sales of RM16.59 billion. It is anticipated to increase to RM20.66 billion and RM22.06 billion in 2025 and 2026, representing increases of 10.3% and 6.8%, respectively.

Meanwhile, the value of work done on building and infrastructure construction in Malaysia was registered at RM141.32 billion in 2024, which represented an expansion of 18.5% over the preceding year of RM119.29 billion. It is expected to expand to RM163.79 billion and RM174.57 billion in 2025 and 2026, depicting expansions of 15.9% and 6.6%, respectively.

(Source: Independent market research report dated 14 November 2025 prepared by Infobusiness Market Research Sdn Bhd, an independent market researcher (“**IMR Report**”))

6.4 Outlook and prospects of the precast concrete industry in Malaysia

The performance of the precast concrete industry is inherently linked to the construction industry, as its products are one of the main building materials used. Under the Thirteenth Malaysia Plan 2026-2030, there is an emphasis on the adoption of IBS on larger scale for accelerated construction timelines, particularly in the building of affordable houses, which are targeted at one million units over the next 10 years. In turn, this will generate opportunities for precast concrete products.

A total of RM430 billion will be allocated during the Thirteenth Malaysia Plan 2026-2030 to finance the implementation of the Federal Government development programmes and projects such as infrastructure, public transportation, construction of schools, hospitals, affordable housing projects and flood mitigation projects. This includes the construction of the Penang Mutiara Light Rail Transit, Sabah Pan Borneo Highway, East Coast Rail Link, Central Spine Road and the Sarawak-Sabah Link Road project. Private investments are also projected to be driven by sustained demand for industrial facilities, logistics hubs and data centres, in line with the expansion of high technologies and digitalisation. This is in addition to the continued demand for affordable housing and government initiatives to promote home ownership to be undertaken by the private sector, such as the full exemption of stamp duty on the instrument of transfer and loan agreements for the purchase of a home priced up to RM500,000 for first time homebuyers, until 31 December 2027.

The Housing and Local Government Ministry has proposed the Urban Renewal Act, which is designed to facilitate the renewal of old and dilapidated urban areas. It seeks to provide a framework to control and supervise urban renewal in a manner that is physically, economically, socially and environmentally sustainable. This covers urban redevelopment, urban regeneration and urban revitalisation, including better housing and improved infrastructure and public amenities. Many older flats and apartments suffer from structural issues, bad wiring or general neglect. The Ministry of Housing and Local Government has identified 534 potential urban redevelopment areas in Peninsular Malaysia, with an estimated gross development value of RM355.3 billion. They are anticipated to generate opportunities for increased demand for precast concrete products and the overall expansion of the construction industry as well.

(Source: IMR Report)

6.5 Prospects and future plans of the Group after the Proposals

As set out in Section 2.1 of this announcement, the Proposed Disposal would result in SCM ceasing to be a subsidiary of the Company, and therefore, the discontinuation of the Group's Manufacturing Business. Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing Construction & EPCC Segment.

In line with the above, the Group intends to utilise the proceeds from the Proposed Disposal mainly to fund current ongoing projects undertaken by the Construction & EPCC Segment as well as to secure more projects for the Construction & EPCC Segment in the future. As at 30 September 2025, the Construction & EPCC Segment is involved projects with total remaining contract value of RM146.75 million.

In addition, the Group's Construction & EPCC Segment may also stand to benefit from spillover effects arising from the development plans of the Sarawak State Government over the coming years, including the construction of public infrastructure projects throughout Sarawak. These are expected to include, amongst others, the construction of the Sarawak-Sabah Link Road as well as the upcoming completion of the Sarawak Pan Borneo Highway which is expected to enhance the road network within Sarawak and establish better connectivity to Sabah and Brunei.

The Group's Construction & EPCC Segment will also aim to bid for and secure EPCC contracts for such large public infrastructure projects as well as building schools and social amenities projects in Sarawak.

Moving forward, the prospects of the Group's Construction & EPCC Segment appear to be positive, premised on the overview and prospects of the building and construction industry in Malaysia as set out in Section 6.2 of this announcement.

(Source: Management of SCIB)

6.6 Information pertaining to the Proposed Rights Issue with Warrants

The Company had on 26 June 2025 announced that it proposes to undertake the following:-

- (i) renounceable rights issue of up to 763,624,813 new ordinary shares in SCIB ("**SCIB Shares**") ("**Rights Shares**") together with up to 763,624,813 free detachable warrants in the Company ("**Warrants C**") on the basis of 1 Rights Share together with 1 Warrant C for every 1 existing Share held by the shareholders of the Company ("**Shareholders**") on an entitlement date to be determined and announced later ("**Proposed Rights Issue with Warrants**"); and
- (ii) reduction of the issued share capital of SCIB by RM110.00 million pursuant to Section 117 of the Act ("**Proposed Share Capital Reduction**").

The Proposed Rights Issue with Warrants is expected to raise a total of RM48.95 million under the base case scenario, which in turn is intended to be utilised as follows:-

Utilisation of proceeds from the Proposed Rights Issue with Warrants	RM'000
(i) Construction of factory and purchase of machineries	20,000
(ii) Repayment of bank borrowings	19,000
(iii) Working capital	9,067
(iv) Estimated expenses for the Proposed Rights Issue with Warrants and the Proposed Share Capital Reduction	880
Total	48,947

In relation to the above, it is pertinent to note that a total of RM20.00 million has been earmarked for the construction of factory and purchase of machineries for the Manufacturing Business.

On 26 September 2025, Bursa Securities had granted its approval for the following:-

- (i) admission of the Warrants C to the Official List of the Main Market of Bursa Securities;
- (ii) listing of and quotation for up to 763,624,813 Rights Shares and up to 763,624,813 Warrants C to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities; and
- (iii) listing of and quotation for up to 763,624,813 new SCIB Shares to be issued arising from the exercise of the Warrants C on the Main Market of Bursa Securities.

Subsequently, the Company had on 2 October 2025 received the Indicative Offer from the Purchaser, and had on 18 November 2025 entered into the SSPA with the Purchaser in connection with the Proposed Disposal.

Further to the above, it is pertinent to note that the business operations, future plans and prospects of the Group are expected to change materially upon completion of the Proposals. In turn, this would have a material impact on the Group's funding requirements moving forward. Consequently, the utilisation of proceeds from the Proposed Rights Issue with Warrants as disclosed above, whereby a substantial portion is earmarked for construction of factory and purchase of machineries in relation to the Manufacturing Business, would no longer be relevant.

Given the above and depending on the progress and outcome of the Proposals, the Company will decide at the relevant point in time whether to proceed with the implementation of the Proposed Rights Issue with Warrants or to proceed with the Proposals.

If the Proposals are not approved by shareholders at the EGM or is aborted along the way before the EGM, the Company will proceed to implement the Proposed Rights Issue with Warrants as planned.

However, if the Proposals are approved by shareholders at the EGM, the Company will not proceed to implement the Proposed Rights Issue with Warrants based on the current scheme. Instead, the Company may announce a revised scheme for the Proposed Rights Issue with Warrants and submit a fresh application to Bursa Securities in relation thereto at a later date, subject to further assessment on the Group's funding requirements following the Proposals.

For avoidance of doubt, the Proposed Share Capital Reduction is not conditional upon the Proposed Rights Issue with Warrants and *vice versa*. As such, regardless of the progress and outcome of the Proposals, the Company will still proceed to implement the Proposed Share Capital Reduction as planned.

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7. RISK FACTORS

7.1 Non-completion risk

The completion of the Proposed Disposal is subject to the fulfillment of the sole condition precedent in the SSPA i.e. Shareholders' approval being obtained at an EGM within 7 months from the date of the SSPA (subject to extension in accordance to the terms of the SSPA) ("**Condition Precedent**"). There is no assurance that the said Condition Precedent will be fulfilled or that the parties to the SSPA will be able to fulfill their respective obligations under the SSPA within the timeframe stipulated therein.

In the event that the Proposed Disposal does not proceed to completion, the Company would not be able to realise the benefits that may accrue to it as set out in Section 4 of this announcement, including an estimated gain on disposal of RM11.29 million to be recognised upon completion of the Proposed Disposal. In addition, the Company would not be able to utilise the proceeds from the Proposed Disposal in the manner as set out in Section 5 of this announcement.

7.2 Loss of future revenue and earnings that may be generated by SCM

In the last few financial years, SCM had contributed steadily to the revenue and earnings of the Group as it had posted the following results:-

	Audited			Unaudited
	FYE 30 June 2022	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	85,012	89,663	115,322	122,558
Gross profit	13,241	18,110	30,410	32,388
(Loss after tax) / Profit after tax	(91)	3,501	10,329	8,664

For information, SCM had contributed 68.59% and 63.75% of the Group's total revenue in the latest audited FYE 30 June 2024 and latest unaudited 12-month financial period ended 30 June 2025.

Upon completion of the Proposed Disposal, SCM will no longer be a subsidiary of the Company and as such, the Group would lose a major source of revenue and earnings from SCM moving forward.

Further details and commentaries on the historical financial information of SCM are set out in Appendix II of this announcement.

7.3 Loss of participation in the Manufacturing Business and the precast concrete industry in Malaysia

As at the LPD, the Group's Manufacturing Business is primarily operated under SCM. Upon completion of the Proposed Disposal, SCM will no longer be a subsidiary of the Company and as such, the Group would no longer participate in the Manufacturing Business.

Consequently, the Group will no longer be able to capitalise on any potential future growth of the Manufacturing Business, which in turn is expected to benefit from the development plans of the Sarawak State Government over the coming years including the construction of public infrastructure projects throughout Sarawak. These public infrastructure projects are expected to lead to increased demand for concrete-related products, including those produced by the Manufacturing Business via SCM.

In addition, the Group will no longer be able to ride on the future prospects of the precast concrete industry in Malaysia. Further details on the overview, outlook and prospects of the precast concrete industry in Malaysia are set out in Sections 6.3 and 6.4 of this announcement.

7.4 Concentration risk on existing remaining construction / EPCC / project management businesses

As set out in Section 7.3 of this announcement, the Group would no longer participate in the Manufacturing Business upon completion of the Proposed Disposal.

Thus, moving forward, the Group's revenue and earnings will be entirely derived from its existing construction / EPCC / project management segment (collectively, the **"Construction & EPCC Segment"**). Accordingly, the Group will be subject to business concentration risk arising from its dependence on this sole segment.

Any adverse developments affecting the business of the Construction & EPCC Segment or the industry in which the Construction & EPCC Segment operates in, including changes in local government regulations, labour laws as well as fluctuation in costs of labour and building materials, may negatively affect the financial performance of the Construction & EPCC Segment and consequently result in material adverse effect on the Group's overall financial performance. Under such circumstances, the Group will no longer be able to rely on an alternative source of revenue and earnings to offset any adverse effects from the Construction & EPCC Segment.

7.5 Loss of potential capital appreciation in market value of the Lands

As set out in Section 3 of this announcement, SCIB will grant the Options to Purchase to SCM in relation to the Lands at certain pre-agreed purchase prices.

As such, the Group will not be able to benefit from any potential capital appreciation in the market values of these Lands in the future.

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8. EFFECTS OF THE PROPOSALS

8.1 Share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the Proposals does not involve any issuance of new SCIB Shares.

8.2 NA and gearing

The Proposed Options will not have any effect on the NA and gearing of the Company.

Based on the latest audited consolidated statements of financial position of the Group as at 30 June 2024, the pro forma effects of the Proposed Disposal on the NA and gearing of the Group are as follow:-

	Audited as at 30 June 2024 RM'000	(I) After subsequent event ⁽¹⁾ RM'000	(II) After (I) and the Proposed Disposal ⁽²⁾ RM'000
Share capital	177,560	187,829	187,829
Revaluation reserve	53,418	53,418	14,729
Foreign exchange translation reserve	(1,783)	(1,783)	(1,783)
Share option reserve	-	1,236	1,236
Accumulated losses	(78,214)	(80,787)	(19,812)
Shareholders equity / NA	150,981	159,913	182,199
Non-controlling interests	1,209	1,209	1,209
Total equity	152,190	161,122	183,408
No. of SCIB Shares in issue ('000)	658,738	699,248	699,248
NA per Share (RM)	0.23	0.23	0.26
Total borrowings (RM'000)	57,795	57,795	⁽³⁾ 1,296
Gearing ratio (times)	0.38	0.36	0.01

Notes:-

- (1) After accounting for the creation of share option reserve following the offer of 88,068,139 options under the share option plan pursuant to the long term incentive plan established and implemented by the Company ("**LTIP Options**"), the issuance of 776,000, 210,000 and 39,524,257 new SCIB Shares arising from the allotment of the LTIP Options at an issue price of RM0.2205 each on 18 December 2024, 6 January 2025 and 25 February 2025 respectively as well as reversal of share option reserve following the cancellation of 47,557,882 LTIP Options and creation of share option reserve following the offer of 64,376,926 LTIP Options on 28 August 2025.
- (2) After accounting for the estimated gain on disposal of SCM of RM11.29 million (arising from the Proposed Disposal and after deducting estimated expenses of RM3.25 million).
- (3) After accounting for the reduction in total borrowings pursuant to the Proposed Disposal.

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8.3 Earnings and earnings per Share (“EPS”)

The Proposed Disposal is expected to have a positive effect on the earnings and EPS of the Company, with an estimated gain on disposal of RM11.29 million upon completion of the Proposed Disposal.

The Proposed Options is not expected to have any effects on the earnings and EPS of the Company.

For illustration, based on the audited consolidated financial statements of the Company for the FYE 30 June 2024 and assuming the Proposed Disposal had been completed at the beginning of that financial year, the pro forma effects of the Proposed Disposal on the consolidated earnings and EPS of the Company are as follows:-

	Audited FYE 30 June 2024 RM'000	(I) After subsequent events ⁽¹⁾ RM'000	(II) After (I) and the Proposed Disposal ⁽²⁾ RM'000
Profit after tax (“PAT”) attributable to owners of the Company (RM'000)	4,482	4,482	4,482
Less: Audited PAT of SCM for the FYE 30 June 2024	-	-	(10,329)
Add: Estimated net pro forma gain from the Proposed Disposal	-	-	11,288
Pro forma PAT attributable to the equity holders of SCIB Group	4,482	4,482	5,441
Weighted average no. of SCIB Shares ('000)	644,436	684,946	684,946
EPS (sen)	0.70	0.65	0.79

Notes:-

- (1) After accounting for the issuance of 40,510,257 new SCIB Shares arising from the exercise of the LTIP Options from 1 July 2024 up to the LPD.
- (2) After accounting for the estimated net pro forma gain from the Proposed Disposal of RM11.29 million as further detailed in Section 4 of this announcement.

8.4 Convertible securities

Save for the 64,376,926 granted / vested LTIP Options which may be exercised, the Company does not have any other outstanding convertible securities as at the LPD.

The Proposals will not result in any adjustment to the exercise price and number of outstanding LTIP Options.

9. HIGHEST PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal is 230.47% which was computed based on the net profits of SCM based on its latest audited financial statements for the FYE 30 June 2024 as compared with the net profits of the Group based on its latest audited financial statements for the FYE 30 June 2024.

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Options is 25.29% which was computed based on the aggregate value of the consideration as represented by the pre-agreed purchase prices of the Lands upon exercise of the Options to Purchase / Options to Sell as compared with the net assets of the Group based on its latest audited financial statements for the FYE 30 June 2024.

10. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to approvals being obtained from the following:-

- (i) the Shareholders for the Proposals at an EGM to be convened; and
- (ii) any other relevant authorities and/or parties, if required.

For avoidance of doubt, should Shareholders' approval for the Proposed Options be obtained at the EGM to be convened, the Company shall not be required to seek Shareholders' approval for the exercise and completion of the Options to Purchase or the Options to Sell, as the case may be, pursuant to the Listing Requirements. Nevertheless, the Company shall make the requisite announcement(s) in relation to the exercise and completion of the Options to Purchase or Options to Sell, as the case may be, as and when required in accordance with the Listing Requirements.

In terms of Shareholders' approval, the Proposed Disposal and Proposed Options are inter-conditional.

The Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect in the Proposals.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to be completed by second quarter of 2026.

13. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, including but not limited to the effects of the Proposals, basis and justification for the Disposal Consideration, terms and conditions of the SSPA, rationale, utilisation of proceeds as well as the risks associated with the Proposed Disposal, is of the opinion that the Proposals are in the best interests of the Company and its shareholders.

14. ADVISER

Berjaya Securities has been appointed by the Company to act as the Principal Adviser in relation to the Proposals.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Indicative Offer and SSPA are available for inspection at the Company's registered office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak, during normal business hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 18 November 2025.

The salient terms of the SSPA include the following:-

1. Agreement to sell and purchase the Sale Shares

On and subject to the terms of the SSPA, the Seller agrees to sell, and the Purchaser agrees to purchase, all of the Sale Shares. The Sale Shares shall be sold by the Seller to the Purchaser free from encumbrances and together with all rights and advantages attaching to them as at the Completion Date (as defined below).

“Completion Date” means a date falling 14 business days following the date of fulfilment or waiver of the Condition Precedent or such other date as may be agreed in writing by the parties.

2. Condition Precedent

2.1 The agreement to sell and purchase the Sale Shares is conditional upon satisfaction of the following condition on or prior to the date falling 7 months from the date of the SSPA (**“Initial Cut-Off Date”**), or as extended in accordance with the SSPA, or such later date as may be agreed in writing between the Seller and the Purchaser (**“Cut-Off Date”**):-

- (i) the approval of the shareholders of the Company at an EGM approving the sale of the Sale Shares and the transactions contemplated under the SSPA.

2.2 Non-satisfaction

- (i) The Seller shall give notice to the Purchaser of the satisfaction of the relevant condition within 3 business days of becoming aware of the same together with evidence in writing evidencing that such condition has been satisfied.
- (ii) If the Condition Precedent is not satisfied on or before Initial Cut-Off Date, the parties agree that where such delay is caused solely by a delay by Bursa Securities in issuing the approval or confirmation of no objection to the draft circular to the shareholders of the Company, then provided that there has been no breach by the Company, the Initial Cut-off Date shall automatically be extended by 2 months.
- (iii) If the Condition Precedent is not satisfied on or before the Cut-off Date, the Purchaser may, in its absolute discretion, terminate the SSPA (other than the surviving provisions), and no party shall have any claim against the other under it save for any claim arising from antecedent breaches of the SSPA.

3. Purchase price

3.1 Amount

The Disposal Consideration is subject to adjustments in accordance with Sections 3.2 and 3.3 of this Appendix I.

3.2 First adjustment

- (i) No later than 7 business days from the date of fulfilment or waiver of the Condition Precedent as set out in Section 2.1 of this Appendix I (**“Unconditional Date”**), the Seller shall deliver to the Purchaser, the estimated management accounts of SCM as at the close of business on the Completion Date drawn up in accordance with the SSPA, and shall comprise a balance sheet made up as at Completion Date and an income statement for the financial period from 1 July 2025 to the Completion Date (**“Estimated Completion Accounts”**).

- (ii) Within 2 business days following the delivery of the Estimated Completion Accounts by the Seller to the Purchaser, the Purchaser shall, utilising the figures in the Estimated Completion Accounts, calculate the total equity of SCM ("**Estimated Shareholder's Equity**") and the amount, if any, by which the Estimated Shareholder's Equity is:-
 - (a) less than RM98,462,477.00 ("**Estimated Shareholder's Equity Shortfall**"); or
 - (b) more than RM98,462,477.00 ("**Estimated Shareholder's Equity Excess**").
- (iii) In the event the Purchaser's calculation reveals that:-
 - (a) there is no Estimated Shareholder's Equity Shortfall or Estimated Shareholder's Equity Excess, no adjustments shall be made to the Disposal Consideration;
 - (b) there is Estimated Shareholder's Equity Shortfall, the Disposal Consideration shall be reduced by an amount equivalent to the Estimated Shareholder's Equity Shortfall; or
 - (c) there is Estimated Shareholder's Equity Excess, the Disposal Consideration shall be increased by an amount equivalent to 70% of the Estimated Shareholder's Equity Excess.
- (iv) The "**Second Disposal Consideration**" shall mean (i) the Disposal Consideration if there has been no reduction or increase in accordance with Section 3.2(iii)(a) of this Appendix I; or (ii) the Disposal Consideration *less* (-) the reduction in accordance with Section 3.2(iii)(b) of this Appendix I; or (iii) the Disposal Consideration *plus* (+) the increase in accordance with Section 3.2(iii)(c) of this Appendix I.

3.3 Final adjustment

- (i) Within 7 business days following the determination of the Completion Accounts (as defined below), as the case may be, the Purchaser shall, utilising the figures in the Completion Accounts, calculate the total equity of SCM ("**Final Shareholder's Equity**") and the amount, if any, by which the Final Shareholder's Equity is:-
 - (a) less than RM98,462,477.00 ("**Final Shareholder's Equity Shortfall**");
 - (b) more than RM98,462,477.00 ("**Final Shareholder's Equity Excess**").

"**Completion Accounts**" means the management accounts of SCM as at the Completion Date, comprising a balance sheet made up as at the Completion Date and an income statement for the financial period from 1 July 2025 to the Completion Date, drawn up by the Purchaser in accordance with the terms and format as set out in the SSPA and shall deliver to the Seller within 45 business days from the Completion Date. The Completion Accounts shall also contain the Purchaser's calculation of the Final Shareholder's Equity and the Final Purchase Price (as defined below).
- (ii) In the event the Purchaser's calculation reveals that:-
 - (a) there is no Final Shareholder's Equity Shortfall or Final Shareholder's Equity Excess, no adjustments shall be made to the Disposal Consideration and the Final Disposal Consideration shall be the Disposal Consideration;

- (b) there is Final Shareholder's Equity Shortfall, the Disposal Consideration shall be reduced by an amount equivalent to the Final Shareholder's Equity Shortfall, and the Final Disposal Consideration shall be the Disposal Consideration *less* (-) the amount reduced in accordance with this Section 3.3(ii)(b) of this Appendix I; or
- (c) there is Final Shareholder's Equity Excess, the Disposal Consideration shall be increased by an amount equivalent to 70% of the Final Shareholder's Equity Excess, and the Final Disposal Consideration shall be the Disposal Consideration *plus* (+) the amount increased in accordance with this Section 3.3(ii)(c) of this Appendix I,

and reference to the "**Final Disposal Consideration**" shall mean the amount in (a) or (b) or (c) of Section 3.3(ii) of this Appendix I, as applicable.

4. Timing and method of payment

- 4.1 On the date of the SSPA, the Purchaser shall pay to the Seller, a sum of RM8,000,000.00 as a deposit ("**Deposit**").
- 4.2 On the completion of the Proposed Disposal, the Purchaser shall pay the Second Disposal Consideration *less* (-) the Deposit ("**Balance Second Disposal Consideration**"), as follows:-
 - (i) if the Estimated Completion Accounts reflect Net Intercompany Receivables, an amount equivalent to the Net Intercompany Receivables as set out in the Estimated Completion Accounts shall be paid by the Purchaser directly to SCM for and on behalf of the Group (excluding SCM), and receipt of the same by SCM shall be deemed receipt and satisfaction of the same by the Seller, the Group (excluding SCM), and the Purchaser shall be discharged from its obligations to pay such portion of the Second Disposal Consideration;
 - (ii) an amount equivalent to the estimated trade and other receivables *less* (-) the deposits in other receivables, deposits and prepayments ("**Retained Sum**") shall be retained by the Purchaser free of interest and dealt with in accordance with Section 5 of this Appendix I;
 - (iii) an amount equivalent to all amounts secured under any and all guarantees, indemnities, suretyships, letters of comfort or security given by or binding upon SCM and if applicable, its subsidiaries ("**SCM Group Company**"), in respect of any liability of any member of the Group (other than a SCM Group Company) (the "**Retained Guarantee Amount**") shall be retained by the Purchaser free of interest and dealt with in accordance with Section 6 of this Appendix I; and
 - (iv) the Balance Second Disposal Consideration *less* (-) the Net Intercompany Receivables deducted, *less* (-) the Retained Sum retained and *less* (-) the Retained Guarantee Amount retained ("**Completion Payment**"), shall be paid to the bank account as shall be specified by the Seller to the Purchaser in writing no later than 2 business days from the Unconditional Date.

4.3 Within 10 business days after the determination of the Final Disposal Consideration:-

- (i) the Purchaser shall pay to the Seller the amount by which the Final Disposal Consideration exceeds the Second Disposal Consideration, in the following manner and in the following order of priority:-
 - (a) where any increase arose due to higher Net Intercompany Receivables, an amount equivalent to the difference between the Net Intercompany Receivables set out in the Completion Accounts and the Net Intercompany Receivables set out in the Estimated Completion Accounts, shall be paid by the Purchaser directly to SCM for and on behalf of the Group (excluding SCM), and receipt of the same by SCM shall be deemed receipt and satisfaction of the same by the Seller, the Group (excluding SCM), and the Purchaser shall be discharged from its obligations to pay such portion of the Final Disposal Consideration;
 - (b) where any increase arose due to higher trade and other receivables, an amount equivalent to the difference between the aggregate of the trade and other receivables as stated in the Completion Accounts and the estimated trade and other receivables as stated in the Estimated Completion Accounts, shall be added to the Retained Sum and dealt with in accordance with Section 5 of this Appendix I;
 - (c) any balance shall be paid by the Purchaser to the bank account as shall be specified by the Seller to the Purchaser in writing no later than 2 business days after the determination of the Final Disposal Consideration; or
- (ii) the Seller shall pay to the Purchaser the amount by which the Final Disposal Consideration is less than the Second Disposal Consideration to the bank account as shall be specified by the Purchaser to the Seller in writing no later than 2 business days after the determination of the Final Disposal Consideration.

5. Retained Sum

The Seller and the Purchaser agree that the Retained Sum shall be released if the conditions below are satisfied:-

- (a) the Completion Accounts have been determined in accordance with the terms of the SSPA; and
- (b) where the aggregate trade and other receivables as stated in the Completion Accounts exceed the Retained Sum (as may be increased pursuant to Section 4.3(i)(b) of this Appendix I, the “**Adjusted Retained Sum**”), the Adjusted Retained Sum shall only be released to the extent that the Adjusted Retained Sum at any point in time within 1 year from the Completion Date, exceeds the outstanding amount of trade and other receivables forming the aggregate of the trade and other receivables as stated in the Completion Accounts at such point in time.

Subject to Section 5(b) of this Appendix I, within 30 days from the end of the calendar month in which any payment was received from the relevant trade and other receivables debtor, the Purchaser shall release to the Seller the corresponding amount of the Adjusted Retained Sum, free of interest.

Upon the first anniversary of the Completion Date, in the event any of the trade and other receivables set out in the Completion Accounts is not collected (save for refund of tax, provision of which has been made for), the outstanding balance of the Adjusted Retained Sum shall not be released. Accordingly, the Final Purchase Price shall be reduced and the Purchaser shall be released of its obligation to pay such reduced sum (“**Reduced Sum**”).

To the extent that the trade and other receivables set out in the Completion Accounts comprises of a positive amount of the trade receivables in respect of which such amount has been captured in the Reduced Sum, the Seller shall have the right to request the Purchaser for the outstanding trade receivables not collected to be assigned to the Seller.

6. Retained Guarantee Amount

The Seller and the Company shall use their best efforts and at their own cost and expense, to work towards the release of any SCM Group Company from all guarantees, indemnities, suretyships, letters of comfort or security given by or binding upon any SCM Group Company, in respect of any liability of any member of the Group (other than a SCM Group Company), as soon as reasonably practicable after the date of the SSPA and in any case, such release shall be completed within 30 days from the Completion Date.

Pending such release, the Seller and the Company shall, from the completion of the Proposed Disposal, jointly and severally indemnify the relevant SCM Group Company against all Losses arising from or in connection with the giving of such securities, guarantees or indemnities given by or binding upon the Seller or any person connected with any of them in respect of any liability of the SCM Group Companies by any SCM Group Company in respect of any liability of any member of the Group (other than a SCM Group Company).

Within 14 days of the provision of documentary evidence of the release of any SCM Group Company from all guarantees, indemnities, suretyships, letters of comfort or security given by or binding upon any SCM Group Company, in respect of any liability of any member of the Group (other than a SCM Group Company) by the Seller to the Purchaser, the Purchaser shall release to the Seller the corresponding amount of the Retained Guarantee Amount, free of interest.

7. Completion

7.1 Date and Place

- (i) Completion shall take place at 10:00 a.m. at the registered office of SCM on the Completion Date or at such other location, time or date as may be agreed in writing between the Purchaser and the Seller.
- (ii) The parties agree that completion of the Proposed Disposal shall only be deemed to have occurred when the completion of the sale of all (and not some only) of the Sale Shares have been completed, and the Purchaser shall not be obliged to complete the purchase of any of the Sale Shares, and the Seller shall not be obliged to complete the sale of the Sale Shares, unless the sale and purchase of all the Sale Shares are completed simultaneously.

7.2 Breach of completion obligations

Without prejudice to the rights to terminate the SSPA pursuant to Section 8 of this Appendix I, if the Seller or the Purchaser fails to comply with any obligation in the SSPA, the Purchaser, in the case of non-compliance by the Seller, or the Seller, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the other, to:-

- (i) fix a new date for completion of the Proposed Disposal, in which case, the completion obligations of the Purchaser and the Seller shall apply to the completion of the Proposed Disposal as so deferred (but provided that such deferral may only occur once);
- (ii) to effect completion of the Proposed Disposal so far as practicable having regard to the defaults which have occurred; or

- (iii) terminate the SSPA (other than the surviving provisions), without liability on its part.

8. Termination

8.1 The SSPA may be terminated (other than the surviving provisions) at any time prior to completion of the Proposed Disposal in accordance with the following:-

- (i) by the Purchaser, in accordance with Section 2.2(iii) of this Appendix I;
- (ii) by the Purchaser, if the Seller is in breach of any of the fundamental warranties, by notice in writing to the Seller;
- (iii) by the Seller or Purchaser, in accordance with Section 7.2(iii) of this Appendix I;
- (iv) by the Purchaser, if the Seller or the Company is in material breach of any of the Seller's warranties or the warranties given by the Company, the undertakings or obligations given by the Seller or the Company under the SSPA, and if such breach is capable of being remedied, the Seller or the Company fails, refuses or neglects to remedy such breach within 30 days after written notice has been given to the Seller or the Company by the Purchaser providing particulars of the breach and requiring such breach to be remedied, the Purchaser shall be entitled to terminate the SSPA by notice in writing to the Seller;
- (v) by the Seller, if the Purchaser is in material breach of any of the Purchaser's warranties, the Purchaser's undertakings or obligations under the SSPA, and if such breach is capable of being remedied, the Purchaser fails, refuses or neglects to remedy such breach within 30 days after written notice has been given to the Purchaser by the Seller providing particulars of the breach and requiring such breach to be remedied, the Seller shall be entitled to terminate the SSPA by notice in writing to the Purchaser; or
- (vi) by the Seller or Purchaser, in the event a force majeure event shall continue for a period of 6 months.

8.2 Effect of termination

- (i) Within 7 business days from termination of the SSPA, the Seller shall refund the Deposit to the Purchaser. Thereafter, all rights and obligations of the parties shall cease to have effect immediately (other than the surviving provisions) and save that termination of the SSPA shall be without prejudice to the respective rights and liabilities of each of the parties accrued prior to such termination.
- (ii) Any failure by any party to exercise its rights to terminate the SSPA shall not constitute a waiver of any other rights of such party arising out of any breach of the SSPA.
- (iii) Neither the Seller nor the Purchaser shall be entitled to rescind or terminate the SSPA in any circumstances whatsoever, except for rescission or termination under the circumstances set out in Section 8.1 of this Appendix I.

9. Governing laws

The SSPA shall be governed by, and construed in accordance with, the laws of Malaysia.

APPENDIX II – HISTORICAL FINANCIAL INFORMATION OF SCM

The following table sets out a summary of the historical financial information of SCM:-

	Audited			Unaudited
	FYE 30 June 2022	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	85,012	89,663	115,322	122,558
Gross profit ("GP")	13,241	18,110	30,410	32,388
(Loss before tax) / Profit before tax	(91)	4,105	12,314	11,461
(Loss after tax) / Profit after tax	(91)	3,501	10,329	8,664
Share capital	37,097	37,097	37,097	37,097
NA / Total equity	35,299	38,800	89,037	98,462
Total borrowings	45,319	42,809	56,756	71,104
GP margin (%)	15.58	20.20	26.37	26.43
(Loss after tax) / Profit after tax margin (%)	(0.11)	3.90	8.96	7.07
Current assets	70,310	75,948	102,871	128,643
Current liabilities	47,224	49,517	63,813	66,962
Number of shares in issue ('000)	18,582	18,582	18,582	18,582
NA per share (RM)	1.90	2.09	4.79	5.30
EPS				
- basic (sen)	(0.49)	18.84	55.59	46.63
- diluted (sen)	(0.49)	18.84	55.59	46.63
Current ratio (times)	1.49	1.53	1.61	1.92
Gearing ratio (times)	1.28	1.10	0.64	0.72

(i) 12-month FPE 30 June 2025 vs FYE 30 June 2024

SCM's revenue for 12-month FPE 30 June 2025 increased by RM7.24 million or 6.27% as compared to FYE 30 June 2024. The higher revenue was mainly due to the higher demand for its core manufacturing products.

In line with the higher revenue, SCM recorded a higher GP of RM32.39 million (GP margin of 26.43%) as compared to a GP of RM30.41 million (GP margin of 26.37%) in the previous financial year, representing an increase of RM1.98 million or 6.50%.

Despite the higher GP, SCM recorded a lower PAT of RM8.66 million as compared to a PAT of RM10.33 million in the previous financial year. This was mainly due to higher administrative expenses arising from the share option expenses as well as higher finance costs.

(ii) FYE 30 June 2024 vs FYE 30 June 2023

SCM's revenue for FYE 30 June 2024 increased by RM25.66 million or 28.62% as compared to FYE 30 June 2023. The higher revenue was mainly due to higher sales volume of the foundation piles and industrialised building system products.

In line with the higher revenue, SCM recorded a higher GP of RM30.41 million (GP margin of 26.37%) as compared to a GP of RM18.11 million (GP margin of 20.20%) in the previous financial year, representing an increase of RM12.30 million or 67.92%.

In line with the higher GP, SCM recorded a higher PAT of RM10.33 million as compared to a PAT of RM3.50 million in the previous financial year.

(iii) FYE 30 June 2023 vs FYE 30 June 2022

SCM's revenue for FYE 30 June 2023 increased by RM4.65 million or 5.47% as compared to FYE 30 June 2022. The higher revenue was mainly due to higher sales volume of the foundation piles and industrialised building system products.

In line with the higher revenue, SCM recorded a higher GP of RM18.11 million (GP margin of 20.20%) as compared to a GP of RM13.24 million (GP margin of 15.58%) in the previous financial year, representing an increase of RM4.87 million or 36.77%.

In line with the higher GP, SCM recorded a PAT of RM3.50 million as compared to loss after tax of RM0.09 million in the previous financial year.