



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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

(Incorporated in Malaysia)

1. INTRODUCTION

The Board of Directors of Sarawak Consolidated Industries Berhad (“**SCIB**” or “**the Company**”) wishes to announce that SCIB Building Solutions Sdn. Bhd. [Registration No.: 201001020273 (904040-D)] (“**SCIBBS**” or “**Vendor**”), a wholly-owned subsidiary of SCIB, had on 28 May 2025 entered into a Sale & Purchase Agreement (“**SPA**” or “**the Agreement**”) to dispose of all that piece of freehold industrial land held under Geran 212765, Lot 16024, Bandar Nilai Utama, District of Seremban, State of Negeri Sembilan measuring approximately 10035 square metres and bearing postal address at Lot 16024, Jalan Nilam 4, Kawasan Perindustrian Nilai Utama, 71800 Nilai, Negeri Sembilan “**the Property**”) to BESI-TECH Engineering Sdn. Bhd. [Registration No.:199401021107 (306786-V)] (“**BESI-TECH**” or “**the Purchaser**”) for a total consideration of Ringgit Malaysia Eight Million One Hundred and Eighty Thousand (RM8,180,000.00) only (“**Disposal Consideration**”) free from encumbrances, subject to the terms and conditions stipulated in the SPA (“**Proposed Disposal**”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on the Property

A summary of the details of the Property are set out below:

Land Status	:	Freehold industrial land
Land Title No.	:	Geran 212765, Lot 16024, Bandar Nilai Utama, District of Seremban, State of Negeri Sembilan
Land Area	:	10035 square metres
Tenure	:	Freehold
Registered Proprietor	:	SCIB Building Solutions Sdn. Bhd.
Category of Land use	:	Industrial
Approximately age of the Land	:	9 years
Existing use of the Land	:	Vacant
Development Approval	:	Nil
Encumbrances	:	Nil
Net Book Value of the	:	RM7,978,422 (revalued)

Property (based on latest Audited Financial Statement for the financial year ended 30 June 2024)		
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2.2 Information of the Vendor

SCIBBS was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 10 June 2010. It is principally involved in the business of construction.

As of the date hereof, SCIBBS has an issued share capital of RM8,400,000.00 comprising 8,400,000 ordinary shares. SCIBBS is wholly-owned subsidiary of SCIB. The Directors of SCIBBS are Mr. Ku Chong Hong, Mr. Chiew Jong Wei and Mr. Chai Tze Khang.

2.3 Information on Purchaser

BESI-TECH was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 8 July 1994. It is principally involved in the fabrication and refurbishment of water tank components and piping works.

As of the date hereof, BESI-TECH has an issued share capital of RM1,800,000.00 comprising 1,800,000 ordinary shares. BESI-TECH is owned by Mr. Lee Tian Hock (50%) and Mr. Chin Sek Kong (50%), who are also the Directors of the Company.

2.4 Salient Terms of the Sale & Purchase Agreement

The words and abbreviations used throughout this section of the Announcement shall have the same meaning as defined in the SPA unless the context otherwise requires or is defined herein.

NO.	SALIENT TERMS	DESCRIPTIONS
(i)	Deposit and Disposal Consideration	<p>a) In consideration of the sum Ringgit Malaysia Two Hundred Forty-Five Thousand And Four Hundred (RM245,400.00) only (“Earnest Deposit”) paid by the Purchaser to the Vendor’s real estate agent, Power Home Realty (HQ) Sdn. Bhd., prior to the execution of the Agreement;</p> <p>b) Further sum of Ringgit Malaysia Two Hundred Forty-Five Thousand And Four Hundred (RM245,400.00) only paid by the Purchaser to the Purchaser’s Solicitors (as instructed and authorised by the Vendor for payment of real property gain tax as stated in Clause 14 hereof) (“the Retention Sum”) upon execution of the Agreement;</p>

		<p>c) A further sum Ringgit Malaysia Three Hundred Twenty-Seven Thousand And Two Hundred (RM327,200.00) only (“Balance Deposit”) paid by the Purchaser to the Vendor upon the execution of the Agreement [the Earnest Deposit, Retention Sum and the Balance Deposit shall hereinafter collectively referred to as “Deposit”] by way of the deposit and part payment towards the Disposal Consideration;</p> <p>d) As per Clause 2.2 of the Agreement, the Balance of Disposal Consideration amounting to Ringgit Malaysia Seven Million Three Hundred Sixty-Two Thousand (RM7,362,000.00) only shall be paid by the Purchaser to the Vendor’s Solicitors as stakeholders on or before the Payment Deadline subject to compliance by the Vendor of the Vendor’s obligations; and</p> <p>e) In the event the Purchaser is unable to comply with the provisions of Clause 2.2 of the Agreement for any reasons whatsoever, the Vendor hereby grants to the Purchaser a further period of one (1) month to pay the Balance of Disposal Consideration provided that the Purchaser pays the Vendor interest on the Balance of Disposal Consideration then outstanding at the rate of eight percent (8%) per annum calculated on a daily basis from the first day of the Extended Period till the Extended Payment Deadline.</p>
(ii)	Conditions Precedent	The Vendor shall undertake to discharge the charge on the said Property and agrees to sell the said Property free from all encumbrances and with vacant possession.
(iii)	Breach By Vendor	Notwithstanding any provision herein contained, in the event that the Vendor shall default or refuse to complete the sale herein or to be in breach of any covenant or warranty as herein specified provided always that the Purchaser shall have fully complied with all his obligation under the Agreement, then the Purchaser shall be entitled without prejudice to any other rights to which the Purchaser is entitled under the Agreement or at law, to specific performance of the Agreement and to damages. The Vendor shall in such event pay all the

		<p>Purchaser's costs of and incidental to the enforcement of the Purchaser's rights herein including the Purchaser's solicitors' fees and costs on a solicitor and client basis. Alternatively, the Purchaser shall be entitled to terminate the Agreement by notice in writing to the Vendor whereupon all moneys paid towards the Disposal Consideration shall be refunded free of interest to the Purchaser by the Vendor and in addition thereto, the Vendor shall pay a sum of Ringgit Malaysia Eight Hundred Eighteen Thousand (RM818,000.00) only to the Purchaser as agreed liquidated damages for the Vendor's breach provided that:</p> <ul style="list-style-type: none"> (a) the Purchaser shall forthwith return to the Vendor the Memorandum of Transfer and Issued Document of Title intact (if the same has been delivered); (b) the Purchaser shall forthwith provide the Vendor with evidence that any caveat lodged by the Purchaser and/or the financier has been withdrawn; and (c) the Purchaser shall forthwith deliver vacant possession of the said Property to the Vendor (if the same has been delivered). <p>The full refund and the liquidated damages shall be paid to the Purchaser by the Vendor within fourteen (14) days from the date of receipt by the Vendor the Purchaser's request, failing which interest of eight per centum (8%) per annum commencing from date of such notice shall be payable by the Vendor to the Purchaser on the said sum until full settlement.</p>
(iv)	Breach Purchaser By	<p>If the Purchaser shall default in payment of the Balance of Disposal Consideration in accordance with the provisions hereof the Vendor may by notice in writing to the Purchaser terminate the Agreement whereupon the Deposit shall be absolutely forfeited to the Vendor as agreed liquidated damages but all other payment towards the Disposal Consideration shall be refunded free of interest to the Purchaser within fourteen (14) days from the date of receipt by the Vendor of the Purchaser's request provided that:</p> <ul style="list-style-type: none"> (a) the Purchaser shall forthwith return to the Vendor the Memorandum of Transfer and Issued Document of Title intact (if the same

		<p>has been delivered);</p> <p>(b) the Purchaser shall forthwith provide the Vendor with evidence that any caveat lodged by the Purchaser and/or the financier has been withdrawn; and</p> <p>(c) the Purchaser shall forthwith deliver vacant possession of the said Property to the Vendor (if the same has been delivered);</p> <p>failing which interest of eight per centum (8%) per annum commencing from date of such request shall be payable by the Vendor to the Purchaser on the said sum until full refund. Upon the full refund having been made, the Agreement shall be null and void and of no further force and neither party shall have any further rights against the other and the Vendor shall be at liberty to resell or deal with the Said Property as he shall see fit without having to account to the Purchaser for any profit made on such resale. Further or in the alternative, the Vendor is entitled without prejudice to any other rights to which the Vendor is entitled under the Agreement or at law, to specific performance of the Agreement and to damages. The Purchaser shall in such event pay all the Vendor's costs of and incidental to the enforcement of the Vendor's rights herein including the Vendor's solicitors' fees and costs on a solicitor and client basis.</p>
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2.5 Basis and Justification for the Disposal Consideration

The Disposal Consideration for the Proposed Disposal was arrived at based on an “willing-buyer willing-seller basis” after taking into consideration the market value appraised by Rahim & Co International Sdn Bhd, an independent professional valuer as at the material date of valuation on 22 September 2023. The Disposal Consideration represents a premium of about RM680,000 or 9% over the Market Value of the Property of RM7,500,000.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The key rationale for the Proposed Disposal is to strengthen SCIB’s cash flow position and to reallocate its cash flow for working capital purposes. The Proposed Disposal is also in line with SCIB’s strategy to pare down its existing borrowings to improve its gearing level.

4. DATE AND ORIGINAL COST OF INVESTMENT

The Property was acquired as part of an earlier acquisition by the Company on 10 December 2021 amounting to RM4.98 million, which resulted in SCIBBS becoming a wholly owned subsidiary of SCIB.

5. EXPECTED PROFIT/LOSS FROM THE PROPOSED DISPOSAL

The Property's book value based on the most recent revaluation dated 22 September 2023 by an independent professional valuer, Rahim & Co International Sdn Bhd is RM7.5 million. The Proposed Disposal will result in a net loss of approximately RM923,000 after deducting estimated real property gain tax and incidental costs. In accordance with applicable accounting standards, the revaluation surplus associated with the Property will be reclassified from the revaluation reserve to retained earnings within shareholders' equity. While the Proposed Disposal is not expected to have a material impact on the Group's profit or loss statement, it will be reflected as a movement in the Statement of Changes in Equity.

6. RISK FACTORS

The Proposed Disposal is conditional upon the fulfillment of the Conditions Precedent in the SPA. There is no assurance that the Conditions Precedent will be obtained or fulfilled. Nevertheless, the Company will use its best endeavours to procure the Conditions Precedent in a timely manner to ensure that parties proceed with the completion of the Proposed Disposal.

7. INTENDED UTILISATION OF PROCEEDS

The disposal proceeds arising from the Proposed Disposal shall be utilised to repay bank borrowings and fund the group's working capital. The breakdown of the utilisation of the disposal proceeds is set out below:

Description	(RM'000)
Repayment of bank borrowings	4,000
Incidental expenses in relation to the Proposed Disposal	1,124
Working capital	3,056
	<u>8,180</u>

The time frame for the application of the above utilisation of proceeds is expected within 12 months from the Completion Date of the Proposed Disposal. The Completion Date is the date on which the full Disposal Consideration shall have been paid by the Purchaser, or, in the event the Purchaser obtaining Purchaser's Loan, the date on which the Purchaser's financier or the Purchaser's financier's solicitors release the Purchaser's Loan to the Vendor's Solicitors as stakeholders after the presentation of the Said Transfer and Charge in favour of the Purchaser and Purchaser's financier respectively.

8. FINANCIAL EFFECTS OF THE DISPOSAL OF THE PROPERTY

i. Share Capital and Substantial Shareholders' Shareholdings

The Proposed Disposal is not expected to have any effect on the issued share capital and substantial shareholders' shareholdings of SCIB.

ii. Earnings Per Share ("EPS")

Based on the audited consolidated statements of the Company for the financial year ended 30 June 2024, and assuming the disposal had taken place at the beginning of that financial year, the pro forma effects on the Group's EPS would be as follows:

	(RM'000)
Audited consolidated profit after taxation ("PAT") attributable to owners of the Company	4,482
Less: Expected loss in relation to the Proposed Disposal	(923)
Pro forma consolidated PAT after the Proposed Disposal	3,559
Weighted average number of shares in issue ('000)	644,436
<u>EPS⁽ⁱ⁾</u>	
• Based on the audited consolidated PAT for the FYE 30 June 2024 (sen)	0.70
• Based on the pro forma consolidated PAT after the Proposed Disposal (sen)	0.55

Note:

(i) *EPS is computed based on the relevant consolidated PAT divided by the weighted average number of shares in issue during the FYE 30 June 2024*

The loss is non-recurring and will only affect the earnings of financial year ending 30 June 2025.

iii. Net Assets ("NA") per share and gearing

Based on the audited consolidated statement of financial position of the Company as of 30 June 2024 and on the assumption that the Proposed Disposal had been effected on that date, the pro forma effects of the Proposed Disposal on the consolidated NA per share and gearing of the Company are as follows:

	Audited as of 30 June 2024	After the Proposed Disposal
	(RM'000)	(RM'000)
Share capital	177,560	177,560
Revaluation reserves	53,418	53,418
Foreign exchange translation reserves	(1,783)	(1,783)

Retained Earnings/Accumulated Losses	(78,214)	(79,137)
Shareholders' Equity	150,981	150,080
Number of shares in issue ('000)	658,738	658,738
NA per share (RM) ⁽¹⁾	0.23	0.23
Interest-bearing borrowings	57,383	53,383
Gearing (times) ⁽²⁾	0.38	0.36

Notes:

- (1) Calculated based on shareholders' equity over the number of shares in issue.
- (2) Calculated based on total interest-bearing borrowings over shareholders' equity, assuming repayment of borrowing amounting RM4 million from the proceeds
- (3) Ignore transfer from revaluation reserve to retained earnings/ accumulated losses for the disposal

9. ASSUMPTION OF LIABILITIES

There are no liabilities, including contingent liabilities and guarantees to be assumed by the Group, arising from the Proposed Disposal.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the Fourth quarter of 2025.

11. HIGHEST PERCENTAGE RATIO

Based on the latest audited financial statements for the financial year ended 30 June 2024 of SCIB, the highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g), Chapter 10 of the Main Market Listing Requirements of Bursa Securities is 5.42%.

12. APPROVALS REQUIRED

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

13. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

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

14. STATEMENT BY DIRECTORS

The Board of Directors of the Company, having considered all aspects of the Proposed Disposal, including but not limited to the rationale, justification and financial effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Group.

15. DOCUMENT AVAILABLE FOR INSPECTION

The Agreement will be made available for inspection at the registered office of the Company at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak during normal office hours from Monday to Friday (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 28 May 2025.