



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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

(Incorporated in Malaysia)

Subject: Material Litigation

The Board of Directors of SCIB (“Company”) wishes to announce that SCIB Properties Sdn. Bhd., a wholly-owned subsidiary of SCIB (“**SCIBP**” or “**the 1st Plaintiff**”) and SCIB (“**the 2nd Plaintiff**”), collectively referred to as (“**the Plaintiffs**”) filed a Writ of Summon under Suit No. BA-22NCC-17-02/2025 (“**the Suit**”) against AWANA JV SURIA SAGA SDN. BHD. [Registration No.: 201601020432 (1191370-X)] (“**the 1st Defendant**”) and MBSB Bank Berhad [Registration No.: 200501033981 (716122-P)] (“**the 2nd Defendant**”), collectively referred to as “**the Defendants**”.

1. Background

We refer to the Company’s earlier announcements dated 15 March 2021, 22 September 2021, 6 July 2023, 7 July 2023, 15 April 2024, 25 July 2024, 30 July 2024, 1 August 2024, 13 January 2025, 16 January 2025, 24 January 2025 and 27 January 2025 (collectively referred to as the “**Announcements**”).

All abbreviations used in this announcement shall carry the same meaning as that given in the Announcements unless stated otherwise.

On 21 January 2025, SCIB received 2 notifications via automated e-mail from the 2nd Defendant that RM1.5 million and RM150,000.00 has been remitted to Northstar Construction Sdn. Bhd. and Bri Associates, respectively, by the 2nd Defendant.

The drawdowns were made at the request of the 1st Defendant without approval from either SCIBP or SCIB.

For record, the Directors’ Circular Resolution dated 12 August 2024 given by the 1st Defendant to the 2nd Defendant was that any drawdown from the 2nd Defendant must be approved by at least 2 out of 3 signatories, whereby 1 signatory is an officer of SCIB and this resolution was irrevocable.

Thus, the Company deemed that the 2 remittances as Unauthorised Transactions.

Due to the above, the Suit was initiated against the Defendants on 5 February 2025 at the Shah Alam High Court (“Court”) seeking, among others, a declaration that the SA2024 and the Contract have lapsed and are no longer enforceable.

The sealed copy of the Suit then received by the Company on 7 February 2025.

In addition, SCIB and SCIBP are also seeking an order to compel the 1st Defendant to cause SCIB to be discharged as the Corporate Guarantor made in favour of the 2nd Defendant within 30 days from the judgment or such other time as the Court deems appropriate.

An interlocutory injunction application (“**Injunction Application**”) was also filed in tandem with the Suit, seeking to restrain the 1st Defendant from further utilizing the Facility granted by the 2nd Defendant pending the full and final disposal of the Suit.

2. Particulars of the Suit

The Plaintiffs’ claims against the Defendants are as follows:

- 2.1 A declaration that the Settlement cum Appointment of Contractor Agreement dated 15.04.2024 between the 1st Plaintiff and the 1st Defendant (“SA2024”) has lapsed and no longer enforceable;
- 2.2 A declaration that the 1st Defendant’s Letter of Award dated 25.07.2024 appointing the 1st Plaintiff as the Main Contractor has lapsed and no longer enforceable;
- 2.3 That the 1st Defendant is to do all that is necessary, including but not limited to executing all documents that is required by the 2nd Defendant, to cause the 2nd Plaintiff to be discharged as its Corporate Guarantor in favour of the 2nd Defendant within 30 days from the judgment or such other time as the Court deems appropriate;
- 2.4 In the event the 1st Defendant fails to execute all the documents required by the 2nd Defendant within the stipulated time, the Deputy Registrar of the Court shall execute the same for and on behalf of the 1st Defendant and thereafter all such documents shall be given to the Plaintiffs for their further action;
- 2.5 That the 1st Defendant is restrained from further utilising the Islamic Financing Facility (“Facility”) granted by the 2nd Defendant pursuant to the 2nd Defendant’s Letter of Offer, Letter of Notification, Supplementary Letters of Offer unless and until the 2nd Plaintiff has been fully discharge as the Corporate Guarantor for the 1st Defendant;
- 2.6 Alternatively, the 2nd Defendant is restrained from allowing the 1st Defendant to further utilise the Facility granted by the 2nd Defendant pursuant to the to the 2nd

Defendant's Letter of Offer, Letter of Notification, Supplementary Letters of Offer unless and until the 2nd Plaintiff has been fully discharge as the Corporate Guarantor for the 1st Defendant;

- 2.7 General damages from the 1st Defendant
- 2.8 Exemplary damages from the 1st Defendant
- 2.9 Aggravated damages from the 1st Defendant
- 2.10 Interest at the rate of 8% per annum from the date of judgment until full settlement
- 2.11 Costs on a full indemnity basis; and
- 2.12 Any other reliefs the Court deems fit and proper

3, **Financial Effects**

As of the announcement date, the amount owing by the 1st Defendant has not been impaired.

The outstanding balances will be subject to impairment review, and in any event should the outstanding balances be fully impaired, the Group's gearing will be increased and earnings per share as well as net assets of SCIB will be reduced as a result of the impairment loss for the financial year ending 30 June 2025.

Any impairment loss will be written back upon subsequent recovery of the debts.

Currently, total amount of indebtedness of RM19,716,067.67 is 12.95% of the Group's net assets as of 30 June 2024.

The Suit will not have any financial impact on the issued share capital and the shareholdings of substantial shareholders of the Company.

As advised by the solicitors, the Board of Directors is of the opinion that the Company has a fair and reasonable chance to succeed the Suit.

4. **Steps taken and proposed to be taken in respect of the Suit**

SCIB and SCIBP are represented by Messrs Ong Kok Bin & Co as their solicitors.

The Injunction Application was fixed for hearing today whereby both the Defendants requested for the hearing to be adjourned to allow them to file their respective affidavits.

Their request was allowed and an Ad Interim Injunction Order was recorded in the meantime restraining the 1st Defendant from further utilizing the loan facility granted by

the 2nd Defendant pending disposal of the Injunction Application subject to undertakings for damages given by SCIB and SCIBP.

The Injunction Application is fixed for hearing on 12 March 2025.

SCIB will make the necessary announcements as and when there are further material updates.

This announcement is dated 10 February 2025.