



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)



ANNUAL REPORT 2023

BUILDING A **SUSTAINABLE FUTURE**

WHAT'S INSIDE

OVERVIEW

	01
Chairman's Statement	02
CEO's Statement	04
Corporate Background	08
Vision & Mission and Value Statement	10
SCIB Growth Story	11
Corporate Information	12
Corporate Structure	13
Board of Directors	14
Directors' Profile	16
Key Management Profile	27

ANALYSIS

Management Discussion & Analysis	32
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CORPORATE GOVERNANCE

	43
Corporate Governance Overview Statement	44
Statement of Directors' Responsibilities	59
Audit Committee Report	60
Statement on Risk Management and Internal Control	64
Additional Compliance Information	74

SUSTAINABILITY

76

Sustainability Mission	77
Report Period and Cycle	77
Governance Structure	77
SCIB Sustainability Framework	79
Report Scope and Boundary	80
Forward Looking Statements	80
Guidance	80
Assurance	80
Report Distribution	80
Financial Year 2023 Sustainability Highlights	81
Key Stakeholders' Engagement	83
Materiality Assessment	84
Environmental	87
Social	95
Economic & Governance	111

FINANCIAL STATEMENTS

119

Directors' Report	120
Independent Auditors' Report	126
Statements of Financial Position	131
Statements of Profit or Loss and Other Comprehensive Income	133
Statements of Changes in Equity	134
Statements of Cash Flows	136
Notes to the Financial Statements	139
Statement by Directors	224
Statutory Declaration	224

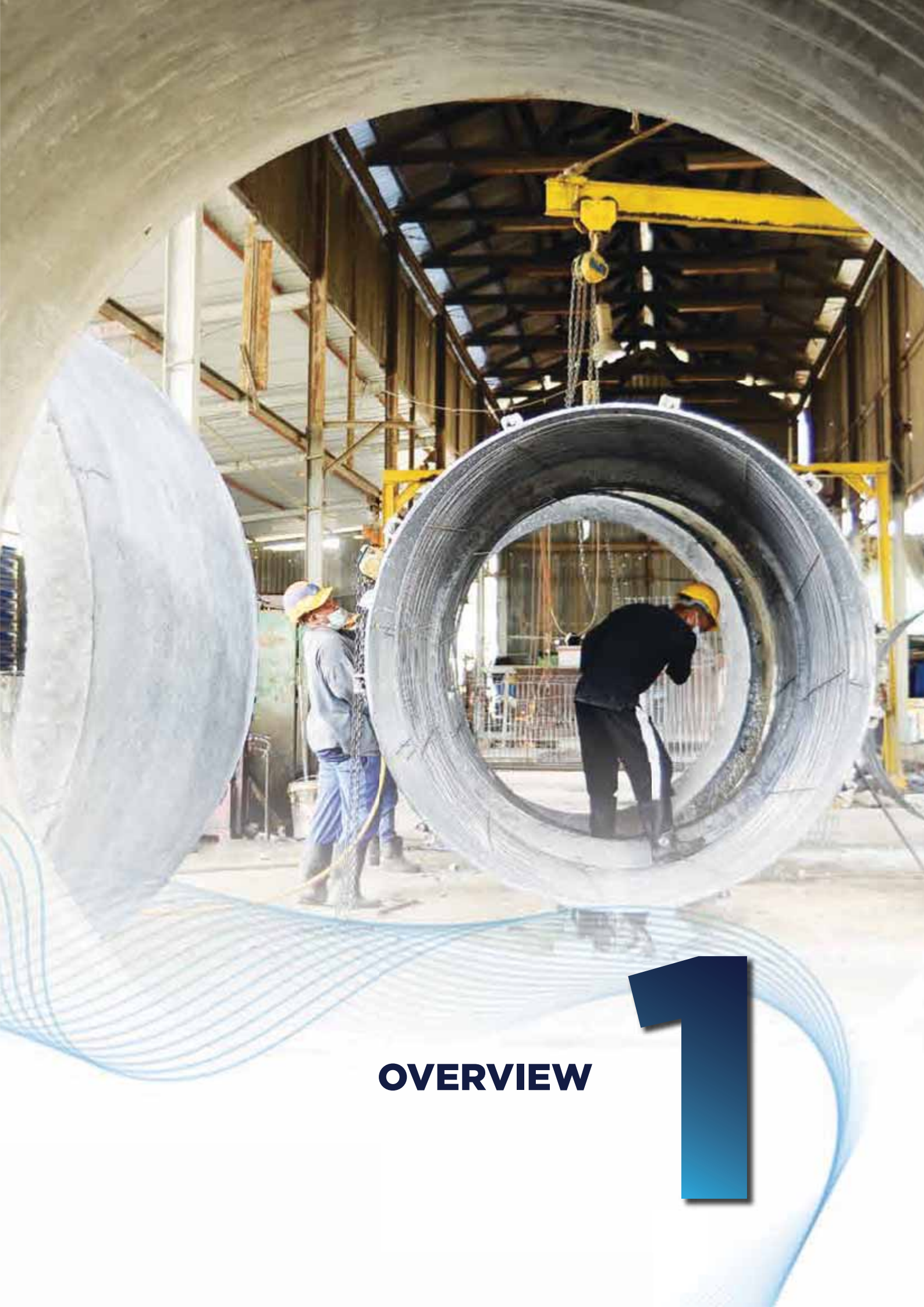
ADDITIONAL INFORMATION

225

List of Properties	226
Analysis of Shareholdings	227
Analysis of Warrant Holdings	229
Notice of Annual General Meeting	231
Form of Proxy	enclosed

CONTACT INFORMATION

239



OVERVIEW

1

CHAIRMAN'S STATEMENT

In the face of a challenging global economic climate, SCIB stands strong with an unwavering dedication to innovation, resilience, and principled leadership. As I step into the role of chairman, I feel both honoured and excited to steer such a remarkable company. Journeying through fiscal 2023, our core values and commitment to sustainable growth continue to be our guiding lights. The success we have achieved is a reflection of the combined efforts of our board, shareholders, and the entire SCIB community. I firmly believe that SCIB is not only equipped to handle future challenges but is also well-positioned to unlock new opportunities, further enhancing value for all our stakeholders.

I would like to express my profound gratitude to the Board of Directors and our valued shareholders for their consistent support and unwavering faith throughout the last fiscal year. The contributions and dedication of every member in these groups have been instrumental in shaping SCIB's achievements.

In the global economic arena, it's evident that the world is on a cautious path to recovery. The International Monetary Fund (IMF) anticipates the global economy to grow at a modest rate of 2.8% for 2023, indicating a slow yet steady approach towards restoring pre-pandemic conditions. Malaysia follows this trend, with projections estimating an economic growth of 4.5% for the year, coupled with an inflation rate of 3.25%. This scenario presents a mix of challenges and opportunities for enterprises.



CHAIRMAN
Abang Abdillah Izzarim Bin
Datuk Patinggi Tan Sri Abang
Haji Abdul Rahman Zohari

CHAIRMAN'S STATEMENT

(CONT'D)

The Malaysian government's emphasis on infrastructure projects, particularly the Pan Borneo Highway, is a driving force for our domestic construction sector. This aligns seamlessly with SCIB's core strengths, especially in Engineering, Procurement, Construction and Commissioning ("EPCC") contracts and our expansive building materials portfolio. We view this government initiative as a pivotal stepping stone that could usher in a plethora of opportunities for us in the forthcoming financial year.

SCIB's response to this economic backdrop has been marked by resilience and adaptability. We proudly secured construction contracts totalling a value of RM373.4 million as of 30 September 2023. The resilience of our business model is further evident in our robust construction order book balance, which stands at RM264.9 million. These numbers are a testament to SCIB's sturdy business framework and augur well for a promising future.

Our vision for the upcoming year centres around diversification and ingenuity. Being a front-runner in precast concrete and Industrialised Building System ("IBS") manufacturing in East Malaysia, our ambition is to leverage our capabilities to explore untapped markets. Our trio of state-of-the-art manufacturing facilities, positioned strategically around Kuching, Sarawak, boast a combined annual capacity of 500,000 tonnes. This places us in a prime position to take on larger, more intricate projects.

Our latest financial milestones are sources of immense pride. SCIB posted a revenue of RM132.0 million for financial year ended 2023, marking a steady increase from RM128.4 million in the preceding year. The notable gross profit of RM6.5 million we achieved in the quarter ended June 2023 further underscores our operational prowess. We interpret these results as positive indicators of SCIB's enduring financial health amidst global uncertainties.

Acknowledgement

It is with immense pride and enthusiasm that we welcome our new board members, whose diverse skill sets and experiences perfectly complement SCIB's strategic and governance vision.

Mr. Chin Choon Wei, our recently appointed Group Executive Director, alongside Mr. Kang Wei Luen, Mr. Liaw Way Gian, Dr. Dang Nguk Ling, and Ms. Toh Beng Suan as our new Independent and Non-Executive Directors, bring an amalgam of expertise spanning various domains. Their collective wisdom promises to enrich board discussions, setting higher benchmarks for corporate governance and stakeholder communication.

Together, their combined expertise forms a robust foundation for SCIB's future endeavours in governance and strategy. As we usher in this promising new era, we warmly welcome each board member to the SCIB family, eagerly anticipating their invaluable contributions in the forthcoming years.

Sustainability

SCIB has always held the principles of Environmental, Social, and Governance ("ESG") in high regard. We've channelled resources into training programmes that pivot around sustainability and ethical practices, elevating industry benchmarks.

On the environmental front, SCIB has embarked on responsible waste management practices, ensuring materials are recycled and processed with utmost care. We are relentlessly exploring strategies to curtail waste, optimise energy usage, and diminish our carbon emissions. This proactive stance aligns with our broader sustainability objectives and aids in minimising the ecological impact of our operations.

Our commitment to societal well-being has prompted the launch of health and wellness initiatives for our employees and the larger community. Given the toll of the pandemic, we've introduced wellness sessions and health seminars, enhancing our employee benefits roster. A standout aspect of our sustainability journey is the integration of IBS into our product suite. IBS brings about operational efficiency and encapsulates our ESG commitment by facilitating off-site production, thus ensuring reduced on-site pollution and accelerated construction cycles. With IBS, our aim is to refine the construction process, amplify project efficiency, and address challenges such as labour shortages, all while ensuring top-tier quality.

In line with our commitment to community engagement, SCIB has forged partnerships with educational institutions in Sarawak, initiating apprenticeship programs. Our involvement in diverse educational initiatives, collaborations with institutions, and alignment with government programs, underlines our dedication to nurturing talent and fostering skill development in the construction realm.

CEO'S STATEMENT

Dear Esteemed Shareholders
and Stakeholders,

This year has been marked by significant achievements intertwined with challenges, each offering invaluable insights for our future path. I am deeply moved by the tenacity, resilience, and unwavering commitment shown by our team. Their dedication enabled us not only to secure new contracts but also to deliver on existing commitments with precision.



CEO'S STATEMENT

(CONT'D)

Insight into the Manufacturing and Construction Sector

The recent mid-term review of the 12th Malaysia Plan ("12MP") by Prime Minister Datuk Seri Anwar Ibrahim underscores the anticipated boon for the construction and manufacturing sectors from the 12MP. With a projected Gross Domestic Product expansion nearing the lower end of the 4% to 5% range for 2023, the plan offers promising implications for the nation's medium-term growth trajectory.

The 12MP's emphasis on striking the right balance for varied growth priorities resonates with SCIB's strategy. We aim to concentrate on short-to-mid-sized projects, with plans afoot to enhance our manufacturing capabilities in Sarawak and Peninsular Malaysia, ensuring readiness for impending demands and fresh projects.

Anticipation is high, with several development initiatives amounting to RM46.0 billion being rolled out statewide. Notable ventures include the Pan Borneo Highway Coastal Road, Second Trunk Road, Sarawak-Sabah Link Road, and the Trans Borneo Highway.

The present figures reflect a promising momentum for Malaysia's construction sector. Value of work done in the sector witnessed an 8.1% year-on-year surge in Q2 2023, reaching a pinnacle of US\$6.96 billion (RM32.4 billion). Moreover, a sustained growth with a Compound Annual Growth Rate of 5.5% is anticipated from 2023-2027.

Despite fluctuations, the steel price exhibited a descent, stabilising around RM3,200 per metric tonne in H2 2023. Data from Department of Statistics Malaysia ("DOSM") indicated a drop in the unit price index for steel and metal sections across most of Peninsular Malaysia, Sabah, and Sarawak. Nevertheless, as the frontrunner in precast concrete and IBS manufacturing, our objective remains to harness all resources for construction undertakings, offsetting the volatility in raw material prices. Our trio of factories, complemented by a wharf facility, have the capacity to supply an impressive 500,000 tonnes of building materials annually across Borneo, a strategic advantage for projects in the vicinity of Kalimantan, Indonesia.

On a celebratory note, SCIB proudly reports an upward revenue trajectory, moving from RM128.4 million in FYE 2022 to RM132.0 million in FYE 2023. Additionally, a surge in gross profit from RM16.1 million in FYE 2022 to RM22.0 million in FYE 2023 was observed. The augmentation in revenue and profitability across pivotal segments was propelled by augmented sales of foundation piles and the inauguration of two new educational projects. Our zealous endeavour in obtaining small-to-mid-sized construction contracts, coupled with the upturn in Sarawak's construction sector and China's generous RM170 billion investment pledge, augur well for SCIB. Further attesting to our sound financial stewardship, the company reinforced its fiscal standing with a private placement that yielded approximately RM12.76 million in gross proceeds.



CEO'S STATEMENT

(CONT'D)



FYE 2023 Performance

On 7 September 2023, SCIB proudly completed and handed over two educational facilities in Kanowit, near Sibu, through our subsidiary, SCIB Industrialised Building System Sdn. Bhd. (SCIB IBS). This was part of the second phase of the RM1.0 billion Daif School Redevelopment Project, specifically Package 13, valued at RM12.1 million. This achievement underscores our commitment to societal progress via enhancing educational infrastructure—a pillar of national growth.

This year also marked SCIB's expansion in Malaysia. Our subsidiary secured an Engineering, Procurement, Construction and Commissioning ("EPCC") contract for RM8.3 million to construct housing in Bachok, Kelantan Darul Naim. Furthermore, we won a RM20.7 million contract to refurbish Sekolah Daif in Tebedu, Serian. SCIB IBS also clinched a RM16.8 million subcontract from Majestika Sdn. Bhd. for the construction of SK Tambay in Kota Samarahan.

Fiscal prudence is integral to our approach. We made informed decisions this year, such as terminating several contracts, including with Kencana Healthcare Sdn. Bhd. involving a specialist hospital project in Johor Bahru; with Satria Kasturi (M) Sdn. Bhd. for the development of a solid waste transfer station in Pontian, Johor; with PT. Cipta Multi Sarana for the EPCC project involving earthworks for the Prabumulih-Muara Enim tolled road located in Sumatera, Indonesia; and with Awana JV Suria Saga Sdn. Bhd. to build housing for civil servants in Muallim, Perak. These decisions were not made arbitrarily; they were the culmination of comprehensive cost-benefit analysis. The terminations were strategically

aligned to mitigate long-term financial risks, safeguard the financial integrity of SCIB, and thereby preserve and potentially enhance shareholder value. This judicious course of action was essential to maintain the fiscal stability and future prosperity of our enterprise.

Proactive measures have been implemented by SCIB to settle overseas project obligations and address delayed or stagnant projects. We've reached conclusive agreements with respective clients to mutually terminate these contracts and confirm debt settlements.

For us, good governance isn't just rhetoric—it's ingrained in our corporate ethos. We saw an Extraordinary General Meeting ("EGM") held this year to strategically realign our board, ensuring that SCIB's leadership aligns with our growth vision. Issues in our shareholder registry are actively addressed in partnership with our legal team, reflecting our commitment to transparency and corporate probity.

Financial stability is often reflected in liquidity. SCIB bolstered its position with the successful allocation of 58,203,753 Placement Shares, raising RM12.76 million. This capital infusion strengthens our financial foundation, ensuring operational continuity and financial solvency.

Despite global economic flux, SCIB's FYE 2023 financials showcased robustness. Revenue increased to RM132.0 million from RM128.4 million in FYE 2022, and gross profits rose to RM22.0 million from RM16.1 million in the preceding year. These figures reflect our revenue growth strategy and operational prudence.

CEO'S STATEMENT

(CONT'D)

As the world pivots to globalisation and digitisation, SCIB is poised to seize emerging opportunities. We've recently partnered with IRIX Sdn. Bhd., entering the telecom infrastructure sector—a sector pivotal to the Fourth Industrial Revolution. This RM250.0 million estimated value of project partnership with IRIX is a pivotal part of our diversification strategy.

Additionally, our collaboration with PT MRT Jakarta amplifies SCIB's commitment to global sustainable urban development. Venturing into Indonesia, this partnership focuses on improving urban mobility in Jakarta, resonating with SCIB's vision of fostering sustainable, smart urban habitats.

These international collaborations are meticulously aligned with SCIB's long-term strategic imperatives, designed to fortify our competitive edge through diversified infrastructure development. The initiatives stand as gleaming exemplars of SCIB's capability to blend commercial viability with social responsibility, both domestically and internationally. In this vein, they offer a vibrant tapestry of opportunities that go beyond mere profitability to encapsulate stakeholder value, social impact, and sustainable growth.

From a market perspective, SCIB remains positively aligned with economic projections emanating both from the International Monetary Fund ("IMF") and the Malaysian government. Our strategic initiatives are buttressed by a strong construction order book balance of RM264.9 million as of 30 September 2023, indicative of our compelling market position. Moreover, the recently announced RM170.0 billion investment commitment by China into Malaysia presents an unprecedented economic catalyst that holds positive prospects for SCIB and the domestic construction industry at large.

Business Sustainability

SCIB is steadfast in its mission to elevate life quality by fostering responsible business practices and acknowledging the pivotal role we play within society. Our vision - 'a beacon of excellence' - and our cherished mission propel us to continuously innovate, striving to better the wider community's well-being.

We undertook key sustainability initiatives that will become a part of our enduring legacy. Recognising the profound implications of climate change, we're ardently weaving sustainable practices into our future tapestry. Notably, we have the Environmental Quality Monitoring Programme, mandating all our factories and construction sites to adhere to specific SOPs. Additionally, we're transitioning away from diesel-powered machinery and vehicles, and embracing energy-saving technologies like LED lighting.

Moreover, we're convinced that harnessing advanced technology is vital to optimising the productivity and longevity of Malaysian construction projects. Our Industrialised Building System ("IBS") products epitomise efficiency, ensuring swift, cost-effective, and top-tier outcomes. Last August, we celebrated a milestone when our 3D printer crafted a prototype single-story house at CIDB Sarawak. We're eager to further delve into the potential of integrating 3D construction with IBS, hand in hand with Construction Industry Development Board ("CIDB").

Acknowledgement

Reflecting on FYE 2023, it serves as a beacon year, defined by prudent financial leadership, meticulous risk oversight, strategic expansion, and the united endeavour of the SCIB collective. As we prepare to usher in a new fiscal narrative, I wish to convey my deepest gratitude to our committed team, cherished stakeholders, and esteemed shareholders - the pillars upholding SCIB's ongoing triumph.

**GROUP MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER**
Ku Chong Hong

CORPORATE BACKGROUND

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Sarawak Consolidated Industries Berhad ("SCIB") is founded in 1975 and has evolved from a small enterprise into a reputable Group of companies listed on the Main Market of Bursa Malaysia Securities Berhad.

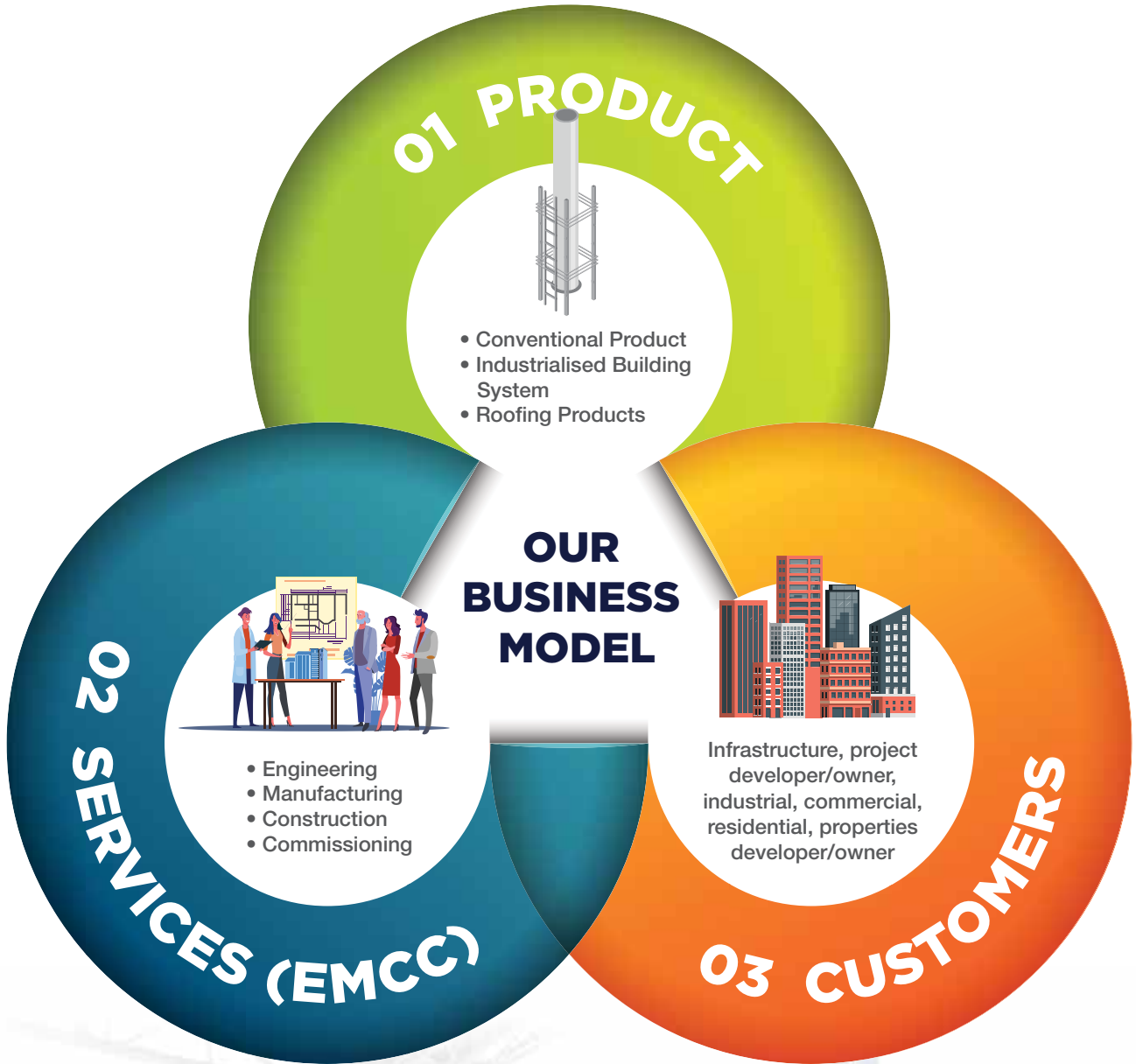
SCIB is well known for professional management and has a long history of innovative ideas and technological advances. Coupled with its wealth of experience and research acquired in more than three decades, SCIB offers its clients in-depth expertise through a combination of technology, efficiency and speed.

Currently, SCIB is operating three factories in Kuching, Sarawak, one factory in the Pending Industrial Estate and two factories in the Demak Laut Industrial Park. SCIB manufactures concrete products for use in the construction and infrastructure sectors in the domestic and global market.



CORPORATE BACKGROUND

(CONT'D)



VISION & MISSION

VISION

To be a company founded on excellence

MISSION

We are dedicated to the creation and demonstration of a concept of linked prosperity. Our mission consists of three (3) interrelated parts;

- Economic Mission: To operate the Company on sound management principles for growth and increasing values for our shareholders and creating career opportunities and financial rewards for our employees;
- Production Mission: To make, distribute and sell the finest quality products in innovative and creative way while optimizing the utilization of resources; and
- Special Mission: To operate the Company in a way that actively recognizes the central role that business plays in the structure of society by initiating innovative ways to improve the quality of life of a broad community.

Underlying the mission is the determination to seek new and creative ways to achieve all three parts.

VALUE STATEMENT

In between the pursuit of our vision and completing our missions, we have a set of values we live by. These values represent the company's dedication in providing the best products and services whilst steadily maintaining prolonged growth.



EFFECTIVENESS & EFFICIENCY



INNOVATION & CREATIVITY



TRANSPARENCY



RELIABILITY



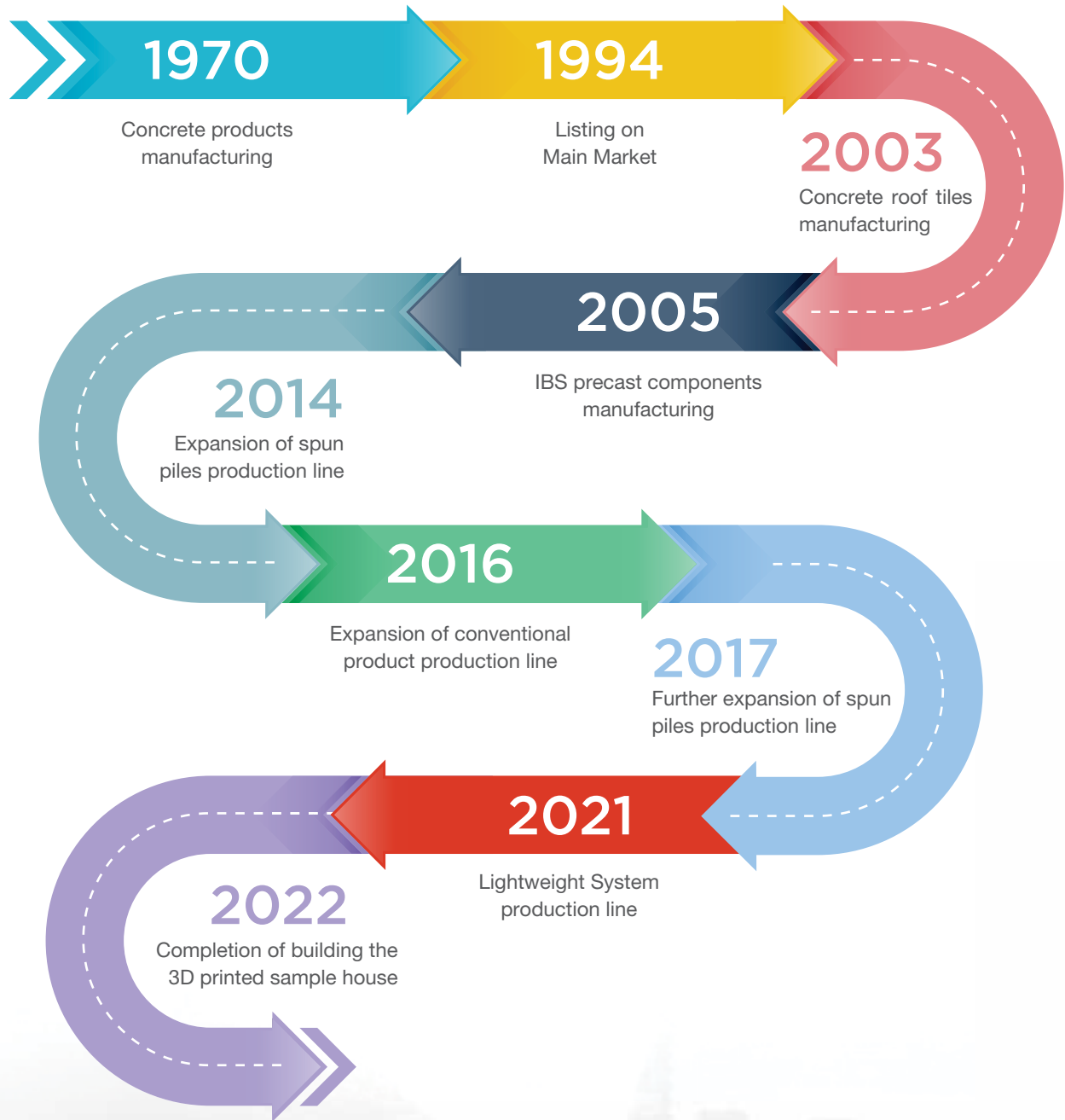
INTEGRITY



QUALITY



SCIB GROWTH STORY



CORPORATE INFORMATION

BOARD OF DIRECTORS

**Encik Abang Abdillah Izzarim Bin
Datuk Patinggi Tan Sri Abang
Haji Abdul Rahman Zohari**
(Executive Chairman)

Mr. Ku Chong Hong
(Group Managing Director / Chief Executive Officer)

Mr. Chin Choon Wei
(Group Executive Director)

Encik Shamsul Anuar Bin Ahamad Ibrahim
(Independent Non-Executive Director)

Encik Sr. Mohd Nazri Bin Mat Noor
(Independent Non-Executive Director)

Mr. Liaw Way Gian
(Independent Non-Executive Director)

Mr. Kang Wei Luen
(Independent Non-Executive Director)

Dr. Dang Nguk Ling
(Independent Non-Executive Director)

Ms. Toh Beng Suan
(Independent Non-Executive Director)

GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

Mr. Ku Chong Hong

GROUP EXECUTIVE DIRECTOR

Mr. Chin Choon Wei

COMPANY SECRETARY

Tan Tong Lang (MAICSA7045482)
(SSM Practicing Certificate No. 202208000250)

Thien Lee Mee (LS0010621)
(SSM Practicing Certificate No. 201908002254)

REGISTERED OFFICE

Lot 1258, Jalan Utama, Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-334 485
Fax : 082-334 484
Email : scib@scib.com.my

AUDITORS

Kreston John & Gan (AF 0113)
Chartered Accountants

Unit B-10-8, Megan Avenue II,
Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel : +60(3) 2381 2828

INVESTOR RELATION

Email : scib.ir@scib.com.my
Tel : 082-334 485
Fax : 082-334 484

Swan Consultancy
Email : s.wan@swanconsultancy.biz
kj.gan@swanconsultancy.biz

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name : SCIB
Stock Code : 9237
Sector : Industrial Products and Services

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B, Northpoint Mid Valley City,
No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur.
Tel : +60(3) 9770 2200
Fax : +60(3) 9770 2239
Email : registrar@aldpro.com.my

PRINCIPAL BANKERS

Malayan Banking Berhad
Affin Islamic Bank Berhad
AmBank (M) Berhad
AmIslamic Bank Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad

WEBSITE

www.scib.com.my

CORPORATE STRUCTURE



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)



BOARD OF DIRECTORS



**MR. KU
CHONG
HONG**

Group Managing Director/
Chief Executive Officer



**ENCIK ABANG ABDILLAH
IZZARIM BIN DATUK PATINGGI
TAN SRI ABANG HAJI ABDUL
RAHMAN ZOHARI**

Executive
Chairman



**MR. CHIN
CHOON
WEI**

Group Executive
Director

BOARD OF DIRECTORS

(CONT'D)



**MR. LIAW
WAY
GIAN**

Independent
Non-Executive
Director

**ENCIK
SR. MOHD
NAZRI BIN
MAT NOOR**

Independent
Non-Executive
Director

**ENCIK
SHAMSUL
ANUAR
BIN AHAMAD
IBRAHIM**

Independent
Non-Executive
Director

**MS. TOH
BENG
SUAN**

Independent
Non-Executive
Director

**MR. KANG
WEI
LUEN**

Independent
Non-Executive
Director

**DR. DANG
NGUK
LING**

Independent
Non-Executive
Director

DIRECTORS' PROFILE

ENCIK ABANG ABDILLAH IZZARIM BIN DATUK PATINGGI TAN SRI ABANG HAJI ABDUL RAHMAN ZOHARI

Executive Chairman

Malaysian

Male

45



Date of Appointment:
28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** N/A

**Board Committees
Membership:**

- Nil

**Directorship in Other Public
Companies and Listed
Issuers:**

- Berjaya Land Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Encik Abang Abdillah Izzarim possesses a Commercial Pilot License, which he acquired from the Aviation Institute of Australia. Furthermore, he possesses a Private Pilot License from the same institution.

WORKING EXPERIENCE AND OCCUPATION

Encik Abang Abdillah Izzarim embarked on his professional journey as a certified commercial pilot before venturing into the realm of information and communication technology ("ICT"). His initial endeavour was with Aerotrain Charter, a company specialising in aviation cargo services.

Driven by his lifelong passion for technology, digital animation, software development, and PC gaming, he established a business dedicated to animation and PC game development.

With a diverse background spanning various industries at a young age, Encik Abang Abdillah Izzarim honed his skills and leadership abilities. He has successfully managed several companies across ASEAN countries and China. Known for his hands-on approach, Encik Abang Abdillah Izzarim actively participates in day-to-day operations and oversees his team to ensure they meet the expectations of clients and business associates.

Currently, Encik Abang Abdillah Izzarim serves as the Chairman of PP Telecom and is a prominent shareholder in the Company. Additionally, he holds a directorship position at Cempaka Helicopter Corporation Sdn. Bhd..

Encik Abang Abdillah Izzarim has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)



MR. KU CHONG HONG

Group Managing Director / Chief Executive Officer

Malaysian

Male

35

Date of Appointment as Independent Non-Executive Director:

17 March 2022

Date of Resignation as Executive Director:

15 September 2022

Date of Resignation as Group Managing Director/ Chief Executive Officer:

28 June 2023

Board Meeting Attendance from July 2022 to June 2023: 9/9

Board Committees Membership:

- Investment Committee (Member)

Directorship in Other Public Companies and Listed Issuers: Nil

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Mr. Ku graduated with a Bachelor of Accounting (Hons) from Multimedia University and is a Malaysian Institute of Accountants member.

WORKING EXPERIENCE AND OCCUPATION

Mr. Ku began his career in auditing with several audit firms before joining Grant Thornton Malaysia as an Audit Senior Manager in 2017. Throughout his career as an auditor for more than nine years, he gained vast exposure in audit and assurance and business advisory-related fields through his portfolios of various local and international companies involved in a broad spectrum of industries such as property development, construction, manufacturing, trading, poultry, agriculture, aquaculture, service provider, trading of software and real estate.

During his tenure at Bintai Group, Mr. Ku was tasked with overseeing financial and accounting functions, which encompassed activities such as budgeting, cash flow management, financial projections, and internal control policies.

Mr. Ku's interests in the Company have been outlined on page 227 of this Annual Report.

DIRECTORS' PROFILE

(CONT'D)



MR. CHIN CHOON WEI

Group Executive Director

Malaysian

Male

38

Date of Appointment:
28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** N/A

**Board Committees
Membership:**

- Investment Committee
(Member)

**Directorship in Other Public
Companies and Listed
Issuers:**

- APB Resources Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Between the year 2013 to 2015, Mr Chin graduated with a Degree in Bachelor of Accounting (Hons) from Multimedia University (MMU).

Subsequently, Mr. Chin continued his academic pursuits at the University of Malaya (UM) and obtained his Degree of Master of Business Management (Major in Finance and Investment).

WORKING EXPERIENCE AND OCCUPATION

Commencing his professional journey in 2009, Mr. Chin embarked on a career at Citibank Malaysia in the role of Marketing Executive. His responsibilities encompassed a broad spectrum of financial products, including Credit Cards and Personal Loans.

In 2015, Mr. Chin ventured into entrepreneurship, establishing a business centered on providing financial consultancy and management services to enterprises.

Currently, Mr. Chin is an Executive Director of APB Resources Berhad.

Mr. Chin's interests in the Company have been outlined on page 227 of this Annual Report.

DIRECTORS' PROFILE

(CONT'D)

ENCIK SHAMSUL ANUAR BIN AHAMAD IBRAHIM

Independent Non-Executive Director

Malaysian

Male

61



Date of Appointment as Independent Non-Executive Director: 1 September 2015

Date of retirement as Independent Non-Executive Director: 28 February 2022

Date of Re-appointment as Independent Non-Executive Director: 17 March 2022

Date of Redesignation as Independent Non-Executive Chairman: 25 October 2022

Date of Redesignation as Independent Non-Executive Director:
28 June 2023

Board Meeting Attendance from July 2022 to June 2023: 9/9

Board Committees Membership:

- Audit Committee (Member)
- Risk Management Committee (Member)

Directorship in Other Public Companies and Listed Issuers: Nil

ACADEMIC/PROFESSIONAL QUALIFICATIONS

He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Malaysian Institute of Accountants.

WORKING EXPERIENCE AND OCCUPATION

Encik Shamsul Anuar joined ASSAR Group of Companies in 1993 as the Finance & Administration Manager of Amanah Saham Sarawak Berhad ("ASSB"). Since then, he has been assigned to various positions in the group and was made the Chief Executive Officer of ASSB in 2003. In 2007, he was promoted to his current position, i.e., the Group Corporate Affairs General Manager of Permodalan ASSAR Sdn. Bhd. ("PASB") (the Holding Company of ASSB).

Apart from being a corporate nominee for PASB, he also sits on the Board of Transnational Insurance Brokers Sdn Bhd.

He has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)



ENCIK SR. MOHD NAZRI BIN MAT NOOR

Independent Non-Executive Director

Malaysian

Male

60

Date of Appointment:
31 January 2020

**Board Meeting Attendance
from July 2022 to June
2023:** 8/9

**Board Committees
Membership:**

- Investment Committee
(Chairman)

**Directorship in Other Public
Companies and Listed
Issuers:** Nil

ACADEMIC/PROFESSIONAL QUALIFICATIONS

A graduate of the University of New South Wales, Australia, he is a Registered Quantity Surveyor with Lembaga Juruukur Bahan Malaysia and a qualified Chartered Quantity Surveyor from the Royal Institute of Chartered Surveyors ("RICS"), UK.

WORKING EXPERIENCE AND OCCUPATION

Encik Sr. Mohd Nazri is a Registered Quantity Surveyor and currently the principal consultant to a Professional Quantity Surveying Consulting firm ("PQS") registered with the Lembaga Juruukur Bahan Malaysia and the Treasury, Ministry of Finance.

Encik Sr. Mohd Nazri has over 30 years of related professional experience covering Australia, Malaysia, ASEAN, and the Middle East Regions. Starting with a 5-year-old working experience in Australia, he went on to work with a few Multinational companies (Sarawak Shell, Bovis/McLier) and local companies in various capacities and industries. His areas of expertise include contracts and procurement, project and development management, and exposure to the Oil and Gas industry during his 3-year stint with Sarawak Shell Berhad's MLNG-DUA Gas Development Project in Miri/Bintulu.

Encik Sr. Mohd Nazri previously served as the Chairman of UMKBV, a wholly owned business holding of Universiti Malaysia Kelantan, in which he was a member of the Lembaga Pengarah Universiti ("LPU") for the 2018-2020 period.

Encik Sr. Mohd Nazri has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)

MR. LIAW WAY GIAN

Independent Non-Executive Director

Malaysian

Male

38



Date of Appointment:
28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** 1/1

**Board Committees
Membership:**

- Remuneration & Nomination Committee (Chairman)

**Directorship in Other Public
Companies and Listed
Issuers:**

- APB Resources Berhad
- Artroniq Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Mr. Liaw holds a degree in Computer Science/Information Technology from INTI College.

WORKING EXPERIENCE AND OCCUPATION

In 2006, Mr. Liaw started his career as a Solution Analyst in Cuscapri Berhad, involved in research and development for the company products. Been involved in the development of a Centralised Call Centre software for clients like Pizza Hut (Philippines), Scoozzi Pizza (Thailand), Babela Kitchen (China), KFC (Vietnam), and many more. In 2009, he was promoted to Solution Consultant position, whereby he was responsible for performing presales, requirement gathering, and support to clients from China, Vietnam, Thailand, Philippine and Indonesia.

From March 2011 till 2014, Mr. Liaw further advanced in the F&B solutions industry and he joined Infrasy Malaysia and Agilysys Malaysia as Solutions Consultant, where his responsibilities are to supervise and manage project implementation for clients in Malaysia. Also, to become the key person to handle clients such as Shangri-la Hotel Group, Kampachi Group of Restaurants, OldTown Kopitiam Asia Pacific, Resort World Genting Malaysia, Mandarin Oriental Hotel and, etc.

Mr. Liaw is currently a director at Raya Global Capital Management Sdn. Bhd., whereby he oversees all the company's core businesses like online e-commerce, trading, etc.

Currently, Mr. Liaw also sits on the Board of Artroniq Berhad and APB Resources Berhad.

Mr. Liaw's shareholdings in the Company is outlined on page 227 of this Annual Report.

DIRECTORS' PROFILE

(CONT'D)

MR. KANG WEI LUEN

Independent Non-Executive Director

Malaysian

Male

36



Date of Appointment:

28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** 1/1

Board Committees Membership:

- Audit Committee (Chairman)
- Risk Management Committee (Chairman)
- Remuneration & Nomination Committee (Member)

Directorship in Other Public Companies and Listed Issuers:

- APB Resources Berhad
- Artroniq Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Mr. Kang holds a professional qualification in Islamic Finance from the International Centre for Education in Islamic Finance. He also pursued a degree in Law from Multimedia University.

WORKING EXPERIENCE AND OCCUPATION

Mr. Kang is an Advocate & Solicitor of the High Court of Malaya with more than a decade of experience. His legal acumen encompasses areas such as banking and finance, corporate and commercial law, and civil litigation. He has assisted a diverse range of clients, including government and statutory bodies, privatised entities, corporations, businesses, and private individuals, both locally and internationally.

Mr. Kang serves as an Independent Non-Executive Director of Artroniq Berhad and APB Resources Berhad.

Mr. Kang has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)



DR. DANG NGUK LING

Independent Non-Executive Director

Malaysian

Female

36

Date of Appointment:
28 June 2023

Board Meeting Attendance from July 2022 to June 2023: 1/1

Board Committees Membership:

- Audit Committee (Member)
- Risk Management Committee (Member)
- Remuneration & Nomination Committee (Member)

Directorship in Other Public Companies and Listed Issuers:

- APB Resources Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Dr. Dang holds a Doctorate in Algal Biotechnology from the International Medical University, Malaysia, where she was a JPA Scholar. She also obtained a Master's degree in Environmental Toxicology from the same university. Her undergraduate studies include a Diploma and Advanced Diploma in Chemistry and Biology from Tunku Abdul Rahman University College, and Bachelor of Science (Honours) in Chemistry and Biology from Liverpool John Moores University, United Kingdom, graduating with First-Class Honours.

WORKING EXPERIENCE AND OCCUPATION

In 2015, Dr. Dang joined Alpha Laboratories (NZ) Limited in New Zealand as technical and regulatory affairs officer, thereafter, there was a PhD programme and JPA Scholarship offered to her in the research area of algal biotechnology. In 2016, she was awarded the Yayasan Penyelidikan Antartika Sultan Mizan Fellowship, where she conducted her scientific collaboration at the British Antarctic Survey in Cambridge, United Kingdom.

While pursuing her Master's and PhD, Dr. Dang also worked as a lab scientist and indoor health and safety officer at SRAS Berhad, where she also cooperated with the Department of Occupational Safety and Health and assisted industrial clients in navigating regulatory compliance with the Department of Environment. Earlier in her career, she served as a graduate research assistant at the International Medical University, where she conducted laboratory analysis and assisted the lab in achieving ISO 17025 accreditation.

Dr. Dang is currently a business strategist for brand development for businesses.

Currently, Dr. Dang also sits on the Board of APB Resources Berhad.

Dr. Dang has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)

MS. TOH BENG SUAN

Independent Non-Executive Director

Malaysian

Female

52



Date of Appointment:
25 May 2023

**Board Meeting Attendance
from July 2022 to June
2023:** 2/2

**Board Committees
Membership:** Nil

**Directorship in Other Public
Companies and Listed
Issuers:** Nil

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Ms. Toh holds a 1st Class Honours Bachelor of Law degree from the University of Leeds, United Kingdom, which was achieved on a Malaysian Public Service Department Scholarship. Additionally, she possesses a Professional Qualification as a Barrister-at-Law from Lincoln's Inn, conferred in 1995 with the distinction of the Sultan Azlan Shah Scholarship.

WORKING EXPERIENCE AND OCCUPATION

Ms. Toh was a former Advocate and Solicitor of the High Court of Malaya from 1996 to 2015. She was a partner of Messrs. Zaid Ibrahim & Co., one of Malaysia's leading law firms, and was the Head of the Projects and Private Partnerships Practice Group with extensive experience in advising foreign and local sponsors, investors, financiers, and the Government on the legal structures and aspects of major privatisation projects and transactions, including dealing with implementation and operational issues.

During her legal career spanning 20 years, Ms. Toh advised on the development, construction, financing, operation, and maintenance of some of the largest and most complex infrastructure projects within Malaysia and in the Asian and Middle East regions. She also advised on construction law and various forms of construction and engineering contracts, as well as general corporate matters, including advice on corporate structures and joint venture arrangements. She also has experience in advising on regulatory frameworks and assisting in the drafting of certain key legislation in Malaysia.

Ms. Toh has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)

Notes:

1. Family Relationship with Director and/or Major Shareholder

Save as disclosed above, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

2. Conflict of interest

None of the Directors has any conflict of interests with the Company.

3. Conviction of Offences

None of the Directors has been convicted of any offences other than traffic offences in the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.

4. Directorships

Save as disclosed above, none of the Directors has other directorship in public companies and listed issuers.

5. Details of the Board members' participation in the various Board Committees are set out in the Corporate Governance Overview Statement in this Annual Report.

6. Directors' Training

All Directors have attended various in-house or external programmes to enable them to discharge their duties and responsibilities effectively. In addition, all Directors are encouraged to attend seminars, conferences, and various training programmes to keep abreast with the market and economic developments as well as with the new statutory and regulatory requirements.

DIRECTORS' TRAINING IN THE FINANCIAL YEAR FROM JULY 2022 TO JUNE 2023

Name of Directors	Conferences/Seminars/Training Programmes	Date
Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	The Chairman has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Mr. Ku Chong Hong	Activating the Sustainability Development Goals ("SDGs") into Business Operation.	09-Feb-23
	Understanding the challenges of compliance with Listing Requirements.	26-Jun-23
Mr. Chin Choon Wei	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Encik Shamsul Anuar Bin Ahamad Ibrahim	Corporate Liability On Corruption and guidelines on adequate procedures with Malaysian Anti-Corruption Commission ("MACC") Sarawak.	13-Aug-22
	Anti Money Laundering & Anti Terrorism Financing – A Relationship Based Risk Assessment.	15-Dec-22
	Understanding the challenges of compliance with Listing Requirements.	26-Jun-23

DIRECTORS' PROFILE

(CONT'D)

Name of Directors	Conferences/Seminars/Training Programmes	Date
Encik Sr. Mohd Nazri Bin Mat Noor	Understanding the challenges of compliance with Listing Requirements.	26-Jun-23
Mr. Liaw Way Gian	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Mr. Kang Wei Luen	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Dr. Dang Nguk Ling	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Ms. Toh Beng Suan	Mandatory Accreditation Programme for Directors of Public Listed Companies.	26-27-Jun-23

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year from July 2022 to June 2023, four (4) Board Meetings were held on 26 August 2022, 30 November 2022, 27 February 2023, 25 May 2023, and five (5) Special Board Meetings were held on 14 October 2022, 22 March 2023, 6 April 2023, 7 June 2023 and 28 June 2023. The attendance of the Directors at the Board Meetings is as follows:

No.	Name of Directors	Board Meeting	Special Board Meeting	Total
1	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari (Appointed on 28 June 2023)	N/A	N/A	N/A
2	Mr. Ku Chong Hong	4/4	5/5	9/9
3	Mr. Chin Choon Wei (Appointed on 28 June 2023)	N/A	N/A	N/A
4	Encik Shamsul Anuar Bin Ahamad Ibrahim	4/4	5/5	9/9
5	Encik Sr. Mohd Nazri Bin Mat Noor	3/4	5/5	8/9
6	Mr. Liaw Way Gian (Appointed on 28 June 2023)	N/A	1/1	1/1
7	Mr. Kang Wei Luen (Appointed on 28 June 2023)	N/A	1/1	1/1
8	Dr. Dang Nguk Ling (Appointed on 28 June 2023)	N/A	1/1	1/1
9	Ms. Toh Beng Suan (Appointed on 25 May 2023)	N/A	2/2	2/2

KEY MANAGEMENT PROFILE

Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari

Executive Chairman

Malaysian

Male

45

Details of Encik Abang Abdillah Izzarim's profile is set out on page 16, the Directors' Profile of this Annual Report.



Mr. Ku Chong Hong

Group Managing Director/Chief Executive Officer

Malaysian

Male

35

Details of Mr. Ku's profile is set out on page 17, the Directors' Profile of this Annual Report.



Mr. Chin Choon Wei

Group Executive Director

Malaysian

Male

38

Details of Mr. Chin's profile is set out on page 18, the Directors' Profile of this Annual Report.



KEY MANAGEMENT PROFILE

(CONT'D)

MR. CHAI TZE KHANG

Chief Operating Officer

Malaysian

Male

49

Mr. Chai joined SCIB in 1997 as a Production Engineer. He was appointed as the General Manager of the Company in 2008 and was promoted to Chief Operating Officer on 14 February 2020. He is tasked to oversee the daily operations of the manufacturing business of the Group on a day-to-day basis.

Mr. Chai graduated with a Bachelor of Science Degree in Industrial Engineering and Management from Oklahoma State University, USA.

Mr. Chai gained more than 25 years of experience in Manufacturing Operations and Sales and Marketing throughout his career in various positions such as Quality Assurance Manager and Factory Manager. He was instrumental in setting up various factory expansions for SCIB. He is also the director of SCIB's subsidiary companies.



MR. CHIEW JONG WEI

Chief Financial Officer

Malaysian

Male

48

Mr. Chiew joined SCIB on 19 February 2018 as the Chief Financial Officer of the Company.

Mr. Chiew is a member of the Malaysian Institute of Accountants ("MIA").

Mr. Chiew has more than 25 years of working experience in audit firms and commercial companies as an Accountant, Financial Controller, Head of Treasury, and Head of Finance.

He is also the director of a SCIB's subsidiary company.

MS. WONG LI WEN

Head of Corporate Services

Malaysian

Female

40

Ms. Wong joined SCIB on 1 March 2008 as an Accountant and has been the Finance Manager since 2012. She was then appointed as the Company's Chief Financial Officer on 4 April 2016 and re-designated as the Group's Head of Corporate Services on 19 February 2018.

She holds a Master of Science degree in Professional Accountancy from the University of London, is a Fellow Member of The Chartered Association of Certified Accountants ("FCCA"), and is a member of the Malaysian Institute of Accountants ("MIA").

She has more than 20 years of working experience in audit firms and commercial companies as an Accountant, Company Secretary, Finance Manager, and Chief Financial Officer.



KEY MANAGEMENT PROFILE

(CONT'D)



ENCIK SAIFUL AZRIN BIN FUDZIL
Head of Project Management Team ("PMT")

Malaysian

Male

50

Encik Saiful joined SCIB on 1 June 2021 as the Head of PMT of the Company.

He holds a Bachelor of Science in Industrial Engineering from Lehigh University, Pennsylvania, USA.

He is a member of the U.S.A Industrial Engineering Honor Society ("Alpha Pi MU") and a member of the U.S.A Society of Manufacturing Engineers ("SME").

He has vast experience in the infrastructure works at Pengerang Eco-Industrial Park ("PeIP"), Pengerang, Johor and he managed operation of facilities at Proton Center of Excellence, Proton Tanjung Malim & Proton Casting Plant.

Notes:

1. Family Relationship with the Director and/or Major Shareholder

The Group Managing Director/ Chief Executive Officer, Group Executive Director, and none of the Key Management has any family relationship with any director and/or major shareholder of the Company.

2. Conflict of interest

The Group Managing Director/ Chief Executive Officer, Group Executive Director, and none of the Key Management has any conflict of interest with the Company.

3. Conviction of Offences

The Group Managing Director/ Chief Executive Officer, Group Executive Director, and none of the Key Management has been convicted of any offences other than traffic offences in the past five (5) years, and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.

4. Directorships

Save as disclosed in the Key Management's Profile of this Annual Report, none of the Key Management has other directorship in public companies.



KEY MANAGEMENT PROFILE

(CONT'D)



Other Management Team

Mr. Ang Seah Heng

Head Of Procurement

Aged 57, Male, Malaysian

Date of appointment: 2 October 2023

Mr. Ir. Ivonson Kwee

Senior Business Development Manager

Aged 51, Male, Malaysian

Date of appointment: 15 February 2006

Puan Dayang Norasmah Binti Dato Hj Abang Talhata

Human Resource & Admin Manager

Aged 45, Female, Malaysian

Date of appointment: 10 June 2019

Ms. Nancy Phang Lee Ping

Account Manager

Aged 47, Female, Malaysian

Date of appointment: 1 September 2014

Encik Abdul Razi Bin Kassim

Manager – Pending &

Spun Pile Demak Laut (“SPDL”) Operation

Aged 49, Male, Malaysian

Date of appointment: 23 May 2000

Mr. Ir. Ts. Chong Kian Chiang

Manager – Technical & Design

Aged 44, Male, Malaysian

Date of appointment: 25 May 2006

Mr. Lee Tan Fong

Manager – Industrialised Building System (“IBS”) Operation

Aged 46, Male, Malaysian

Date of appointment: 7 July 2008

Ms. Tay Pah Cho

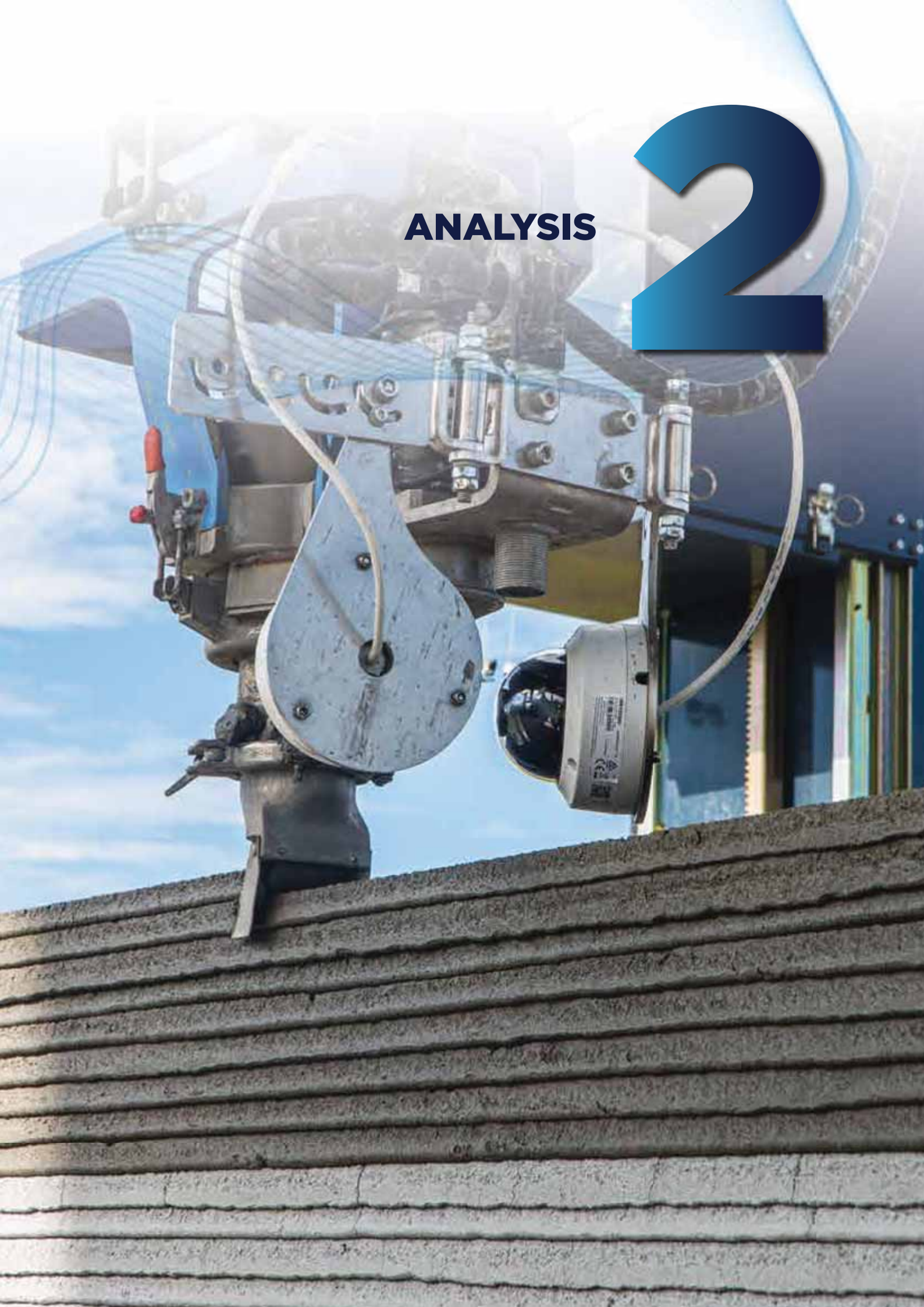
Manager – IBS Accounts & Administration

Aged 47, Female, Malaysian

Date of appointment: 5 June 1995

ANALYSIS

2



MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF COMPANY'S BUSINESS



Sarawak Consolidated Industries Berhad (“SCIB” or “the Group”) is a Kuching-based integrated construction-and-manufacturing Group founded in 1975 as a small enterprise and has since evolved into an entity listed on the Main Market of Bursa Malaysia Securities Berhad.

Our core business is the manufacturing of precast concrete products such as Concrete Spun Pipes, Prestressed Spun Concrete Piles, RC Square Piles, RC Box Culverts, Prestressed Girder Beams, Precast Concrete Industrialised Building System (“IBS”), a construction technique in which components are manufactured in a controlled environment either onsite or offsite, and other related concrete products.

The Group is the leading precast concrete products and IBS manufacturer in East Malaysia certified with ISO 9001:2015 Quality Management System (“QMS”) by SIRIM QAS, ISO 45001:2018 Occupational Health & Safety Management System (“OHSMS”) certification and ISO 14001:2015 Environmental Management System (“EMS”) certification by NIOSH Certification. The Group’s brand is well-known among housing developers and contractors in Sarawak as well as other parts of Borneo.

We operate three (3) factories in Kuching, Sarawak, one (1) factory in the Pending Industrial Estate and two (2) factories in the Demak Laut Industrial Park with a total capacity of 500,000 tonnes yearly, which is sufficient to cater to Sarawak’s large public infrastructure projects such as the State’s portion of the Pan Borneo Highway, Sarawak’s coastal road and bridges, water and power supply, public schools, hospitals and health clinics and other infrastructure and construction projects overseas. SCIB is home to 305 employees and contract workers as of 30 September 2023.

OUR VISION

We are a business founded on excellence and dedicated to the creation of prosperity that can be shared with all.

OUR MISSION

- To operate based on sound management principles that grow and create value for our shareholders while creating career opportunities as well as financial rewards for our employees
- To produce and distribute best-in-class products leveraging on our in-house expertise
- To be a good corporate citizen by actively engaging with the community that we operate and work in while recognising the role business plays in society

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

OUR KEY MARKETS

The Group began by supplying precast concrete and IBS products to Sarawak and parts of Sabah, Kalimantan and Brunei where we are the market leader. Now, the Group has spread its wings, diversifying to the rest of Malaysia, as well as overseas markets. Besides civil infrastructure projects, our products such as pipes, piles, culverts, beams and other precast concrete IBS components are used extensively in commercial, industrial and residential property projects too.

Building strategic relationships with our customers is important to us and we have gone above and beyond the normal supplier/customer affiliation as part of our plan to extend our reach and presence beyond Sarawak and Malaysia.

OUR STRENGTHS AND OPPORTUNITIES

The Group has an excellent track record as a manufacturer of precast concrete and IBS products while at the same time offering customers technical expertise, professional consultation, and customised solutions. Our record of projects and our brand-recognition, especially in Sarawak, where we are a preferred supplier not just for government but also for the private sector, is a testament to our reliability and quality.

These are our underlying strengths:

- i) The leading spun pile and IBS hollow core and panel walls manufacturer in East Malaysia
- ii) Leading precast concrete pipe manufacturer in East Malaysia
- iii) Our subsidiary companies were awarded ISO 9001:2015 Quality Management System ("QMS") by SIRIM QAS, ISO 45001:2018 Occupational Health & Safety Management System ("OHSMS") certification and ISO 14001:2015 Environmental Management System ("EMS") certification by NIOSH Certification.
- iv) An experienced and reliable in-house engineering design team
- v) A wharf facility for shipments across Borneo
- vi) A total solutions provider with a wide product range

While Sarawak continues to be an important market for us, we seek opportunities throughout Malaysia and beyond to:

- i) Increase market acceptance and government support of the IBS system
- ii) Increase use of the IBS system as developers and contractors face labour shortages
- iii) Continue roll-out of large infrastructure projects in Sarawak such as the Pan Borneo Highway, Sarawak coastal road and bridges, water and power supply, public schools, hospitals and health clinics.
- iv) Expand to overseas markets
- v) Specialise in small to mid-sized Engineering, Procurement, Construction and Commissioning ("EPCC") projects such as the construction, expansion, maintenance or upgrades of healthcare, educational and utility facilities
- vi) Interest in rural infrastructure such as roads as well as housing and logistics infrastructure like ports and airports.

OUR BUSINESS STRATEGIES


The Group's construction division is diversifying geographically from our main market in East Malaysia by leveraging on our presence overseas to tender for projects. Our manufacturing division will leverage on our experience producing quality building materials through our entry into higher value-added projects in the Engineering, Manufacturing, Construction and Commissioning ("EMCC") sector where we can increase sales of our precast concrete and IBS products.

For the future, the Group is busy strengthening its construction capabilities to ensure we are capable of handling more value-added jobs, especially in the EMCC sector. SCIB is also adopting technology to better assist our customers in terms of efficiency and productivity.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

KEY FACTS (AS AT 30 SEPTEMBER 2023)



Product with ISO accreditation certification

500,000 tonnes annual capacity




3 integrated factories based in Sarawak

In House design team and value-added consultation & services




RM328 million order book balance (construction and manufacturing)




Equipped with the relevant accredited licenses such as **Contractor Grade G7** and approved supplier of Ministry of Finance ("MOF")

Leading precast concrete & IBS manufacturer in **East Malaysia**




Wharf facility for shipment across Borneo

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

COMPANY FINANCIAL REVIEW

Our financial highlights for the past 5 financial years/period

Financial year/period	2018 (12 months) RM'000	2019 (12 months) RM'000	2021 [#] (18 months) RM'000	2022 (12 months) RM'000	2023 (12 months) RM'000
Revenue	75,957	86,048	198,964	128,429	132,045
- Manufacturing	75,957	77,511	105,696	85,862	90,583
- Construction/EPCC/Project Management*	-	8,902	93,268	41,860	41,097
- Property Trading	-	(365)	-	707	365
Gross profit / (loss)	11,410	17,297	86,829	16,051	22,003
- Manufacturing	14,323	16,076	21,168	13,735	17,520
- Construction/EPCC/Project Management*	(2,913)	1,256	65,661	2,247	4,426
- Property Trading	-	(35)	-	69	57
Profit /(loss) before tax	(9,928)	3,193	5,722	(53,439)	(22,082)
Profit /(loss) after tax	(9,792)	3,150	(4,209)	(43,757)	(23,642)
Adjusted EBITDA	2,041	6,609	58,031	(25,883)	3,879
Total assets	101,941	116,109	761,860	193,596	188,747
Current assets	58,945	65,719	715,302	137,950	139,484
Total liabilities	53,090	64,108	663,488	98,430	105,224
Shareholders' equity	48,851	52,001	98,372	95,166	83,523
Current liabilities	36,637	44,321	646,542	71,930	82,308
Loans and borrowings	26,305	37,426	44,035	47,387	48,445
Total no. of shares	85,882,500	85,882,500	490,610,000	582,037,532	640,241,285

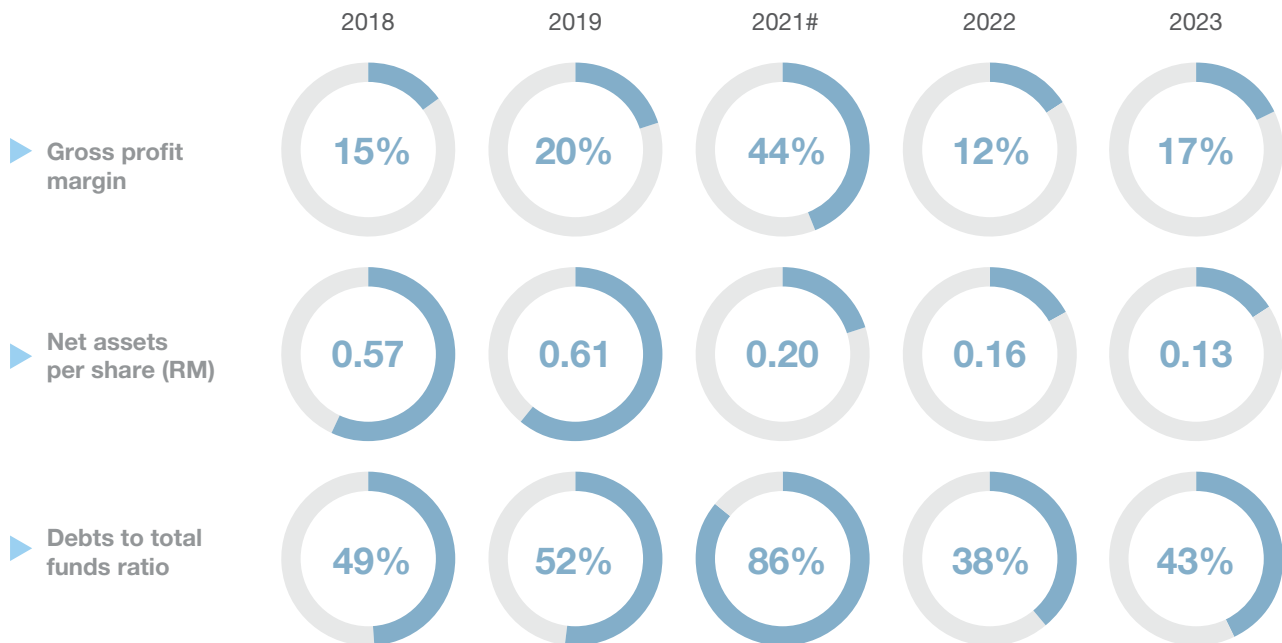
Remarks:-

* Construction/EPCC/Project Management segment – involved in the installation of IBS components, construction contracts and EPCC which includes, among others, piping system, process control and instrumentation, equipment installation and other related services. The revenue of this segment is contributed by contracts revenue and project management fee.

This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



The Group's revenue showed an increase of 2.8% at RM132.0 million for FYE 2023 as compared to RM128.4 million revenue recorded for FYE 2022, with manufacturing division being the largest contributor to the Group's revenue. The Group recorded gross profit ("GP") of RM22.0 million, an increase of RM6.0 million or 37.1% compared with RM16.1 million in FYE 2022. The increase of the Group's gross profit is due to increase in Group's sales and productivity.

The Group also recorded a loss before tax ("LBT") of RM22.1 million as compared to RM53.4 million in FYE 2022, representing a decrease of RM31.3 million. The LBT is mainly attributed by the net impairment loss on trade and other receivables of RM19.1 million.

The Group's total assets decreased 2.5% to RM188.7 million as of 30 June 2023 compared with the RM193.6 million recorded in the corresponding financial year of 2022. Our current assets has increased by 1.1% to RM139.5 million as at 30 June 2023 compared with the RM138.0 million recorded in the corresponding financial year of 2022. The Group's total liabilities increased by 6.9% or RM6.8 million which is from RM98.4 million to RM105.2 million due to drawdown of revolving bank facilities. Cash and bank balances stood at RM40.1 million as of 30 June 2023.

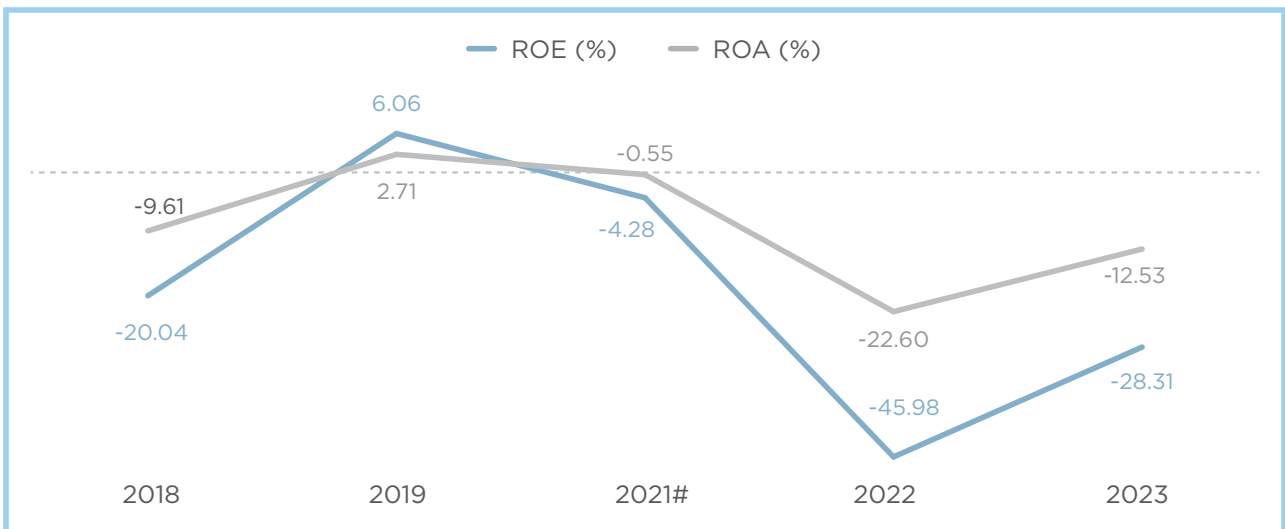
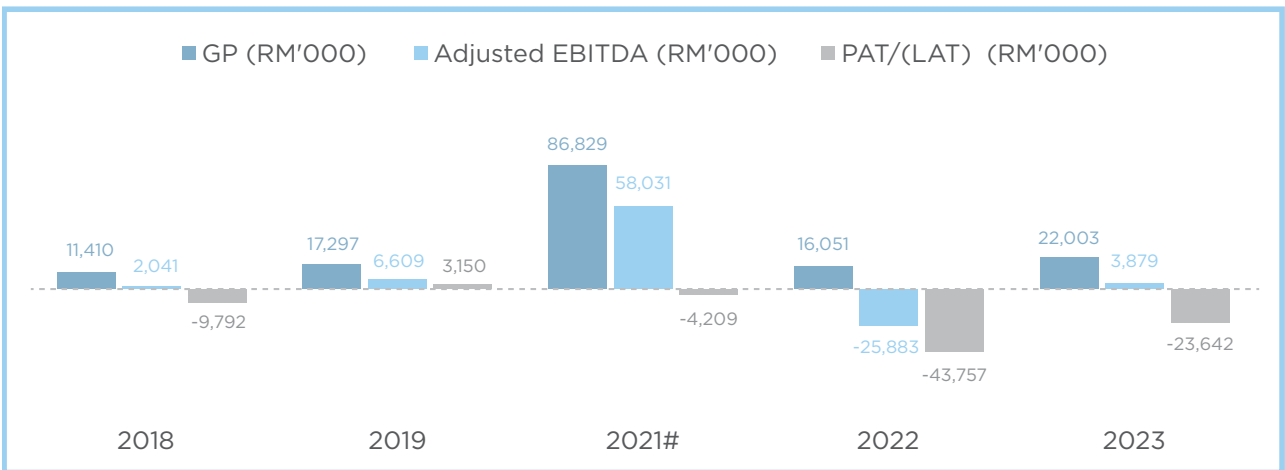
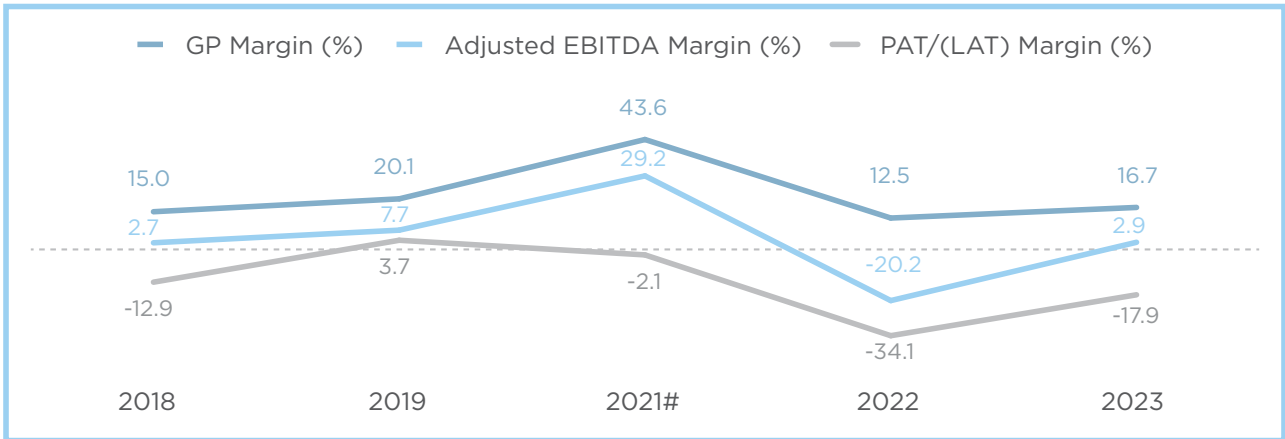
This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.



MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

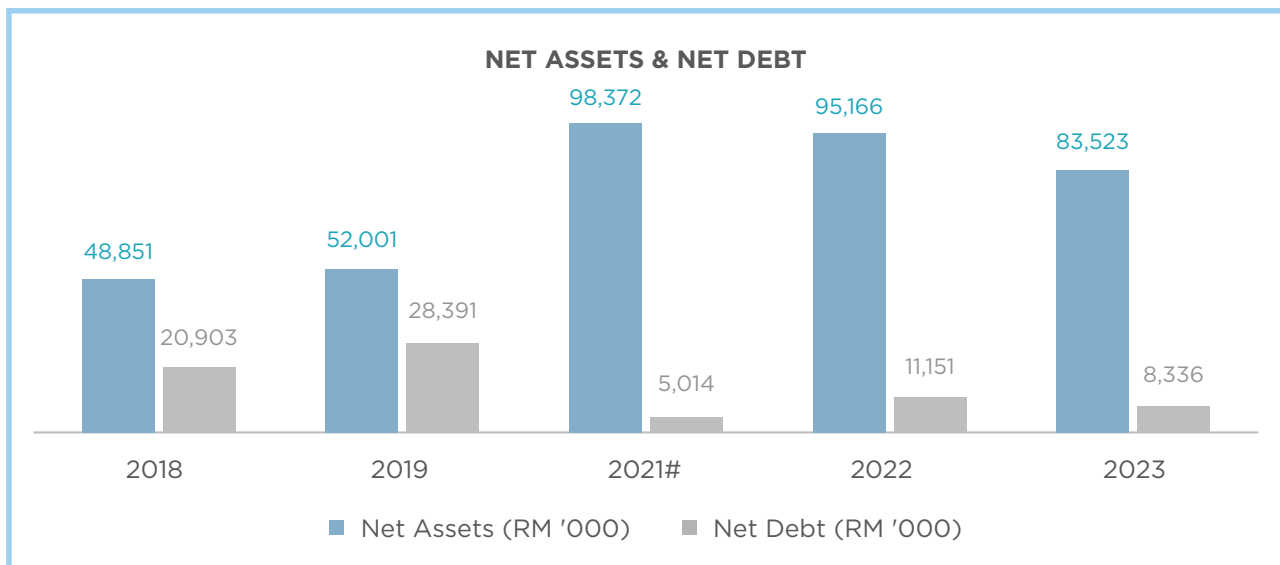
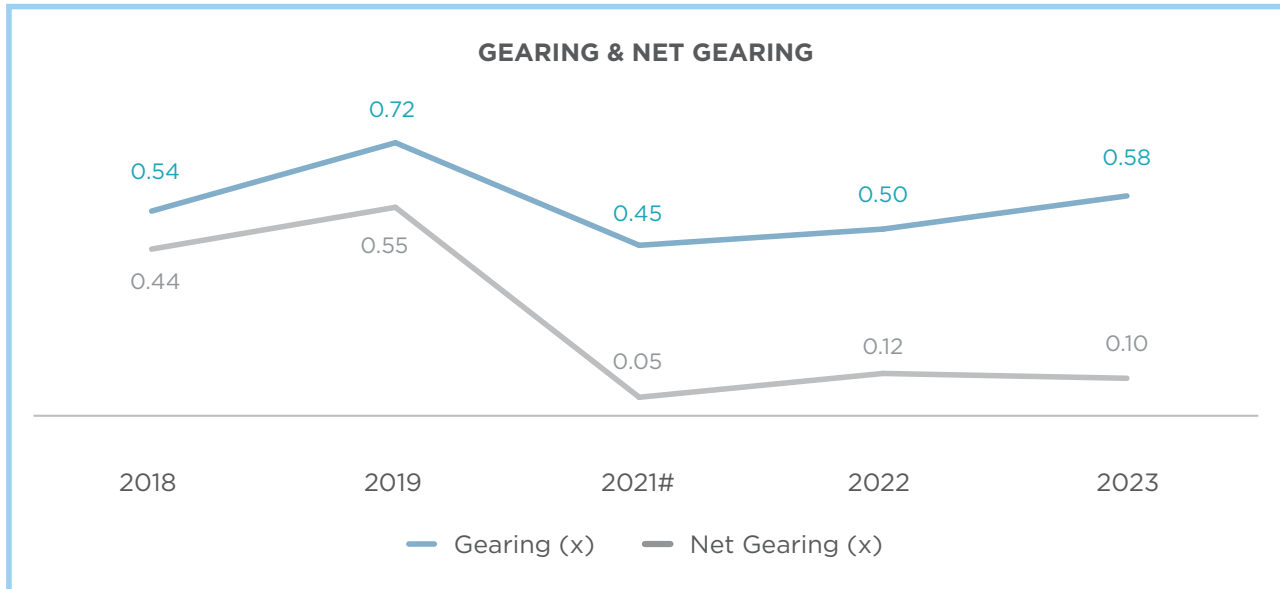
PROFITABILITY & MARGINS



This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.

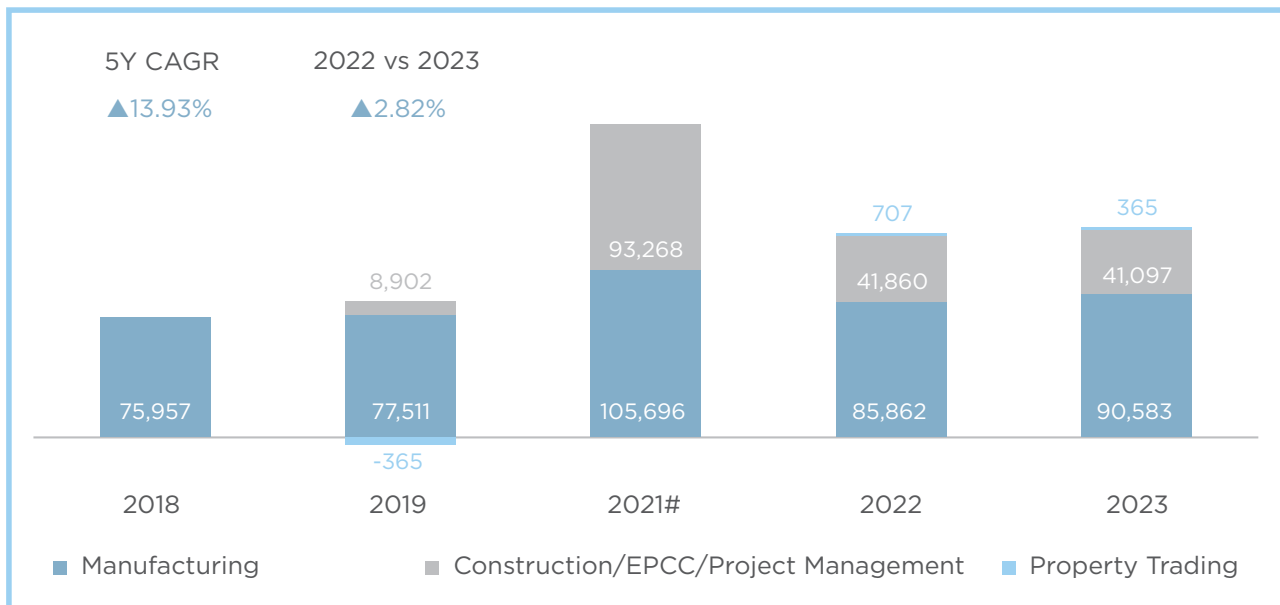
MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

OPERATION REVIEW BY BUSINESS SEGMENT

The Group's business segments are as follows:

1. Manufacturing
2. Construction/EPCC/Project Management
3. Property Trading



Revenue breakdown for FYE 2018 - FYE 2023

Manufacturing Segment

- Our manufacturing segment, being the pillar of the Group, continued to thrive and remained the largest contributor to the Group's revenue. The segment revenue increased by 5.5% to RM90.6 million for FYE 2023 as compared to RM85.9 million recorded in FYE 2022. The revenue growth was primarily driven by Sarawak state government's initiatives in infrastructures as well as school renovation and construction projects.

Construction/EPCC/Project Management Segment

- Construction/EPCC/Project Management segment reported revenue of RM41.1 million for FYE 2023, representing a decrease of 1.8% as compared to RM41.9 million recorded in FYE 2022. The decrease in revenue was mainly due to the suspension and termination of few projects under the Group.

Property Trading Segment

- The property trading segment registered revenue of RM0.4 million for FYE 2023. Revenue was contributed by the sales of apartment units at Santubong Suites.

This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.

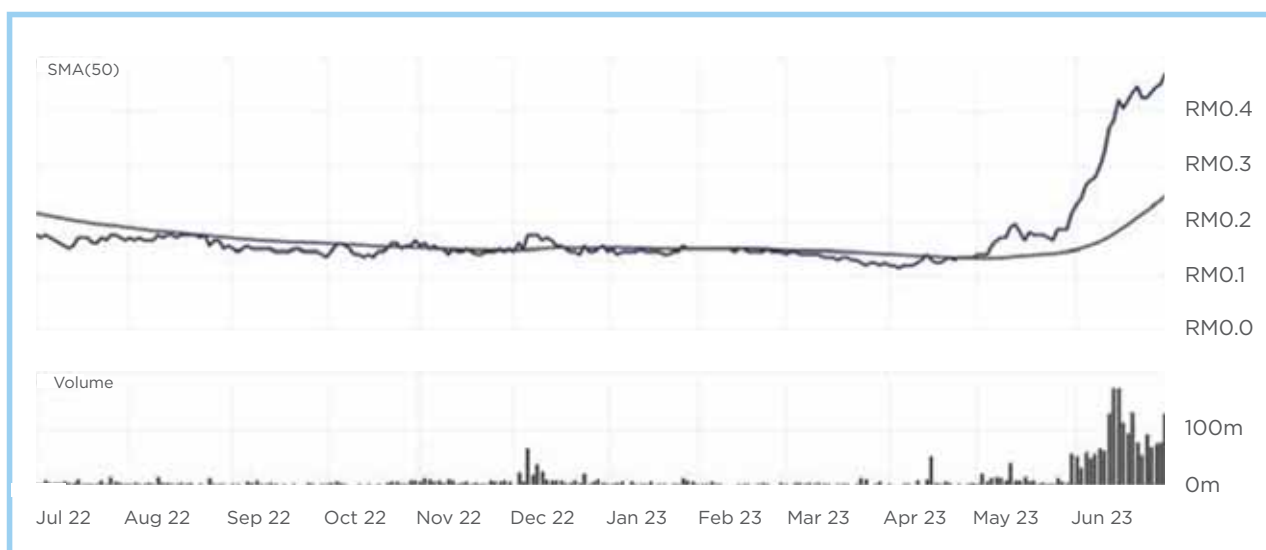
MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

SHARE PRICE PERFORMANCE

As at 30 June 2023, the Group's share price closed at RM0.47 with a total market capitalization of RM300.9 million. The year-to-date high stood at RM0.48 while the year-to-date low stood at RM0.115.

Share Price Performance & Trading Volume for the financial year ended 30 June 2023



Source: Wall Street Journal

DIVIDEND

Starting 2020, the Board adopted a Dividend Payout Ratio of at least 30% of the Profit After Tax attributable to the owners of SCIB for each financial year, excluding any unrealised income from adjustments due to accounting policies that are non-cash in nature. During the financial year under review, no dividend was proposed to the shareholders.

ANTICIPATED OR KNOWN RISKS

RISKS

The Group is exposed to operational and financial risks arising from its operations and from the use of financial instruments. These risks are monitored quarterly through the Board's Risk Management Committee ("RMC") and the Risk Management Working Group ("RMWG") at the management level.

The RMWG has met numerous times to identify, address and manage those risks that are deemed critical and will greatly affect the daily operations of our factories. The said committee will also review the effectiveness of the actions taken to mitigate those risks and recommend further steps where and when required. Management is of the opinion that the operational and financial risks are properly mitigated to a minimum level.

CREDIT RISK

The Group and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

The Company ("SCIB") and its subsidiary, SCIB International (Labuan) Ltd. ("SCIBL"), had on 10 November 2021, signed the respective Settlement Agreements with our Clients and the respective subcontractors for Qatar and Oman projects that were awarded to SCIB Group, to mutually terminate the Contracts and confirm the obligation on the full and final settlement of debts and establish the term and payment schedule for the amount owing between the Parties. Subsequently on 20 September 2022, SCIB and SCIBL signed a Novation Agreement with the above Clients and the respective subcontractors, to mutually novate all their obligations, rights, benefits and interest pursuant to the Settlement Agreement dated 10 November 2021.

This financial year under review, the Group has also recognized a net impairment loss on trade and other receivables of long due outstanding balance from our clients, amounting to RM19.1 million as a measure to mitigate the Group's exposure to credit risk.

The Group's trade debtors' turnover period improved from 115 days to 111 days, mainly benefitting from the economic recovery as we transitioned to the endemic phase of COVID-19. Ample steps have been taken to assess and manage the credit risks during the year under review. The Group continuously monitor credit standing of customers with long outstanding, identified either individually or by group, and incorporate this information into its credit risk control.

LIQUIDITY RISK

The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group has a total revolving bank facilities limit of RM24.1 million, with RM23.3 million or 96.84% was drawn down in the financial year under review. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of our stand-by revolving credit facilities.

As far as practicable, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio through short term funding so as to achieve overall cost-effectiveness.

INTEREST RATE RISK

The Group is exposed to market risks as there are risks for changes in interest rates, mainly in loans and borrowings. Despite the possibility of fluctuation in the bank's base financing rate, the Group does not foresee that it will be greatly affected if there is such an increase.

RISKS INHERENT IN THE INFRASTRUCTURE AND CONSTRUCTION INDUSTRIES

By virtue of the Group's involvement in the manufacturing of precast concrete products and IBS components for use in the infrastructure and construction industries, we are exposed and will be affected by the inherent risk factors such as risks arising from changes in government policies, legislation and regulations affecting the infrastructure and construction industries, risks relating to changes in political, social and economic conditions and competition and/or business risks. Furthermore, the Group is also exposed to construction risks such as an increase in construction cost due to any escalation of material and service costs, availability of skilled manpower, materials, subcontractors' performance, and default or breach of contractual obligations and terms.

OPERATIONAL RISKS

In running the day-to-day business, the operational risks that arise include shortages of raw materials, price uncertainties of raw materials, factory productivity and efficiency, labour shortage, machinery downtime, skill and competency of the Company's employees and quality of products and services.

FOREIGN EXCHANGE RISKS

The Group is exposed to foreign exchange risks with its geographical presence in other countries due to currency fluctuations. The Group adopts a natural hedge policy whereby expenses are incurred in the same currency in which revenue is generated. As a result, no significant realised (actual) foreign gain or loss is expected due to the fluctuation of currency exchange.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

OUTLOOK



The International Monetary Fund (“IMF”) remains a pivotal reference for worldwide economic forecasts. As per the IMF’s projections, Malaysia anticipates a GDP growth of 4.5% in 2023, which is a moderation from the notable 8.7% in 2022. While the nation progresses, the shadow of inflation looms, with expected rates hovering around 3.25%, primarily attributed to sustained core inflation.

On a broader scale, the global economy, as predicted by the IMF, might witness a tempered growth of 2.8% in 2023, marginally below the earlier January 2023 estimate of 2.9%. In a medium-term purview, global growth seems poised to balance around the 3.0% mark, suggesting that the international economy might not reach its pre-pandemic momentum shortly.

The Malaysian government’s growth anticipations align with the IMF, projecting a 4.5% increase for 2023. This optimism stems from buoyant domestic activities and a slew of measures targeted at nurturing sustained growth. Additionally, Bank Negara Malaysia (“BNM”) forecasts a steady expansion rate for 2023, anchored by solid domestic demand, a rejuvenating labour market, and the fruition of multi-year investments.

For SCIB, China’s recent investment pledge of RM170 billion casts a promising shadow. Such monumental foreign investment is poised to create considerable ripple effects across the national economy, especially benefiting the domestic construction arena. This augurs well for SCIB, potentially opening avenues for amplified growth.

Sarawak’s construction sector is in an ascent phase, teeming with opportunities presented by an array of infrastructure projects totalling RM46.0 billion. Significant undertakings like the Pan Borneo Highway, Coastal Road, and Second Trunk Road infuse vibrancy into the business milieu and forecast a spike in employment prospects. Moreover, an additional infusion of RM1.1 billion from the federal government, designated for 92 infrastructure endeavours, is set to fortify Sarawak’s economic backbone.

The Pan Borneo Highway exemplifies Sarawak’s rich potential. The impending roll-out of the project’s 20 packages before the year concludes underlines a firm resolve to galvanise the local economy and employment landscape. This infrastructure milestone is more than a road – it’s a connector of communities, a facilitator of commerce, and an accelerator of regional progress.

This Statement was approved by the Board on 11 October 2023.

3

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE OVERVIEW STATEMENT



INTRODUCTION

The Board of Directors (“Board”) of Sarawak Consolidated Industries Berhad (“SCIB” or “the Company”) supports high standards of corporate governance practices as stipulated in the Principles and Recommendations of the Malaysian Code on Corporate Governance (“MCCG”) 2021 in implementing its governance system and ensuring compliance with the provision in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board acknowledges its fundamental responsibility to promote and drive long-term sustainable growth, whilst taking into account the interests of the investors and all other stakeholders.

The Board is pleased to present this Corporate Governance Overview Statement, which provides key highlights on how the Company complies with the three (3) principles of the MCCG 2021 during the financial year ended 30 June 2023 as follows:

1. Principle A: Board Leadership and Effectiveness;
2. Principle B: Effective Audit and Risk Management; and
3. Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement was approved by the Board of Directors on 11 October 2023 and is complemented with a Corporate Governance Report (“CG Report”) based on a prescribed format pursuant to paragraph 15.25 of the Listing Requirements of Bursa Securities published at the Company’s website at <https://scib.com.my> and via announcement on the website of Bursa Securities.

As at 30 June 2023, the Company complied in most of the material aspects with the principles as set out in the MCCG.

The Company has applied forty-one (41) of forty-eight (48) recommended practices of MCCG, which two (2) recommended practices is not adopted and five (5) departure. In addition, the Company has applied three (3) of five (5) Step-Up recommended practices.

A summary of the corporate governance practices as well as the Board’s key focus areas in relation to the corporate governance practices are as described below, under each corporate governance principle.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for the effective leadership and long-term success of the Company.

The Board Members, in discharging their duties are constantly mindful that the interests of our customers, investors and all other stakeholders are well safeguarded.

The Board has formally adopted a Board Charter, which outlines the roles and responsibilities of the Board and those which it delegates to the various Board Committees.

The Board is responsible for formulating and reviewing the Company's strategic plan and key policies, and to chart the course of the Company's business operations while providing effective oversight of the Management's performance as well as the risk management procedures and key controls.

The principal responsibilities of the Board include the following:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing and monitoring the day-to-day management of the Group's business and the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Developing the Group's succession planning;
- Developing and implementing of an investor relations program or shareholder communications policy for Company and encourages the use of information technology for effective dissemination of information; and
- Reviewing adequacy and integrity of Company's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Committees

In furtherance, the Board also delegated specific tasks to the Board Committees namely the Audit Committee ("AC"), Remuneration & Nomination Committee ("RNC"), Risk Management Committee ("RMC") and Investment Committee ("IC") to enhance efficiency.

All the Board Committees have their own terms of reference to deal with particular issues and report back to the Board with the necessary recommendations, if any.

The Board Committees comprise a majority of independent Non-Executive Directors which are able to provide diverse perspectives and insights supporting the Board to make decisions objectively.

The ultimate approval still lies with the entire Board and certain Board functions are also delegated to the Management and the Board ensures Management is of the highest caliber.

The Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties and the cost of securing such professional services will be borne by the Company.

Additionally, the Company has in place the Whistleblowing Policy and Procedures for its directors, employees and other stakeholders which are implemented to enable the exposure of any violations or improper conduct or wrongdoing within the Company. For this purpose, the complaint must be made in writing using the Whistleblowing Report Form and send via email or by hand/post/courier to the Company. The Chief Integrity Officer has been designated to access to the designated email address.

The Board has formalised and approved the Anti-Bribery & Anti-Corruption Policy ("ABAC") including the setting up and strengthening of relevant policies and procedures designed to prevent and detect bribery, undertake control measures which are proportionate to the nature and size of the organisation as well as the proper training and communication of such policies and procedures. The Group has taken proactive actions to strengthen the Group's internal processes and practices to ensure that adequate procedures are in place to prevent persons associated with the Group from involving in corrupt practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Board Responsibilities (cont'd)

Board Committees (cont'd)

In addition, the Board is responsible for overseeing the implementation inclusive of its adequacy and effectiveness of Adequate Procedures as per the guideline issued by the Prime Minister's Department pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (Amendment) 2018.

The Guideline of the Adequate Procedures is T.R.U.S.T Principles as per follows:



To ensure the effectiveness of this policy, the Risk Management Committee ("RMC") provides oversight and monitoring of the ABAC Policy.

The aforesaid Whistleblowing and ABAC policies are available at the Company's website.

2. Board Composition

As of the date of this Report, the Board consists of nine (9) members, of whom six (6) are Independent Non-Executive Directors, three (3) are Executive Directors and two (2) out of nine (9) members are woman directors, as follows, which complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent director and at least one (1) is woman director:

NO.	NAME	DESIGNATION
1	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari*	Executive Chairman
2	Encik Shamsul Anuar Bin Ahamad Ibrahim	Independent Non-Executive Director
3	Encik Sr. Mohd Nazri Bin Mat Noor	Independent Non-Executive Director
4	Ms. Toh Beng Suan**	Independent Non-Executive Director
5	Mr. Liaw Way Gian***	Independent Non-Executive Director
6	Mr. Kang Wei Luen***	Independent Non-Executive Director
7	Dr. Dang Nguk Ling***	Independent Non-Executive Director
8	Mr. Chin Choon Wei****	Group Executive Director
9	Mr. Ku Chong Hong*****	Group Managing Director / Chief Executive Officer ("GMD/CEO")

* Appointed as an Executive Chairman of the Company on 28 June 2023

** Appointed as an Independent Non-Executive Director of the Company on 25 May 2023

*** Appointed as the Independent Non-Executive Directors of the Company on 28 June 2023

**** Appointed as the Group Executive Director of the Company on 28 June 2023

***** Re-designated as the Group Managing Director / Chief Executive Officer of the Company on 28 June 2023

The profile of each Director is disclosed in the Directors' Profile of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

Upon the assessment conducted by the RNC on the Board's size and composition, the Board was satisfied that the current size is appropriate given the scale of the Company's business and operations and the composition well balanced with the right mix of diverse knowledge, skills and attributes constituting an effective Board able to discharge its duties professionally and efficiently.

The Executive Chairman is primarily responsible for the leadership and management of the Board, ensuring the Board and Board Committees execute their responsibilities in the best interest of the Company. They are also involved in all day-to-day management and coordinating the development as well as implementation of the Company's long and short-term business and corporate strategies.

The Board views that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Listing Requirements. The key element in fulfilling the criteria is the appointment of an Independent Director, who is not a member of management (a Non-Executive Director) and is free from any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company.

The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to the Board's deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner. They do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This is to ensure that the Independent Non-Executive Directors remain free of conflict-of-interest situations and execute their roles and responsibilities effectively.

They act as a direct liaison between the Board and the Management and communicate on behalf of the Company to the Board, shareholders, employees, Government Authorities and other stakeholders.

To further enhance the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:

- Provides independent and objective views, assessments and suggestions in deliberations of the Board;
- Ensures effective check and balance in the proceedings of the Board;
- Mitigates any possible conflict of interest between the policy-making process and day-to-day management of the Company; and
- Constructively challenge and contribute to the development of the business strategies and direction of the Company.

The members of the Board possess a strong diverse mix of skills and experienced individuals with different background, specialisation and expertise in accounting, economics, engineering and business management and are persons of high caliber and integrity, which give added strength to the leadership that is necessary for the effective stewardship of the Company.

The Board is confident that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance.

Given that there are six (6) experienced Independent Directors representing more than 50% of the Board, the Board collectively would be able to function independently of management. This allows for effective oversight of the management as well as supports objective and independent deliberation, review and decision-making.

None of the Independent Non-Executive Directors hold office as independent directors for more than nine (9) years under the reporting period.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

The RNC and the Board are well aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended by the MCGG. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Prior to attaining the stipulated number of years, the RNC will consider the following and recommend to the Board accordingly:

- (a) whether the Independent Director is to continue to serve on the Board, subject to his/her re-designation as a Non-Independent Director; or
- (b) whether shareholders' approval through a two-tier voting process is to be sought to retain him/her as an Independent Director.

The Board may provide justifications and seek shareholders' approval in the event there is an intention to retain a director who has served a cumulative term of nine (9) years as an Independent Director.

The Board, upon assessment conducted by the RNC on the performance of the Independent Directors, identified Encik Shamsul Anuar Bin Ahamad Ibrahim, who would reach his 9 years tenure period as an independent Director on 16 September 2024, and recommended him to continue to act as Independent Director until the conclusion of the next annual general meeting ("AGM"), subject to the approval from the shareholders of the Company. Justifications for the retention was set out in the Explanatory Notes to the 47th AGM Notice.

Board Gender Diversity

The Board supports the Board's gender diversity as promoted by MCGG 2021. Currently, there are two (2) women directors on board as the Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

The participation of women in senior management has also been practiced in the Group.

Directors' Code of Ethics

The Directors observed a code of ethics in accordance with the code of conduct as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. This code is available on the Company's website.

Board Meetings & Supply of Information

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year to facilitate the Directors to plan ahead and organise the next financial year's Board meetings into their respective schedules.

The Board holds meetings not less than four (4) times a year as soon as the Company's quarterly and annual results are finalised in order to review and approve the results for submission to Bursa Securities and the Securities Commission. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious review or consideration by the Board.

Preceding minutes of every Board and Board Committee meetings were circulated to all Directors for their perusal and comments. The Directors may request further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

Board Meetings & Supply of Information *(cont'd)*

For effective Board proceedings, the Directors would receive the structured agenda together with comprehensive management reports and proposal papers at least (5) business days before the Board meeting. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company Secretary, or to consult independent advisers, if they deem necessary.

Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

The Board meeting papers are prepared and presented in a concise and comprehensive format to ensure that the Directors have a complete and relevant depiction of the issues in order that the Board deliberation and decision-making are performed systematically and in a well-informed manner.

At the Board meetings, the Chairman of each Board Committee would inform the Directors at Board meetings, of any salient matters noted by the Board Committee Chairman and which require the Board's notice or direction. During the meeting, The Board reviews management reports on the business performance of the Company as well as the major subsidiaries, and reviews, inter-alia, the results compared to the preceding month and year-to-date, and also the comparison against pro-rated business targets.

As part of the integrated risk management initiatives, the Board also notes the decisions and salient issues deliberated by the Board Committees and the C-Suites Committee ("CSC") through minutes of the Committees' meetings.

The Board Members deliberate, and in the process, assess the viability of business propositions and proposals, and the principal risks that may have significant impact on the Company's business or on its financial position, and the mitigating factors. Any Director who has a direct and/or indirect interest in the subject matter to be deliberated on shall abstain from deliberation and voting on the same.

The Board also assesses various types of propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the guidelines issued by the Board.

The Board are updated by the Management on the follow-up of its decisions and recommendations by the Management. The Company Secretaries are also responsible to give sound advice to the Board and Chairman on all governance related matters. The Management, the Company Secretaries, external, internal auditors as well as the external risk advisor also briefed the Board periodically on the latest update/amendments on Main Market Listing Requirements ("MMLR"), MCGG 2021 and other regulatory requirements to assist the Directors to discharge their duties and responsibilities effectively. They are entitled to have access, at all reasonable times, to all relevant company information and to the Management and have at least two (2) private sessions in a year with the external auditors.

Company Secretary

The Board is supported by two (2) suitably qualified and competent Company Secretaries under Section 235(2) (a) of the Companies Act, 2016. The Company Secretaries have vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

During the financial year, Mr. Tan Tong Lang, a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Ms Thien Lee Mee, a Licensed Secretary were appointed as the Joint Secretaries on 7 June 2023 in place of the resigned Company Secretary, Ms Ng Lai Yee, who is also the member of MAICSA.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

Company Secretary *(cont'd)*

The Company Secretaries, or together with their representatives, had during the year:

- i. acted as Secretary for all Board Committee meetings and ensure that all meetings are properly convened;
- ii. recorded and minuted the proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals;
- iii. play supporting and advisory roles to the Board with the assistance of the Management, particularly with regard to the Company's constitution, compliance of statutory and regulatory requirements such as restriction in dealing with the securities of the Company;
- iv. regularly updated and briefed on the latest changes/developments in corporate governance, statutory and regulatory requirements, ensure adherence and compliance to the procedures and regulatory requirements from time to time; and
- v. managed proceedings pertaining to the annual general meeting held during the year.

The Company Secretaries have attended many relevant continuous professional development programmes i.e. trainings, seminars, workshops and talks conducted by the Companies Commission of Malaysia, Bursa Securities and MAICSA to keep abreast with the relevant updates on statutory and regulatory requirements.

Training & Development of Directors

All Directors have attended the Mandatory Accreditation Program ("MAP") as prescribed under the Listing Requirements except Dr. Dang Nguk Ling who will attend the MAP training scheduled on 9 and 10 October 2023 and Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari on 24 to 26 October 2023. The Directors have continued to attend seminars and briefings during the financial year in order to enhance their skills and knowledge, and to keep abreast with changing commercial risks in line with market and economic developments.

The Directors are also provided with the Board Policy Manual that contains information including but not limited to the structure of the Company, management and operation as well as the Directors' duties and obligations.

The Directors also keep up-to-date with market developments and related issues through discussion meetings with the other Senior Management Officers.

These provide the platforms to disseminate emergent strategic directions and ideas as well as intellectual interactions that enhance the knowledge and relevance of the Directors.

The Company's Human Resources Department facilitates the organisation of internal training programmes and Directors' attendance in external programmes.

The details of directors' training participated during the financial year are highlighted in the Directors' Profile report herein this Annual report.

Time Commitment of Directors

Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Directors' performance and contributions as a member of the Board and Board Committee.

The directors remain fully committed and dedicated in fulfilling their duties and responsibilities as reflected by their attendance at Board meetings during the financial year, in which details of the number of Meetings held and the attendance of each Director can be found in the Report on Directors' Profile in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

Re-Appointment and Re-Election of Directors

The RNC will consider and recommend to the Board for the continuation in service of those Directors who are due for re-election/re-appointment. A Directors' Fit and Proper Policy was adopted by the Company to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Constitution of the Company provides that at its every annual general meeting, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election.

The Constitution further provides that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The re-appointment and re-election of Directors at its annual general meeting is subject to the prior assessment by the RNC and the recommendations thereafter submitted to the Board for approval for the Director concerned to continue to hold office.

Pursuant to Article 122(1) of the Company's Constitution, Encik Sr. Mohd Nazri Mat Noor is subject to retirement by rotation at the forthcoming 47th AGM of the Company and Encik Sr. Mohd Nazri Mat Noor has expressed his willingness to seek re-election.

In addition, the following Directors are standing for re-election at the forthcoming 47th AGM of the Company pursuant to the Company's Constitution as follows:-

No.	Directors	Article No.
1.	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	127
2.	Mr. Chin Choon Wei	127
3.	Mr. Liaw Way Gian	127
4.	Mr. Kang Wei Luen	127
5.	Dr. Dang Nguk Ling	127
6.	Ms. Toh Beng Suan	127

All the above-mentioned Directors have expressed their willingness to seek re-election at the forthcoming 47th AGM of the Company, save for Ms. Toh Beng Suan who has expressed her intention not to seek re-election. Hence, she will remain in office until the conclusion of the 47th Annual General Meeting of the Company.

The profiles of retiring directors standing for re-election are set out in the Directors' Profile in the Annual Report 2023.

The Board does not fix a maximum tenure limit for Directors as the Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's affairs.

Board Committees

To assist the Board in discharging its duties, the Board has established several Board Committees whose compositions and terms of reference are in accordance with the best practices.

The functions and terms of reference of Board Committees as well as authority delegated by the Board to these Committees, were approved by the Board, and are reviewed from time to time to ensure that they are relevant and up to date.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. Board Composition (cont'd)

Board Committees (cont'd)

The Board Committees of the Company are as follows:

- Audit Committee
- Remuneration & Nomination Committee
- Risk Management Committee
- Investment Committee

Details of the Board members' membership in the various Board Committees are set out below:

NO.	DIRECTOR	AUDIT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE	RISK MANAGEMENT COMMITTEE	INVESTMENT COMMITTEE
1	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	-	-	-	-
2	Mr. Ku Chong Hong	-	-	-	Member ⁽²⁾
3	Mr. Chin Choon Wei	-	-	-	Member ⁽²⁾
4	Encik Shamsul Anuar Bin Ahamad Ibrahim	Member ⁽²⁾	-	Member ⁽²⁾	-
5	Encik Sr. Mohd Nazri Bin Mat Noor	-	-	-	Chairman ⁽¹⁾
6	Mr. Liaw Way Gian	-	Chairman ⁽¹⁾	-	-
7	Mr. Kang Wei Luen	Chairman ⁽¹⁾	Member ⁽²⁾	Chairman ⁽¹⁾	-
8	Dr. Dang Nguk Ling	Member ⁽²⁾	Member ⁽²⁾	Member ⁽²⁾	-
9	Ms. Toh Beng Suan	-	-	-	-

(1) Appointed as the Chairman of the respective Board committee on 2 August 2023

(2) Appointed as the Member of the respective Board committee on 2 August 2023

All proceedings, matters arising, deliberations in terms of the issue discussed, and recommendations made by the Board Committees at the Committees' meetings are recorded in the minutes by the Company Secretary, confirmed by the Board Committees, and signed by the Chairman of the said Committees.

Upon invitation, Management representatives were present at the Board Committees' meetings to provide additional insight into matters to be discussed during the said committee meetings, if so required.

All the Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon.

The terms of reference of the respective Board Committee are available for reference at www.scib.com.my.

Audit Committee

The terms of reference of the AC are set out under the AC Report in this Annual Report and further details are disclosed under Principal B: Effective Audit and Risk Management in this Statement.

Remuneration and Nomination Committee ("RNC")

The RNC comprises three (3) Non-Executive Directors, all of whom are independent. Meetings of the RNC are held as and when required, and at least once a year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

Board Committees *(cont'd)*

Remuneration and Nomination Committee *(cont'd)*

Role and Responsibilities:

- (i) To Identify and recommend the proposed appointment of a new Director and the re-appointment of Directors upon the expiry of their respective tenures of office for approval of the Board. Any new Director will undergo a familiarisation programme, which includes a presentation of an overview of the Company's profile, products, factories and track records to facilitate the new Directors' understanding of the Company. The Company Secretary will ensure that all appointments of new Directors are properly carried out and all legal and regulatory obligations are met;
- (ii) To review the Board Members' directorships in companies other than the Company; the number of directorships held is well within the restriction of not more than five (5) directorships in public listed companies as stated in the Listing Requirements;
- (iii) To assess and review annually the independence of independent directors and their continuation as the Independent Directors;
- (iv) To review annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and are in tandem with the Company's corporate objectives, culture and strategy; and
- (v) To consider succession planning and review the leadership needs of the Group.

All assessments and evaluations carried out by the RNC in the discharge of all its functions shall be properly documented.

In 2023, the RNC carried out an annual review of the overall remuneration policy for Directors and Key Senior Management Officers and recommended for the Board's approval.

The RNC and the Board ensure that the Company's remuneration policy remains supportive of its corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to draw in and retain persons of high calibre.

The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board's decision on his own remuneration.

Risk Management Committee ("RMC")

Among others, the RMC has the following roles & responsibilities:

- a. Develop and recommend the Company's risk policies and objectives aligned with its strategic business objectives;
- b. Communicate Board's risk policies, objectives, responsibilities, and reporting lines;
- c. Identify and communicate to the Board all risks (present and potential) the Company faces, its changes and management action plans to manage those risks;
- d. Perform risk oversight and review of risk profiles of the Company and regularly review business units' risk management processes;
- e. Provide guidance to business units of the Company's and its risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board; and
- f. All other risk management matters delegated by the Board.

More information about the activities of the RMC is set out in the Statement on Risk Management and Internal Control.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

Board Committees *(cont'd)*

Investment Committee

Among others, the IC has the following roles & responsibilities:

- a. To review annual business plans and budgets for recommendation to the Board for approval;
- b. To evaluate proposals on new investments and divestments of significant value to ensure they align with SCIB's vision, mission and corporate goals;
- c. To approve investment up to a prescribed amount as determined by the Board from time to time, beyond which a recommendation will be made to the Board;
- d. To review financial investment portfolios of the Group. This includes and is not limited to existing and new merger and acquisitions, new partnerships, divestments and large capital expenditure projects;
- e. To oversee current and future capital and financial resource requirements;
- f. To monitor the fundraising activities of the Group;
- g. To conduct the annual performance evaluation of the Group's investment activities;
- h. To review and recommend to the Board of Directors the foreign exchange and hedging policies and procedures; and
- i. To implement other necessary duties as mutually agreed by the Investment Committee and the Board of Directors or any other authorities which are required by law or regulated by any Government authority.

3. Remuneration

The RNC is responsible to annually review the performance of the Executive Director and Key Senior Management Officers, and makes recommendations to the Board.

The remuneration of the Executive Directors is structured to link-rewards to the Company and individual performance. As for Non-Executive Directors, the level of remuneration reflects mainly on their experience, qualification and competence of the Non-Executive Director concerned. The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the AGM annually.

In recommending the proposed Directors' fees, the RNC takes into consideration the qualification, duty and responsibility, and contribution required from a director in view of the Company's complexity, and also the market rate among the industry. Nevertheless, the ultimate approval for the remuneration of Directors lies with the Board as a whole, with the respective interested Directors abstaining from deliberation and voting on the same.

The Directors are paid Director's fees and benefits for each Board or Board Committee meetings that they attended. However, the resolution pertaining to the proposed Directors' fees and benefits in respect of the period from 28 February 2022 until the 47th Annual General Meeting to be held on 11 December 2023 were not approved by the shareholders of the Company at the 46th AGM held last year on 8 December 2022 ("46th AGM"). The Company taken into consideration of the comments raised by the Shareholders at 45th and 46th AGM, and also the change of board composition during the financial year ended 30 June 2023, the said fee and benefits were restructured to be in line with the current market value and capability of the Company's financial credibility and were put forward for the shareholders' approval at the forthcoming 47th AGM. Further details are explained in the Explanatory Note of the Notice of 47th AGM.

For information, the provision of the proposed Directors' fee and benefits for the resigned/retired directors was provided in previous years. Following their resignation during the financial year 2022 and 2023, the overprovision of this proposed Directors' fee and benefits will be reversed accordingly in the following financial year and thus, the said Directors' fee and benefits were excluded for seeking shareholders' approval at the 47th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Remuneration (cont'd)

The disclosure of the remuneration receivable of individual Directors of the Company on named basis for the financial year ended 30 June 2023 is set out as below:

NO.	DIRECTOR	SALARIES RM	FEES RM	MEETING ALLOWANCES & OTHER EMOLUMENTS RM	TOTAL REMUNERATION RM
EXECUTIVE DIRECTOR					
1	Encik Abang Abdillah Izzarim bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari ⁽¹⁾	-	600	-	600
2	Mr. Ku Chong Hong ⁽²⁾	286,000	36,000	59,205	381,205
3	Mr. Chin Choon Wei ⁽³⁾	-	300	-	300
NON-EXECUTIVE DIRECTOR					
4	Encik Shamsul Anuar Bin Ahamad Ibrahim ⁽⁴⁾	-	59,700	21,300	81,000
5	Encik Sr. Mohd Nazri Bin Mat Noor	-	36,000	7,500	43,500
6	Ms. Toh Beng Suan ⁽⁵⁾	-	3,677	-	3,677
7	Mr. Kang Wei Luen ⁽⁶⁾	-	300	-	300
8	Mr. Liaw Way Gian ⁽⁷⁾	-	300	-	300
9	Dr. Dang Nguk Ling ⁽⁸⁾	-	300	-	300
Resigned Directors					
1	Encik Rosland Bin Othman ⁽⁹⁾	686,076	35,700	226,732	948,508
2	Encik Noor Azri Bin Dato' Sri Noor Azerai ⁽¹⁰⁾	-	35,500	14,600	50,100
3	Encik Nuraiman bin Shaiful Annuar ⁽¹¹⁾	-	29,500	4,500	34,000
4	Encik Mohd Shakir bin Shahimi ⁽¹²⁾	-	29,500	18,100	47,600
5	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah ⁽¹³⁾	-	27,000	3,600	30,600
6	YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir ⁽¹⁴⁾	-	15,000	8,700	23,700
7	YBhg. Datu Haji Soedirman Bin Haji Aini ⁽¹⁵⁾	-	12,000	3,600	15,600
TOTAL		972,076	321,377	367,837	1,661,290

(1) Appointed as the Executive Chairman with effect from 28 June 2023

(2) Re-designated as the Group Managing Director/Chief Executive Officer with effect from 28 June 2023

(3) Appointed as the Group Executive Director with effect from 28 June 2023

(4) Re-designated as the Independent Non-Executive Director with effect from 28 June 2023

(5) Appointed as the Independent Non-Executive Director with effect from 25 May 2023

(6) - (8) Appointed as the Independent Non-Executive Directors with effect from 28 June 2023

(9) Resigned as the Group Managing Director/Chief Executive Officer with effect from 28 June 2023

(10) - (12) Resigned as the Company Directors with effect from 26 June 2023

(13) - (14) Retired with effect from 8 December 2022

(15) Resigned as the Company Director with effect from 9 November 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The terms of reference of the AC are set out under the AC Report in this Annual Report.

The AC meets at least four (4) times a year.

Relationship with the External Auditors

The Company had on 20 March 2023, received a notice in writing from Messrs. Nexia SSY PLT on their resignation as auditors of the Company with effect from 15 March 2023 pursuant to Section 281 of the Companies Act, 2016. The resignation is on a voluntary basis. Subsequently on 12 April 2023, the Company appointed Messrs. Kreston John & Gan, who are registered with the Audit Oversight Board of the Securities Commission as the external auditors of the Company for the audit of the financial year ended 30 June 2023.

The AC has in place policies and procedures to review and assess the appointment or re-appointment of external auditors with respect to their suitability, objectivity and independence. There have not been any non-audit services that have compromised their independence as external auditors of the Company.

The AC in this regard assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Company.

Through the AC, the Company has established a formal and transparent relationship with the external auditors. The AC also meets with the external auditors without the presence of the Management to enable the AC to discuss matters privately with them.

Assurance from the external auditors has been received twice a year by the Board confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

2. Risk Management & Internal Control

The Board acknowledges their responsibility for the Company's system of risk management and internal control, which is designed to identify and manage the risks of the businesses of the Company, in pursuing of its objectives.

The system of risk management and internal control spans financial, operational and compliance aspects, particularly to safeguard the Company's assets and hence shareholders' investments.

In executing this responsibility, the Board via the AC and RMC and the outsourced internal audit function, has adopted procedures to monitor the ongoing adequacy and integrity of the system of risk management and internal control.

Information on the Company's system of risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

We maintain a regular policy of disseminating information that is material for shareholders' information via announcements made to Bursa Securities.

In compliance with the Listing Requirements, the Company releases timely financial information on a quarterly basis, which includes an overview of the performance of the Company.

In addition, the Company also put in place an electronic facility to enable communication with shareholders via its website which they can access to and obtain all information (operational, financial, corporate governance and investor relations aspects) on the Company by accessing this website.

All announcements made by the Company and information that are relevant to the shareholders and investors are available on the website.

The Group views that a constructive and effective investor relations function is essential in enhancing shareholders' value. During the financial year ended 30 June 2023, the Company organises Investors briefing on 2 September 2022, 1 December 2022, 1 March 2023, and 29 May 2023 to share our business profile, products, recent developments and future prospects of the Group's business with research analysts, fund managers and their sales team.

Investor briefings create valuable opportunities for the Company to meet with research analysts and fund managers to share our business updates that are relevant to the analyst coverage area and provide information for their research paper.

2. Conduct of General Meetings

The Annual General Meeting ("AGM") is the principal forum for two-ways interactions between the shareholders, the Board and the management team. The shareholders are encouraged and given sufficient opportunity to enquire about the Company's activities and prospects as well as to convey their expectations and concerns to the Board.

The Company conducted its last two (2) AGMs virtually in accordance with the Guidance Note issued by the Securities Commission and the Constitution of the Company which allows general meetings to be held virtually using technology or electronic means.

Each item of special business included in the Notice of Annual General Meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate evaluation of the proposed resolution.

Shareholders are encouraged to put forward their questions on the proposed resolutions tabled at the general meetings. Members of the Board, the external auditors, senior management and/or advisers of the Company are present to answer queries raised at the general meetings.

Pursuant to paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll via electronic voting. The explanatory note on the polling processes is included in the Administrative Details circulated to shareholders and the same will be explained at the AGM prior to shareholders casting their votes. An independent scrutineer will be appointed to validate the poll results.

The 47th AGM will be conducted entirely through live streaming from the broadcast venue. Hence, all the resolutions tabled at the forthcoming 47th AGM to be held on 11 December 2023 will be voted on by way of a poll.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *(cont'd)*

2. Conduct of General Meetings *(cont'd)*

The shareholders will be briefed on the voting procedures while the results of the poll will be verified by an Independent Scrutineer.

The minutes of the 47th AGM will be published on the Company's corporate website at www.scib.com.my as soon as practical after the conclusion of the AGM.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Company has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instill a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Statement was approved by the Board on 11 October 2023.



STATEMENT OF DIRECTORS' RESPONSIBILITY



The Board of Directors is required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to issue a statement explaining their responsibility for preparation of the annual audited financial statements.

The Directors are also required by the Companies Act, 2016 to prepare financial statements for each financial year which gives a true and fair view of the financial position of the Group and of the Company as at the financial year end and their financial performance and the cash flows for the financial year then ended.

The Directors considered that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2023 contained in this Annual Report, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also considered that all Malaysian Financial Reporting Standards and International Financial Reporting Standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016.

This Statement was approved by the Board on 11 October 2023.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee (“AC”) is pleased to present the AC Report for the financial year ended 30 June 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

COMPOSITION

AC was formed by the Board and the Committee members were appointed by the Board from amongst the Board members.

The AC comprises three (3) Members, all of whom are Independent Non-Executive Directors and Independent Directors with vast backgrounds and experience within the financial and/or audit industry, sitting on the audit committee.

The Chairman of AC is not the Chairman of the Board of Directors.

The resigned AC Chairman, Encik Mohd Shakir Bin Shahimi is a member of the Malaysian Institute of Accountants (“MIA”) and he has resigned as the Chairman of AC effective from 26 June 2023.

As of LPD, Mr. Kang Wei Luen has been appointed as the Chairman of AC effective from 2 August 2023.

The AC complies with the requirements set out in the AC and meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance (“MCCG”).

In accordance with the AC’s Terms of Reference (“TOR”), the Board has approved the adoption of the policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC.

The functions and authority of the AC extend to the Group and all its subsidiaries where management responsibility is vested in the Group.

TERMS OF REFERENCE (“TOR”)

The Terms of Reference of AC which defines the authorities, duties and responsibilities of the AC is continuously updated to reflect changes in laws, requirements and regulations.

The primary responsibility of the AC is to assist the Board in fulfilling its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems, internal audit and external audit functions.

The Terms of Reference of the AC are accessible by the public for reference, at the Group’s website at www.scib.com.my.

MEETINGS AND ATTENDANCE

As per the Terms of Reference, the AC shall meet at least on a quarterly basis with additional meetings convened as and when necessary.

During the financial year ended 30 June 2023, AC held eight (8) meetings on 8 July 2022, 25 August 2022, 14 October 2022, 29 November 2022, 23 February 2023, 22 March 2023, 6 April 2023, and 24 May 2023.

AUDIT COMMITTEE REPORT

(CONT'D)

MEETINGS AND ATTENDANCE *(cont'd)*

Details of attendance of members of AC in its meetings are as follows:

Members & Designation	Meeting Attendance
Mr. Kang Wei Luen Chartered Islamic Finance Professional Chairman / Independent Non-Executive Director <i>(Appointed as the Chairman on 02 August 2023)</i>	N/A
Encik Shamsul Anuar Bin Ahamad Ibrahim (FCCA, MIA) Member / Independent Non-Executive Director <i>(Appointed as the Chairman on 28 October 2015, retired on 28 February 2022, and reappointed as a member on 17 March 2022)</i>	8/8
Dr. Dang Nguk Ling Doctorate in Algal Biotechnology, Master Degree in Environmental Toxicology Member / Independent and Non-Executive Director <i>(Appointed as the member on 02 August 2023)</i>	N/A
Mr. Ku Chong Hong (Bachelor of Accounting (Hons), MIA) Chairman / Managing Director/CEO <i>(Appointed as the Chairman on 17 March 2022 and resigned as the Chairman on 15 September 2022)</i>	2/2
Encik Mohd Shakir Bin Shahimi (Bachelor of Accountancy (CA), MIA) Chairman / Independent and Non-Executive Director <i>(Appointed as the Chairman on 15 September 2022 and resigned as the Chairman on 26 June 2023)</i>	6/6
Encik Noor Azri Bin Dato' Sri Noor Azerai Bachelor of Finance Investment and Risk Member / Independent and Non-Executive Director <i>(Appointed as the member on 22 February 2023 and resigned as the member on 26 June 2023)</i>	4/4

The Group Managing Director/Chief Executive Officer ("GMD/CEO"), the Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and the Head of Corporate Service are the permanent invitees to the AC meetings, to provide input, advice and furnish appropriate relevant information, especially on audit issues and updates on the Group's operations.

In addition, relevant Management members of the respective auditees were invited to brief the AC on specific issues arising from the audit reports or on any matters of interest.

The external auditors also attend the AC meeting to present its Audit Planning Memorandum ("APM") for the financial year as well as result of the statutory audit conducted on the Group.

The Chairman of the AC would provide input on highlighting significant points of decisions and recommendations made by the AC to the Board for consideration and approval at the Board meetings.

During the financial year, the AC met the external auditors twice without the presence of the Management.

Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

The agenda and a set of meeting papers encompassing qualitative and quantitative information relevant to the business of the meeting are distributed to the AC members five (5) business days prior to the meeting dates.

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES

The AC executed the following activities during the financial year ended 30 June 2023:

Activities	Deliberation
Financial Reporting	<p>The AC reviewed the unaudited quarterly and half-yearly financial results as well as the annual audited financial statements of the Group.</p> <p>The review covers among others, an assessment of the appropriateness of the accounting policies applied.</p> <p>The AC had sought explanations and additional information from the Senior Management including the CFO on the reasons for the variances/fluctuations in the financial performance of the Group, including the key income and operating expenses.</p> <p>In reviewing the quarterly and annual financial results, the AC focused on the following:</p> <ul style="list-style-type: none"> • Profits contribution by domestic and overseas operations; • Profits contribution by business segments; • Trends on financial ratios such as liquidity ratios, receivables and payables turnover period, gearing ratios, Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA"), gross profit margin; net debt to EBITDA ratio and Inventories turnover period; and • Significant issues relating to the adoption of accounting policies and fiscal reporting.
External Audit	<ul style="list-style-type: none"> • AC reviewed and evaluated the External Auditor ("EA") audit plan for the financial year ended 30 June 2023. <p>EA's audit plan covers its engagement team, the concept of materiality, independence and objectivity, and the areas of audit emphasis.</p> <ul style="list-style-type: none"> • AC also reviewed key audit issues raised by EA from its annual audit in its management letter including Management's responses/actions taken on the resolution of such issues. • Reviews the written assurance provided by the external auditors in respect of their independence; and • Met with the external auditors twice without the presence of the GMD/CEO and Management during the year under review.
Internal Audit	<p>In its oversight over the Internal Audit Function, AC has performed the following:</p> <ul style="list-style-type: none"> • Approved the internal audit framework and the annual audit plan to ensure adequate scope and comprehensive coverage of the activities of the Group and ensured that all high-risk areas are audited at least annually. • AC reviewed and deliberated on the revisions made to the Internal Audit Charter and recommended the same to the Board for approval. • AC reviews and monitors the IA's performance, the progress of achievement of the approved annual audit plan and adequacy of audit coverage on a quarterly basis. • AC also reviewed and approved the action plans to address the competency gaps and audit methodology of the IA Function. • AC also monitored the progress of the corrective actions taken by Management to ensure appropriate remedial actions were taken on a timely basis to address all key areas of risk and control issues. <p>The Internal Audit Function reviewed the compliance with policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's system of internal control.</p> <p>Areas audited by the Internal Audit Function included audits on the various subsidiaries covering each division in the Group.</p>

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES (cont'd)

Activities	Deliberation
Internal Audit (cont'd)	<p>Internal Audit reports were issued to the AC regularly and tabled in the AC meetings. The report incorporated audit recommendations and Management's responses with regard to any audit finding on the weaknesses in the systems and controls of the operations. The Internal Audit Function also follows up with the Management on the implementation of the agreed audit recommendations and, if necessary, a follow-up audit will be carried out and reported to the AC.</p> <p>For the financial year under review, the AC noted that there was no significant disagreement between the Internal Audit Function and the Management.</p> <p>The Committee is supported by the Internal Audit Function in the discharge of its duties and responsibilities.</p>
Risk Management	The AC assists Risk Management Committee ("RMC") in overseeing the Group Risk Register and also deliberates on the risk exposures and the proposed mitigation plans, and reports to the Board.
Related Party Transactions ("RPT") & Recurrent Related Party Transactions ("RRPT")	<ul style="list-style-type: none"> Reviewed and discussed reports on RPT & RRPT and possible conflict of interest transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies, which are not more favourable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders. Monitored the threshold of the RPT and RRPT to ensure compliance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Group and its subsidiaries to enter into RRPT of the revenue or trading nature with related parties.
Annual Reporting	AC has reviewed and endorsed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control for the Board's approval and inclusion in the Annual Report 2023.
Solvency Assessment	The AC reviewed the solvency test undertaken by the Management which indicated that the Group is able to satisfy its debts within 15 months from the date of disbursement of dividend to ensure that the Group is solvent pursuant to Section 132(3) of the Companies Act, 2016.

INTERNAL AUDIT FUNCTION

AC is supported by the Internal Audit Function in the discharge of its duties and responsibilities. Internal Audit Function, as the third line of defence, checks for compliance with statutory/regulatory requirements, internal policies and procedures and reviews the internal control and governance procedures for adequacy and effectiveness.

In the Financial Year 2023, the Group has engaged Salihin Consulting Group Sdn. Bhd. ("SALIHIN"), as Internal Auditor to undertake a Risk Based Internal Audit Consultancy.

The general scope and responsibilities of the Internal Audit Function include but are not limited to, conducting reviews, examinations and evaluation of the adequacy and effectiveness of the Group's risk management processes, internal control assurance and corporate governance practices in carrying out assigned responsibilities to achieve the Group's stated mission and vision.

The total cost incurred by the Internal Audit Function in discharging its functions and responsibilities for the financial year 2023 amounted to RM167,207.94.

This Statement was approved by the Board on 11 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Board of Directors (“Board”) is firmly committed to maintaining a strong and sound risk management framework, as well as an efficient internal control system.

This Statement on Risk Management and Internal Control is issued in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and aligns with the principles outlined in the following:

- Malaysian Code on Corporate Governance 2021 – Principal B: Effective Auditing & Risk Management; and
- Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

In fulfilling its duty, the Board has instituted a continuous procedure to recognize, assess, and address the noteworthy risks encountered by the Group. This process is subject to continuous review. The Statement on Risk Management and Internal Control (“SORMIC”) delineates the extent and character of its risk management and internal control systems that were active during the financial year in review and up to the time of endorsing this statement for inclusion in the annual report.

The Board recognizes the risk management and internal control systems that offer substantial assurance in preventing the failure to achieve business objectives. However, the Board does not guarantee the absolute elimination of these risks. Therefore, these systems can provide only reasonable assurance against significant errors, fraudulent activities, or losses.

Management is entrusted with the responsibility of supporting the Board in executing risk management and control policies and procedures. This involves the identification and evaluation of the diverse risks that the Group encounters and the establishment of fitting internal controls to alleviate, manage, and oversee these risks effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RESPONSIBILITY OF THE BOARD, RISK MANAGEMENT AND AUDIT COMMITTEE

The details of roles and responsibility was mentioned in the Annual Report in Corporate Governance Overview Statement section, which summary of responsibility as follows:



Reviewing adequacy and integrity of SCIB's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.



The main responsibilities are to identify, assess, and monitor the Group key risks and continuously evaluate its risk management practices.

Risk Management also provide guidance to management on necessary resources and controls, review related party transactions and conflicts of interest, obtain Board approval for risk management plans, and report the status of approved risk management practices to the Risk Management Committee.



The main responsibilities are a thorough review is conducted on the Group for quarterly results and year-end financial statements. This review focuses on factors such as changes in accounting policies, significant events, the going concern assumption, and compliance with accounting standards and legal requirements. Additionally, the effectiveness of risk management, internal controls, and governance systems within SCIB and the Group are assessed, along with any instances of related party transactions or conflicts of interest that may arise.

RESPONSIBILITY OF THE MANAGEMENT

The Management is responsible for implementing all policies and procedures approved by the Board in relation to internal controls and risk.

Management's responsibilities include the following:

- Identify, evaluate and manage principal risks faced by the Group;
- Developing, implementing and monitoring systems, management of policies and procedures relevant to the business, including facilitating review by the executive on a regular basis; and
- Execution of the risk management policy;
- Update the Board via Risk Management Committee ("RMC") on the status of risks and controls on a regular basis.

RISK MANAGEMENT FRAMEWORK

An effective risk management system includes the necessity for an adequate risk assessment framework, the identification of internal controls for managing and mitigating these risks, the implementation of an efficient information and communication system, and a continuous process for monitoring the ongoing sufficiency and effectiveness of the risk management system.

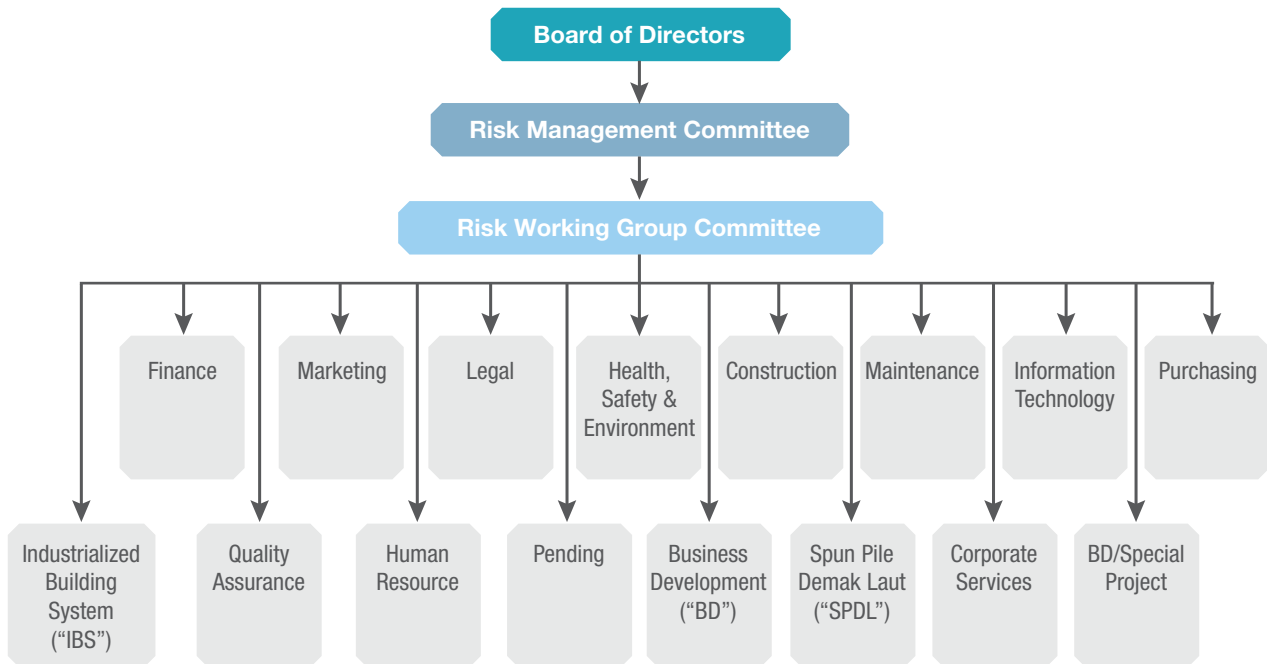
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (cont'd)

As such, the Board has implemented a Risk Management Framework within the Group in order to minimize the potential for undesired risk exposures for the benefit of shareholders and other stakeholders.

An overview of the Group's overall risk management framework is illustrated in the following:

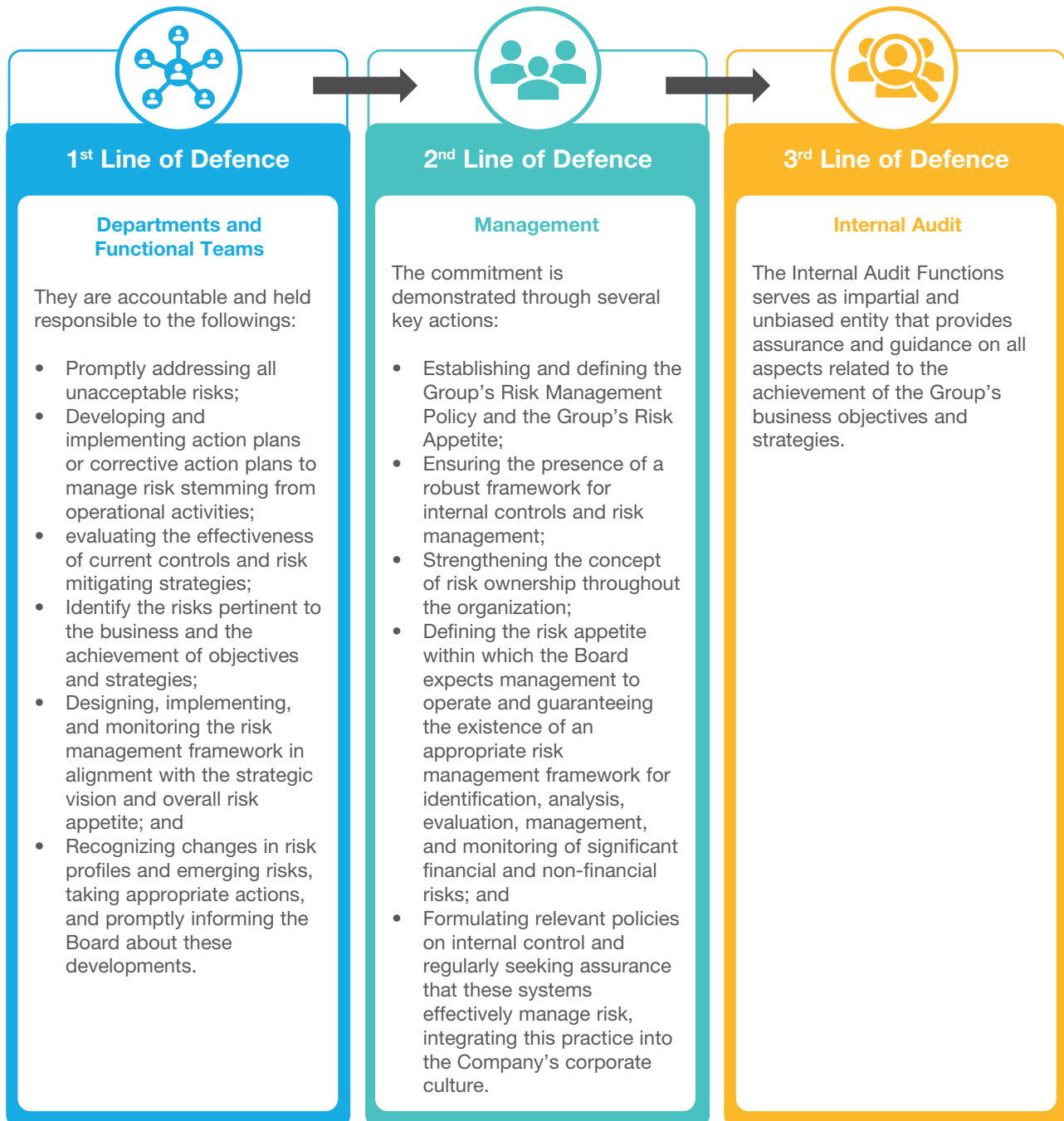


STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (cont'd)

The governance structure to manage the risk profiles allows the Group to have a “3rd Lines Model” that defines the relationship between these functions and facilitate strong governance and risk management function as follows:



In addition, the Group risk management framework has adequate insurance coverage and physical safeguards have been implemented for the Group’s assets to ensure comprehensive protection against any mishap that might lead to significant losses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (cont'd)

The Group's insurance policies include the following:

- Directors and Officers;
- Burglary;
- Money; and
- Public Liability.

As per the Risk Management Framework, the 13 risk elements were incorporated in the Risk Register and profile of the Group as follows:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK *(cont'd)*

In addition, the 16 risk owners incorporated in the risk register of the Group as follows:



INTERNAL CONTROL

The Audit Committee assesses the sufficiency and reliability of the Group's risk management and internal control system on behalf of the Board. The Committee, in collaboration with the Internal Auditors, conducts structured and systematic audit reviews in accordance with the guidelines outlined in the International Professional Practice Framework ("IPPF") established by the Institute of Internal Auditors.

The overview of the Group's internal control is illustrated as follows:



The Internal Auditors conducted audits to evaluate the efficiency of the Group's risk management, internal controls, anti-corruption measures, Whistleblowing procedures, and governance processes, as well as the level of adherence to the Group's operational policies and procedures. Any identified weaknesses or shortcomings in the internal control processes resulting from these audits are reported to the Audit Committee. This role provides valuable insights for the Audit Committee to determine potential corrective measures for enhancing the deficiencies in risk management and control systems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

The Internal Auditors conduct reviews of the Group's financial and operational activities in accordance with an annual plan that is presented to and sanctioned by the Audit Committee. Internal Audit operations are executed impartially, and their reports are submitted directly to the Audit Committee, ensuring independence from the Group's management and the areas they assess.

The key elements framework of the internal control system of the Group are as follows:

NO.	ELEMENT	SEGMENT	DELIBERATION
1	Authority & Responsibility	Terms of Reference	<p>The Board has assigned specific duties to various Board Committees, each with well-defined and approved Terms of Reference that are subject to periodic reviews as necessary.</p> <p>These committees include:</p> <ol style="list-style-type: none"> 1. Audit Committee ("AC"); 2. Risk Management Committee ("RMC"); 3. Remuneration and Nomination Committee ("RNC"); and 4. Investment Committee ("IC"). <p>In addition, a C-Suite Committee ("C-Suite") has been established to ensure the alignment of day-to-day business operations with the corporate objectives, strategies, business plans, and budgets as endorsed by the respective Boards including addressing issues emanating from both the external business environment and internal operational conditions.</p>
		Organisational Structure & Limit of Authority	<p>The Group has an organizational structure with clearly defined lines of authority and accountability, ensuring a distinct segregation of functions, roles, and responsibilities to ensure effective control across various levels of the Group.</p> <p>The Management is entrusted with the implementation of the Group's strategies and overseeing day-to-day operations within the established structural framework.</p> <p>The organizational structure undergoes periodic reviews to adapt to changes in the business environment and stay aligned with emerging trends in new technologies, products, and services.</p> <p>Furthermore, the Group has implemented a Limit of Authority framework, which supports good corporate governance and prudent control of risk and investment management.</p> <p>Under this framework, the Board retains authority over specific matters such as establishing new businesses, approving annual strategic plans, major capital expenditures, significant acquisitions or divestitures, borrowings, and corporate restructuring decisions.</p>
		Level of Authority	<p>The Group has instituted a Level of Authority framework which was endorsed by the Board and will undergo periodic reviews to ensure it accurately represents the authority and authorization levels of Management across all facets of the Group's major business operations and functions.</p> <p>The Level of Authority of the Group clearly outlines which individuals are authorized to initiate, submit, reconcile, view, or approve various types of transactions within the Group.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

NO.	ELEMENT	SEGMENT	DELIBERATION
		Compliance Environment	<p>Each division and business unit within the Group has established an adequate compliance environment by instituting specific and dedicated personnel responsible for overseeing compliance matters related to its respective business and operations.</p> <p>Furthermore, internal audit reviews are conducted at regular intervals to monitor adherence to laws, regulations, procedures, and policies.</p> <p>In addition to these measures, the Head of the Division provides legal counsel to the Board and Management on all legal matters which is supported by the advice from the legal team or external panel lawyer if deemed necessary and plays a central role in ensuring the Group's interests are legally protected and safeguarded.</p> <p>The Board is consistently kept informed through reports whenever new legislations are introduced, there are updates to business terms, or changes occur in existing laws relevant to the Group.</p>
2	Planning, Monitoring & Reporting	Budget	<p>The Group has conducted extensive budgeting and forecasting procedures that encompass all its divisions to closely monitor the overall performance of the Group.</p> <p>These budgeting and forecasting activities are thoroughly reviewed and authorized by the Board prior to their implementation.</p> <p>The Finance Division lead by the Chief Financial Officer ("CFO") coordinates and monitors the monthly performance results of the operational units by comparing actual financial performance against the budgeted figures and key business indicators, and highlights.</p> <p>These monthly performance results are presented to the Board of Directors on a quarterly basis.</p>
		Performance Review & Measurement	<p>The Group's performance, inclusive of the budget and forecast, were deliberated to the Board on a quarterly basis where, the Management thoroughly analyses and highlights any discrepancies between the budget and forecast when compared to the actual performance, for notification to the Board for their consideration and further action on potential revise on the budget and forecast based on the insights provided.</p>
		Finance Function	<p>The Finance Function has a responsibility to furnish the AC with assurance that the Group has adopted and consistently applied appropriate accounting policies, the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements is appropriate, and ensure that prudent judgments and reasonable estimates have been made in accordance with the requirements outlined in the established and adopted Financial Reporting Standards.</p> <p>The financial performance and liquidity position of the Group are closely monitored through quarterly reports.</p>
		Employees' Competency	<p>The Group's objectives and plans are regularly communicated to ensure that all employees receive clear and effective guidance.</p> <p>Additionally, training and development programs are identified and scheduled for employees to acquire the required knowledge, skills, and core competencies.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

NO.	ELEMENT	SEGMENT	DELIBERATION
3	Policies & Procedures	Standard Operation Policies & Procedures	<p>The Group has internally developed a comprehensive set of policies and procedures.</p> <p>These policies and procedures are designed to support the Group's internal control framework, ensuring compliance with both internal controls and relevant laws and regulations.</p> <p>They undergo periodic reviews and updates throughout the year in response to changes in operational needs, alterations in the business environment, or shifts in regulatory requirements.</p> <p>Approval for these updates is sought from the Boards, relevant board committees, or management committees.</p> <p>These policies and procedures encompass standard operating practices and guidelines, which pertain to operational planning, capital expenditure, protection of assets from unauthorized use or disposition, maintenance of financial and accounting records, reporting systems, and monitoring of the Group's businesses and performance.</p> <p>The Executive Directors play an active role in the Group's business operations, including participation in operational and management-level meetings to ensure ongoing monitoring and adherence to the Group's policies and procedures.</p>
		Employees' Code of Conduct	<p>The Employees' Code of Conduct is readily available to all employees, and they are obligated to strictly adhere to it as it is crucial for maintaining a high level of discipline and fostering a positive attitude while carrying out their responsibilities.</p> <p>All employees bear the responsibility of upholding and practicing the Code of Conduct as an integral part of their commitment to achieving the Group's overall objectives.</p> <p>The Code of Conduct serves as a guiding document for employees, promoting discipline and a positive mindset as they perform their duties.</p>
		Whistleblowing Policy, Code of Conduct, Anti-Corruption and Bribery Policy	<p>The Group is unwavering in its commitment to conducting its business and operations with the highest ethical, moral, and legal standards. To reinforce this commitment, the Group has established several key policies, including the Whistleblowing Policy, Code of Conduct, and Anti-Corruption and Anti-Bribery Policy.</p> <p>These policies have received approval from the Board and serve as channels through which employees or external parties can safely and confidentially report any breaches or suspected breaches of laws, regulations, business principles, or the Group's internal policies and guidelines.</p> <p>These policies are readily accessible on the Group's website, ensuring transparency and ease of reference for all stakeholders.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

NO.	ELEMENT	SEGMENT	DELIBERATION
4	Audit	Internal Audit	<p>The internal audit function holds the responsibility of identifying any instances of non-compliance with policies, procedures, regulations, and standards.</p> <p>In the event of any irregularities or significant findings, the internal audit function promptly reports them to the AC, along with recommendations for corrective actions.</p> <p>It is the responsibility of the Management to oversee and ensure that these recommended corrective actions are implemented within the specified time frame.</p>
		External Audit	The External Auditors present their comprehensive plan to AC for deliberation and approval, which includes planned audit services, recurring non-audit services, and non-recurring non-audit services.
		Certification Audit	The audit was conducted on a scheduled basis by Certification Bodies to secure ongoing certification from both local and international accrediting organizations.
		Audit Committee	The Audit Committee reviews the audit findings reported by both the Internal Auditors and External Auditors to assess the adequacy and effectiveness of the risk management and internal control systems.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In compliance with Paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have undertaken a limited assurance engagement on this Statement of Risk Management and Internal Controls.

The External Auditors conducted a review of this Statement on Risk Management and Internal Control within the scope specified in Audit and Assurance Practice Guide 3, "Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report" ("AAPG 3"). AAPG 3 is issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Group's annual report for the year ended June 30, 2023.

The External Auditors reported to the Board that nothing has come to their attention that would lead them to believe that the statement intended to be included in the Annual report of the Group, in all material respects:

- has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon.

RISK MANAGEMENT ASSURANCE AND REVIEW

The Group Managing Director/ Chief Executive Director ("GMD/ CEO"), Group Executive Director, the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO") have affirmed to the Board and Audit Committee that the Group's risk management and internal control systems are functioning suitably and effectively in all significant aspects, ensuring the attainment of its business goals. After reviewing the sufficiency and efficiency of the Group's risk management and internal control framework, and considering the assurance provided by the Management Team, the Board is of the view that the system in place is satisfactory and capable of safeguarding shareholders' investments and the Group's assets.

Thus, the Group will continue recognizing, assessing, and overseeing significant risks while implementing measures to enhance the internal control and risk management framework.

This Statement received approval from the Board of Directors on 11 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT FEES AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the External Auditors by the Group and the Company for the financial year ended 30 June 2023 are as follows:

SERVICES	COMPANY (RM)	GROUP (RM)
Audit Fees	85,000	378,858
Non-Audit Fees	13,000	13,000

Services rendered by the External Auditors are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

2. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

On 11 January 2023, the Company proposed to undertake a private placement of issuance of up to 10% of the total number of issued shares of the Company or equivalent to 82,722,252 new ordinary shares of the Company to third party investor(s) to be identified later, pursuant to Section 75 and 76 of the Companies Act, 2016 ("The Act").

On 12 April 2023, 25,000,000 new ordinary shares were issued at an issue price of RM0.1078 per share. On 19 June 2023, 33,203,753 new ordinary shares were issued under this corporate proposal at an issue price of RM0.3031 per share.

On 6 September 2023, the Company announced that the private placement is deemed completed and the Company has decided not to place out the remaining shares under the private placement.

The total gross proceeds raised from Private Placement 3.0 is RM12.76 million. The status of the utilization of the said gross proceeds as at the latest practical date ("LPD") (11.10.2023) is set out as below: -

Description	Estimated timeframe for utilization of proceeds from the date of listing of the placement shares*	Proposed Utilisation			Balance RM'000
		Maximum Scenario# RM'000	Based on Actual Proceeds RM'000	Actual Utilisation RM'000	
Working capital ⁽ⁱ⁾	Within 12 months	3,500	3,753	3,753	-
Repayment of bank borrowings ⁽ⁱⁱ⁾	Within 12 months	7,077	8,859	8,859	-
Estimated expenses for the Proposed Private Placement ⁽ⁱⁱⁱ⁾	Within 3 months	400	147	147	-
Total proceeds		10,977	12,759	12,759	-

Notes:

* From the date of listing of the Placement Shares.

Assuming all of the 245,184,997 outstanding Warrants as at 30 December 2022 are exercised prior to the implementation of the Private Placement.

(i) The Company intends to utilise part of the proceeds to be raised from the Proposed Private Placement for payroll (staff salary) to supplement the existing working capital of the Group and to help improve the cash flow of the Group.

(ii) The Company proposes to utilise up to approximately RM7.077 million of the proceeds to reduce the bank borrowings (banker's acceptance) of SCIB Group. The excess in the actual proceeds as compared to the maximum scenario was due to differences in the issue price, the proceeds will be allocated to repayment of bank borrowings.

(iii) This includes payment of fees to Bursa Securities, adviser and placement agent. Any deviation in the actual amount of expenses for the Proposed Private Placement will be adjusted accordingly to/from the working capital of SCIB Group.

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

3. MATERIAL CONTRACTS OR LOANS WITH RELATED PARTIES

There were no material contracts or loans entered by the Company and its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

At the 46th Annual General Meeting of the Company held on 8 December 2022, the Company did not propose renewal or new shareholders mandate for recurrent related party transactions.

