

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

PROPOSED ACQUISITION OF A PARCEL OF LAND TOGETHER WITH TWO (2) UNITS OF INDUSTRIAL BUILDINGS ERECTED THEREON SITUATED AT SEJINGKAT INDUSTRIAL PARK, KUCHING AND DESCRIBED AS LOT 830, BLOCK 7 MUARA TEBAS LAND DISTRICT BY SCIB CONCRETE MANUFACTURING SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF SCIB (“SCIBCM”) FROM REIGNVEST CORPORATION SDN BHD (“RCSB”) FOR A CASH CONSIDERATION OF RM8,236,000 (“PROPOSED ACQUISITION”)

1. INTRODUCTION

The Board of Directors of SCIB (“**Board**”) wishes to announce that SCIBCM, a wholly owned subsidiary of SCIB, had on 24 January 2019 entered into a sale and purchase agreement (“**SPA**”) with RCSB, for the Proposed Acquisition.

RCSB is a company related to the directors and major shareholders of SCIB, namely, YBhg Tan Sri Datuk Amar (Dr) Hamid Bin Bugo (“**Tan Sri Hamid Bugo**”) and Rewi Hamid Bugo.

In view of the interests of the above-mentioned directors and major shareholders of SCIB in the Proposed Acquisition, the Proposed Acquisition is a related party transaction under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

Further details of the Proposed Acquisition are set out in the ensuing sections.

2. THE PROPOSED ACQUISITION

2.1 Details of the Proposed Acquisition

The Proposed Acquisition involves the acquisition of a parcel of land together with two (2) units of industrial buildings erected thereon situated at Sejingkat Industrial Park, Kuching measuring approximately 2.793 hectares and described as Lot 830 Block 7 Muara Tebas Land District, (“**Property**”) for a total cash consideration of RM8,236,000 (“**Purchase Consideration**”).

For information purposes, SCIB had entered into a sale and purchase agreement on 8 March 2007 with RCSB for the disposal of the Property to RCSB for a sale consideration of RM7,500,000 (“**Disposal by SCIB**”). Upon completion of the Disposal by SCIB on 7 May 2007, SCIBCM had then entered into a Memorandum of Sublease (“**MOS**”) dated 25 May 2007 with RCSB to sublease the Property from RCSB at a monthly rental of RM60,000 for a lease period of fifteen (15) years commencing from 1 June 2007 and expiring on 31 May 2022. The rationale for the sale and leaseback arrangement was, amongst other, to raise funds for SCIB and its subsidiaries (“**SCIB Group**” or “**Group**”) to meet its working capital requirements and to reduce the SCIB Group then bank borrowings.

At the time of signing the MOS, RCSB was owned by third parties, namely, Puan Norlela Binti Mohamad Ali and Tuan Haji Mohamad Ali Bin Salleh. RCSB was subsequently sold to Sego Holdings Sdn Bhd which is owned by Tan Sri Hamid Bugo and his immediate family on 15 December 2008. Please refer to Section 2.3 of this Announcement for further details of RCSB.

2.2 Details of the Property

The details of the Property pursuant to the Proposed Acquisition to be acquired are as follows:-

Postal Address	Lot 830, Jalan Demak Laut 3, Demak Laut Industrial Park Phase 1, Jalan Bako, 93050 Kuching Sarawak
Description	Land together with two (2) units of industrial buildings erected thereon situated at Sejingkat Industrial Park, Kuching measuring approximately 2.793 hectares and described as Lot 830 Block 7 Muara Tebas Land District”
Land tenure	60 years leasehold expiring on 17 August 2053
Land area	Approximately 2.793 hectares more or less (6.90 acres)
Total built-up area of the buildings	5,504.6 square metres (59,250.6 square feet)
Approximate age of building	13 years
Market value as appraised by the independent registered valuer, VPC Alliance (Malaysia) Sdn Bhd (“Valuer”)	RM15,000,000
Encumbrances *	Charged to Public Bank Berhad (“PBB”) for RM5,500,000 vide Memorandum of Charge registered as Instrument No. L.9400/2007 on 08.05.2007 with the Kuching Land Registry office (includes Caveat) (“PBB Charge”)

Note:-

* The sum payable to PBB to redeem the Property (“**Redemption Sum**”) will be settled by RCSB from part of the Purchase Consideration prior to the completion of the Proposed Acquisition. Please refer to 2.5.4 of this Announcement for further details.

The cost of investment to RCSB for the Property was RM7.5 million at the time of acquisition on 8 March 2007.

2.3 Background information on RCSB

RCSB was incorporated in Malaysia on 22 July 1987 under the Companies Act 1965 as a private limited company. RCSB is principally an investment holding company.

As at 18 January 2019, being the latest practicable date prior to this Announcement (“**LPD**”), the total issued capital of RCSB is RM100,000. The shareholders and directors (all of whom are Malaysians and children of Tan Sri Hamid Bugo) including their shareholdings in RCSB as at the LPD are as follows:-

Directors and shareholders	Direct		Indirect	
	No. of RCSB Shares	%	No. of RCSB Shares	%
<u>Shareholders</u>				
Sego Holdings Sdn Bhd	72,500	72.5		
Tan Sri Hamid Bugo	-	-	72,500 ^(a)	72.5
<u>Directors and shareholders</u>				
Rewi Hamid Bugo	27,500	27.5	72,500 ^(a)	72.5
Rahim Hamid Bugo	-	-	72,500 ^(a)	72.5
Roana Hamid Bugo	-	-	72,500 ^(a)	72.5

Note:-

(a) Deemed interested by virtue of his/her substantial shareholding in Sego Holdings Sdn Bhd

2.4 Basis and justification at arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing buyer-willing seller basis based on a predetermined formula set out in the MOS and after taking into consideration the market value of RM15,000,000.00 for the Property as appraised by the Valuer.

The Purchase Consideration represents a discount of RM6,764,000 or approximately 45% of the market value of the Property of RM15,000,000.

The Purchase Consideration will be settled in accordance with the milestones as detailed in Section 2.5.3 of this Announcement.

2.5 Salient Terms of the SPA

The salient terms of the SPA include, among others, the following:

2.5.1 Agreement to Sell and Purchase

Subject to the Conditions Precedent (as detailed in Section 2.5.2(1) of this Announcement) being fulfilled, SCIBCM has agreed to purchase and RCSB has agreed to sell the Property free from all encumbrances at the Purchase Consideration.

2.5.2 Conditions Precedent

- (1) The SPA is conditional upon the following being fulfilled within six (6) months from the date of the SPA ("**Conditional Period**"):-
 - (a) the completion of a legal due diligence review to be conducted on the Property to the satisfaction of SCIBCM;
 - (b) consent in writing of the Director of Lands and Surveys being obtained for the transfer of the Property to and in favour of SCIBCM in compliance with the restriction in interest expressed in the issue document of title to the Property;
 - (c) the approvals of the board of directors and the shareholders of RCSB in general meeting being obtained on the disposal of the Property at the Purchase Consideration and upon the terms set out in the SPA;
 - (d) the approval of the board of directors and the shareholders of SCIBCM being obtained on the acquisition of the Property at the Purchase Consideration and upon the terms set out in the SPA; and
 - (e) the approval of the shareholders of SCIB in general meeting being obtained on the Proposed Acquisition at the Purchase Consideration and upon the terms set out in the SPA,

hereinafter collectively referred to as "**Conditions Precedent**".

- (2) If any of the Conditions Precedent is not fulfilled within the Conditional Period, RCSB and SCIBCM may mutually agree in writing to extend the Conditional Period to an extended period as may be necessary to fulfil the remaining Conditions Precedent whether with or without conditions, and such extended period shall then be referred to as the "**Extended Conditional Period**".

- (3) The date of the fulfilment of the last of the Conditions Precedent shall be the “**Effective Date**”.
- (4) If the Conditions Precedent are not fulfilled within the Conditional Period or the Extended Conditional Period, as the case may be, the following will take place:
 - (a) RCSB shall refund all monies paid by SCIBCM to RCSB, including the Deposit (as detailed in Section 2.5.3(2) of this Announcement), free of interest; and
 - (b) the SPA shall be deemed to be terminated and of no further force or effect and neither RCSB nor SCIBCM shall have any further rights under the SPA except for any obligation which is expressed to apply after the termination of the SPA and any rights or obligations which were accrued arising from any breach of the SPA prior to such termination.
- (5) If all the Conditions Precedent have been fulfilled, RCSB shall be required to proceed with the completion of the sale and purchase transaction of the Property within the time and in the manner set out in the SPA and shall not be at liberty to rescind the SPA as monetary compensation shall not be adequate compensation to SCIBCM. If RCSB’s decision not to proceed with the completion is due to the condition precedent in Section 2.5.2(1)(b) or (c) of this Announcement not being fulfilled, RCSB and SCIBCM shall amicably use their best endeavours to re-negotiate for an alternative solution within 3 months.

2.5.3 Payment of Purchase Consideration

- (1) The Purchase Consideration shall be paid by SCIBCM to RCSB at the time and manner as prescribed below:

Milestone	%	Amount (RM)
1. Immediately upon signing of the SPA	10%	823,600
2. Within three (3) months from the Effective Date	90%	7,412,400
Total	100%	8,236,000

- (2) The sum of RM823,600 representing 10% of the Purchase Consideration (“**Deposit**”), shall be paid to RCSB without deductions upon the execution of the SPA.

From the sum of RM7,412,400 representing 90% of the Purchase Consideration (“**Balance Sum**”) SCIBCM shall:

- (a) retain RM247,080 representing 3% of the Balance Sum to pay to the Inland Revenue Board of Malaysia for contingent real property gains tax arising from the disposal of the Property by RCSB of which such payment shall be deemed to be part of the Purchase Consideration; and

- (b) release such sum as shall be sufficient to settle the Redemption Sum to PBB.

Thereafter, the remaining of the Balance Sum shall be released to RCSB less the apportioned lawful outgoings accrued in respect of the Property, upon the registration of the discharge of the PBB Charge and the Memorandum of Transfer affecting the Property to and in favour of SCIBCM ("**Memorandum of Transfer**") by the Kuching Land Registry office.

- (3) If SCIBCM shall be unable to pay the Balance Sum within three (3) months from the Effective Date ("**Completion Period**") for whatever reasons, SCIBCM shall be automatically entitled to an extension of one (1) month from the expiry of the Completion Period ("**Extended Completion Period**") subject to an interest of eight per centum (8%) per annum on the Balance Sum or such part thereof calculated from the expiry of the Completion Period until full payment thereof, to effect payment of the Balance Sum.

2.5.4 Redemption of PBB Charge

- (1) The Vendor shall immediately upon the Effective Date, request PBB to issue and deliver a valid redemption statement cum letter of undertaking to SCIBCM or SCIBCM's financier ("**Redemption Statement**") to:
 - (a) deliver the redemption documents to SCIBCM or to SCIBCM's financier upon payment of the sum necessary or redeem the Property as reflected in the Redemption Statement ("**Redemption Sum**") to PBB; and
 - (b) refund any monies received by PBB towards payment of the Redemption Sum to SCIBCM in the event that the discharge of the PBB Charge cannot be registered for any reasons whatsoever provided that the redemption documents are returned to PBB with its interest intact.
- (2) SCIBCM shall settle the Balance Sum to SCIBCM's solicitors as stakeholder as soon as the Redemption Statement is issued by PBB so as to enable SCIBCM's solicitors to release such amount as shall be sufficient to pay the Redemption Sum to PBB on or before the due date of payment of the Redemption Sum as shall be stipulated in the Redemption Statement and accordingly, to complete the Proposed Acquisition within the Completion Period or the Extended Completion Period, as the case may be.
- (3) If the Redemption Sum is greater than the Balance Sum, RCSB shall pay the difference between the Redemption Sum and the Balance Sum to PBB.

2.5.5 Non-registration of Transfer

- (1) If the Memorandum of Transfer shall be rejected from registration due to the existence of any caveats, orders or any other encumbrances or for any other reasons whatsoever, not due to the fault, default, neglect, act or omission of RCSB or SCIBCM, then SCIBCM shall be entitled to require RCSB to unconditionally refund to SCIBCM, the Deposit and all monies so paid by SCIBCM under the SPA, if any, free of interest and upon such refund, the SPA shall be null and void and neither RCSB nor SCIBCM shall then have any claims against each other save and except for any breach of the SPA

prior to such termination. Against such refund, SCIBCM shall withdraw any private caveat lodged against the Property by SCIBCM.

- (2) Notwithstanding the generality of the provisions stated in the preceding paragraph (1) above, RCSB and SCIBCM agree that subject to the observance of all the terms and conditions of the sublease pursuant to the MOS by SCIBCM, including without limitation the payment of rental to RCSB, SCIBCM shall be entitled to continue with the sublease and to occupy the Property as a sublessee under the MOS.
- (3) RCSB shall, other than the claim for refund of monies stated above, have no claims whatsoever against SCIBCM in respect of the Property.

2.5.6 Delivery of Possession and Completion

- (1) Possession of the Property has been delivered to SCIBCM as the registered sublessee upon commencement of the MOS and SCIBCM has been occupying the Property since then.
- (2) The Proposed Acquisition shall be completed on the date upon which the Memorandum of Transfer is accepted for registration by the Kuching Land Registry office as shall be evidenced by the allocation of instrument number for registration under Form L and the payment of the Balance Sum is made by SCIBCM to RCSB ("**Completion Date**").
- (3) Upon the completion of the Proposed Acquisition on the Completion Date, SCIBCM shall cease to pay rental to RCSB under the MOS and the existing sublease arrangement of the Property between SCIBCM and RCSB under the MOS shall cease.

2.5.7 Termination by SCIBCM

- (1) SCIBCM is entitled to terminate the SPA by way of a written notice to RCSB ("**SCIBCM Termination Notice**") on or before the Completion Date, such termination to be effective from the date of the SCIBCM Termination Notice, if any of the following occur after the execution of the SPA but before the Completion Date:
 - (a) RCSB refuses or is unable to complete the sale and transfer of the Property through no fault of SCIBCM;
 - (b) RCSB fails to execute and deliver to SCIBCM the Memorandum of Transfer and such other documents as are necessary to register the transfer of the Property to SCIBCM;
 - (c) there is a breach of the warranties given of RCSB, which cannot be remedied to the satisfaction of SCIBCM within 14 business days or any other period as otherwise agreed by SCIBCM;
 - (d) there is a material breach of any terms or conditions of the SPA or a failure to perform or observe any undertaking or obligation in the SPA by RCSB which RCSB has refused or is unable to remedy within 14 business days from the date of receipt of the notice of the breach by RCSB from SCIBCM; or
 - (e) there is an order made or resolution passed, or analogous proceeding taken for the winding up or dissolution of RCSB or if RCSB is deemed unable to pay its debts under Section 466(1) of the

Companies Act, 2016 or has a receiver and manager appointed over all or a substantial part of its undertakings and assets.

- (2) Termination takes effect from such date stated in the SCIBCM Termination Notice where:
 - (a) RCSB shall refund to SCIBCM all monies paid by SCIBCM;
 - (b) RCSB shall pay SCIBCM a sum equivalent to the Deposit as agreed pre-estimated liquidated damages;
 - (c) SCIBCM shall return all documents pertaining to the Property to RCSB for cancellation;
 - (d) SCIBCM shall withdraw the caveat lodged against the Property,and thereafter, neither party shall have any claims against the other party.

2.5.8 Termination by RCSB

- (1) If SCIBCM fails, refuses or is unwilling to pay the Purchase Consideration or any part thereof or is unable to complete the Proposed Acquisition through no fault of RCSB after the execution of the SPA but before the Completion Date, RCSB is entitled to terminate the SPA by way of a written notice to SCIBCM ("**RCSB Termination Notice**") on or before the Completion Date.
- (2) Termination takes effect from such date stated in the RCSB Termination Notice where:
 - (a) the Deposit shall be forfeited to RCSB as agreed pre-estimated liquidated damages;
 - (b) all other monies received by RCSB as part of the Purchase Consideration (except for Deposit) shall be returned free of interest to SCIBCM;
 - (c) SCIBCM shall return all documents pertaining to the Property to RCSB for cancellation;
 - (d) SCIBCM shall withdraw the caveat lodged against the Property at the cost and expenses of SCIBCM,and thereafter, neither party shall have any claims against the other party.
- (3) Notwithstanding the general provisions on termination above, if all the Conditions Precedent have been fulfilled, RCSB shall be obliged to proceed to complete the Proposed Acquisition within the time and in the manner set out in the SPA, failing which, SCIBCM shall have the option to seek the remedy of specific performance of the SPA under the Specific Relief Act 1950.

2.5.9 Mutual Termination

Without prejudice to the general provisions above on the rights of termination, RCSB and SCIBCM may mutually agree to terminate the SPA before the Completion Date at the election of either RCSB or SCIBCM where:

- (a) RCSB shall refund to SCIBCM all monies which may have been paid by SCIBCM to RCSB under the SPA, if any;
 - (b) SCIBCM shall return all documents pertaining to the Property to RCSB for cancellation;
 - (c) SCIBCM shall withdraw the caveat lodged against the Property,
- and thereafter, neither party shall any claims against the other party.

2.6 Liabilities to be Assumed

There will be no liabilities, including contingent liabilities and guarantees, to be assumed by SCIBCM pursuant to the Proposed Acquisition.

2.7 Source of Funding

The Proposed Acquisition shall be funded by a combination of bank borrowings (85%) and internally generated funds (15%).

3. RATIONALE AND PROSPECTS FOR THE PROPOSED ACQUISITION

Pursuant to the MOS, SCIBCM was granted with an option to purchase the Property before the end of the lease period based on a pre-determined formula provided in the MOS.

Taking into consideration the market value of the Property of RM15,000,000, the Board is of the opinion that the Proposed Acquisition is timely as the Purchase Consideration represents a substantial discount to the market value of the Property.

In addition, based on discounted cashflow model, there is a potential saving of approximately RM5.7 million pursuant to the Proposed Acquisition as compared to the continuation of the lease until May 2032.

Over the years, the SCIB Group had benefited from the various infra-structure projects in the State of Sarawak, such as, the Pan Borneo Highway project, as the Group was one of the major suppliers of construction materials for these projects. The Proposed Acquisition will allow SCIBCM to have full control of the Property to facilitate any future expansion plan, when required.

4. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION

Save as disclosed below which are by no means exhaustive, the Board does not foresee any other additional risks arising from the Proposed Acquisition given that the SCIB Group is already involved in the business of manufacturing of concrete products for the construction, infrastructure and property development sectors:-

4.1 Business Risks of the manufacturing of concrete products industry

The nature of SCIB's products is subject to certain risks inherent in the infrastructure, construction and property development industries. These include but not limited to, shortages of labour, i.e. skilled designers, engineers and technicians, increase in cost of labour, entry of new players from Peninsula Malaysia and changes in general economic and business conditions. Even though infrastructure, construction and property development industries in Sarawak still remained positive, there is no assurance that the recovery will be sustainable.

4.2 Non-Completion Risk of the Proposed Acquisition

The completion of the Proposed Acquisition is subject to certain conditions such as the approvals from the non-interested shareholders of SCIB and from the relevant authorities (if any). In the event any of the conditions precedent as set out in Section 2.5.2 of this Announcement is not fulfilled and/or in the event an extension of time is not agreed upon between the parties to the SPA, the SPA will be terminated and become null and void. As such, the rationale and prospects to be realised from the Proposed Acquisition will not materialise.

SCIBCM however will take all reasonable and necessary steps to ensure that all the conditions precedent are met to ensure the completion of the Proposed Acquisition to realise the benefits to the SCIB Group as detailed in Section 3 and Section 5.2 of this Announcement.

4.3 Non-Compliance with the Approved Usage of Industrial Building

The usage of one of the industrial buildings is different from the usage stated in the approved occupation permit. Although steps have been taken to rectify the irregularity, there can be no assurance that the ratification will be approved by the relevant authorities. In the unlikely event that the ratification is not approved, SCIBCM will take the necessary steps to revert to the original usage as approved in the occupation permit.

4.4 Compulsory land acquisition

The State Government of Sarawak is empowered under the Sarawak Land Code to compulsorily acquire any land in Sarawak. In the event that the State Government of Sarawak compulsorily acquires the Property, the risk to the SCIB Group may be mitigated by the compensation awarded by the State Government of Sarawak for such compulsory acquisition. Pursuant to the Sarawak Land Code, the market value of the land shall be taken into consideration in determining the amount of compensation to be awarded for any land resumed by the State of Government of Sarawak. However, the risk of compulsory acquisition of the Property is mitigated by the fact that presently, the Property is not subject to any compulsory acquisition notifications issued under the Sarawak Land Code.

5. EFFECTS OF THE PROPOSED ACQUISITION

5.1 Share Capital and Substantial Shareholders' Shareholding

The Proposed Acquisition will not have any effect on the share capital and the substantial shareholders' shareholding of SCIB as the Proposed Acquisition does not involve any issuance of SCIB shares.

5.2 Earnings and Earnings Per Share ("EPS")

The Proposed Acquisition is not expected to have any material effect on the earnings and EPS of the SCIB Group for the financial year ending 31 December 2019.

5.3 Net Assets (“NA”) and Gearing

The effects of the Proposed Acquisition on the NA and gearing of the SCIB Group (based on cost method) are set out below:-

	Audited 31 December 2017 (RM'000)	After Proposed Acquisition (RM'000)
Share Capital	85,913	85,913
Accumulated Losses	(27,057)	(27,307) ⁽ⁱ⁾
Shareholders' Funds	58,856	58,606
No. of Shares ('000)	85,883	85,883
NA per Share (RM)	0.69	0.68
Total borrowings	23,830	30,830 ⁽ⁱⁱ⁾
Gearing Ratio	0.28	0.34 ⁽ⁱⁱⁱ⁾

Notes:

- (i) After deducting the estimated one off corporate exercise expenses in relation to the Proposed Acquisition of approximately RM250,000.
- (ii) After incorporated the estimated additional bank borrowings of RM7,000,000 to finance the Proposed Acquisition.
- (iii) Calculated based on total borrowings / (shareholders' funds + total borrowings).

6. APPROVALS REQUIRED

The Proposed Acquisition is conditional upon the following approvals being obtained:

- (a) shareholders of SCIB at an Extraordinary General Meeting (“EGM”) to be convened; and
- (b) where required, the approval and consent of any other relevant authority and/or parties.

The Proposed Acquisition is not conditional upon any other corporate exercises undertaken or to be undertaken by SCIB.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the directors and/or major shareholders of the Company as well as persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

The direct and indirect interest of the interested directors and interested major shareholder as at LPD are as follows:-

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Director and Major Shareholders</u>				
Tan Sri Hamid Bugo	7,305,055	8.51	9,281,600*	10.81
Rewi Hamid Bugo	2,088,300	2.43	9,281,600*	10.81
<u>Major shareholder</u>				
Pacific Unit Sdn Bhd	9,281,600	10.81	-	-

Note:

* Deemed interested by virtue of his substantial shareholding in Pacific Unit Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

Tan Sri Hamid Bugo is the Non-Independent Non-Executive Chairman and Rewi Hamid Bugo is the Non-Independent Non-Executive Director of SCIB. Tan Sri Hamid Bugo is a major shareholder of SCIB and Rewi Hamid Bugo is deemed a major shareholder of SCIB via Pacific Unit Sdn. Bhd.

Tan Sri Hamid Bugo and Rewi Hamid Bugo are the directors and major shareholders of RCSB. Rewi Hamid Bugo is the son of Tan Sri Hamid Bugo.

Accordingly, Tan Sri Hamid Bugo and Rewi Hamid Bugo are interested in the Proposed Acquisition. They have abstained and will continue to abstain from deliberation and voting at the Board meetings of SCIB in respect of the Proposed Acquisition.

Tan Sri Hamid Bugo, Rewi Hamid Bugo and Pacific Unit Sdn Bhd will also abstain and have also undertaken to ensure that persons connected with them will also abstain from voting in respect of their respective direct and/or indirect shareholdings in SCIB, if any, on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM to be convened.

Save as disclosed above, to the best knowledge of the Board, there are no other Directors, major shareholders and/or persons connected to them who have any interest, direct or indirect, in the Proposed Acquisition.

8. ADVISER

Kenanga Investment Bank Berhad (“**Kenanga IB**”) has been appointed as the Independent Adviser in view that the Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 (2) of the Main Market Listing Requirements of Bursa Securities to undertake the following in respect of the Proposed Acquisition:

- (a) Comment as to whether the Proposed Acquisition is fair and reasonable so far as the minority shareholders of SCIB are concerned and also whether the proposed Acquisition is to the detriment of the minority shareholders of SCIB and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (b) Advise the minority shareholders of SCIB whether they should vote in favour of the Proposed Acquisition; and
- (c) Take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in paragraphs (a) and (b) above.

9. DIRECTORS' STATEMENT

The Board, save for Tan Sri Hamid Bugo and Rewi Hamid Bugo, having considered all aspects of the Proposed Acquisition including the financial effects and rationale for the Proposed Acquisition, and the advice of the Independent Adviser, namely Kenanga IB is of the opinion that the Proposed Acquisition:-

- (a) is in the best interest of SCIB;
- (b) is fair, reasonable and on normal commercial terms; and
- (c) is not detrimental to the interest of the minority shareholders of SCIB.

10. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of SCIB, having considered all aspects of the Proposed Acquisition including the financial effects and rationale for the Proposed Acquisition, and the advice of the Independent Adviser, namely Kenanga IB is of the opinion that the Proposed Acquisition:-

- (a) is in the best interest of SCIB;
- (b) is fair, reasonable and on normal commercial terms; and
- (c) is not detrimental to the interest of the minority shareholders of SCIB.

11. TRANSACTIONS WITH RCSB FOR PAST TWELVE (12) MONTHS

The SCIB Group has not entered into any other transactions outside the ordinary course of business with RCSB for the 12 months preceding the date of this Announcement.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02 (g) of the Main Market Listing Requirements is 14%.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Acquisition is expected to be completed in the following timeframe:

Milestone	Estimated Completion
EGM for the Proposed Acquisition	First half of 2019
Completion of the Proposed Acquisition	Second half of 2019

14. DOCUMENTS FOR INSPECTION

The SPA, MOS and the Valuation report will be made available for inspection during normal business hours at the Registered Office of SCIB at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak from Mondays to Fridays (except public holidays) from the date of this Announcement up to and including the date of the EGM of SCIB to be convened in relation to the Proposed Acquisition.

This Announcement is dated 24 January 2019.