

## SARAWAK CONSOLIDATED INDUSTRIES BERHAD ("SCIB" OR THE "COMPANY")

- I. PROPOSED RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ENTERED INTO BETWEEN SCIB GROUP OF COMPANIES AND SERBA DINAMIK HOLDINGS BERHAD GROUP OF COMPANIES; AND
  - II. PROPOSED PRIVATE PLACEMENT OF UP TO APPROXIMATELY 30.0% OF THE ENLARGED TOTAL NUMBER OF ISSUED SHARES OF SCIB, TO IDENTIFIED PLACEE(S) AT AN ISSUE PRICE TO BE DETERMINED LATER
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### 1. INTRODUCTION

On behalf of the Board of Directors of SCIB ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOB Kay Hian**") wishes to announce that the Company proposes to undertake the following corporate exercises:-

- (i) proposed recurrent related party transactions of a revenue and trading nature entered into between SCIB and its subsidiaries ("**SCIB Group**" or the "**Group**") and Serba Dinamik Holdings Berhad ("**SDHB**") and its subsidiaries ("**SDHB Group**") ("**Proposed RRPTs**"); and
- (ii) proposed private placement of up to 36,750,000 new ordinary shares in SCIB ("**SCIB Share(s)**" or "**Share(s)**"), representing up to approximately 30.0% of the enlarged total number of issued SCIB Shares to placee(s) to be identified later ("**Proposed Private Placement**").

(Collectively, the "**Proposals**").

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

### 2. DETAILS OF THE PROPOSED RRPTs

SCIB Group is expected to secure several projects to be awarded by SDHB Group for the provision of construction and project management services, and the supply of precast products and construction materials for overseas and local projects, the tenure of which, varies between a period of 24 to 36 months. The estimated total contract sum of these projects is approximately RM1.37 billion.

For information purpose, Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah ("**Dato' Dr. Karim**") is currently the Non-Independent Non-Executive Chairman of SCIB. As at 3 April 2020, being the latest practicable date of this announcement ("**LPD**"), Dato' Dr. Karim holds 40,820,055 SCIB Shares, representing approximately 47.5% equity interest in SCIB. He is also the Group Managing Director/ Chief Executive Officer of SDHB holding 664,505,870 shares in SDHB, representing approximately 21.5% equity interest in SDHB.

Pursuant to the above, the awards of the projects, which are forthcoming, is considered as related party transactions that are recurrent of a revenue or trading nature and is in the ordinary course of day-to-day operations of SCIB.

## 2.1 Details of the Recurrent Related Party Transactions ("RRPTs")

Set out below are the projects, which are the subject matters of the Proposed RRPTs:-

Transacting related party	Nature of RRPTs	Interested Major Shareholder/ Director	Estimated contract sum/ transaction value	Expected contract period
SDHB Group	i. Provision of construction and project management services by SCIB Group for projects to be awarded by SDHB Group (predominantly in Malaysia).	Dato' Dr. Karim, who is the common director and common major shareholder of SCIB and SDHB	RM550 million	May 2020 – May 2023
	ii. Provision of construction and project management services by SCIB Group for projects to be awarded by SDHB Group (in overseas market i.e. Middle East Region).		RM820 million	May 2020 – May 2023
			<u><b>RM1,370 million</b></u>	

The aggregate amount of the RRPTs will exceed RM1.00 million and will be more than 1.0% of the consolidated net assets of SCIB Group. As such, pursuant to Paragraphs 10.09(1)(a) and 10.09(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Board proposes to seek for shareholders' mandate for the RRPTs to be entered into between SCIB Group and SDHB Group. Please refer to **Section 2.3** of this announcement for such provision of the Listing Requirements, and **Section 2.5** of this announcement for the validity period of this shareholders' mandate.

For clarification, as the contract tenures for the projects to be awarded exceed 12 months, the Company will renew the RRPTs by seeking for the shareholders' general mandate at every annual general meeting, based on the revised estimated contract sum/ transaction value for the relevant period.

## 2.2 Nature of the RRPTs

The aforesaid RRPTs entered into by SCIB Group are of revenue or trading nature and are within the ordinary course of business of the Group. They are recurring transactions of a revenue nature transacted from time to time. The RRPTs will be entered into on normal commercial terms, which are not more favourable to the related party than those generally available to the public.

## 2.3 Provision under the Listing Requirements

Paragraph 10.09(1)(a) of the Listing Requirements states that "Notwithstanding Paragraph 10.08(1)(b), a listed issuer must immediately announce a Recurrent Related Party Transaction as follows:-

- (a) in relation to a listed issuer with a share capital of RM60 million and above:-
  - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or

- (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more, whichever is the higher."

Paragraph 10.09(2) of the Listing Requirements provides that a listed issuer may seek a mandate from its shareholders for related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries subject to, inter-alia, the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholder or unit holder mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements (*the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions*); and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10.0% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a shareholder mandate pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements will not apply.

#### **2.4 Statement by Audit Committee**

The Audit Committee of SCIB has reviewed the RRPTs and, having considered the nature and the rationale for the RRPTs and all aspects of the RRPTs, is of the view that the RRPTs are in the best interests of the Company, and the terms of the RRPTs will be fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders of SCIB as the RRPTs will be entered into in the ordinary course of business on normal commercial terms, which will not be more favourable to the related party than those generally available to the public.

## 2.5 Validity period of the Proposed RRPTs

The Proposed RRPTs, if approved by the majority shareholders of SCIB at the general meeting to be convened, shall take immediate effect and subject to annual renewal. In this respect, any authority conferred by the shareholders' mandate shall continue to be in force until:-

- (i) the conclusion of the next general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

## 3. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

### 3.1 Details of the Proposed Private Placement and placement size

The Proposed Private Placement involves an issuance of up to 36,750,000 new SCIB Shares ("**Placement Share(s)**"), representing up to approximately 30.0% of the enlarged total number of issued SCIB Shares.

As at the LPD, the total issued share capital of SCIB was RM85,913,168 comprising of 85,882,500 SCIB Shares. Assuming a total of 36,750,000 Placement Shares are issued pursuant to the Proposed Private Placement (after receipt of all relevant approvals for the Proposed Private Placement as set out in **Section 6** of this announcement, where applicable), the Company's enlarged total number of issued SCIB Shares will be 122,632,500 SCIB Shares. Hence, the indicative total number of Placement Shares represents approximately 30.0% of such enlarged total number of issued SCIB Shares.

For the avoidance of doubt, as at the LPD, SCIB did not retain any treasury shares.

### 3.2 Listing and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities.

### 3.3 Implementation of the Proposed Private Placement and allocation of the Placement Shares

The Placement Shares pursuant to the Proposed Private Placement is intended to be placed to the identified investors, who qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007 ("**CMSA**"), which also include, amongst others, the Directors and/ or shareholders of SCIB, subject to the Board's review and decision.

The Proposed Private Placement will be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities ("**Bursa Approval**").

For the avoidance of doubt, the Board intends to implement the first tranche of the Proposed Private Placement, which involves an issuance of 11,850,000 Placement Shares ("**First Tranche Placement**"), representing approximately 12.12% of the enlarged number of issued Shares of 97,732,500, within the first 3 months from the date of Bursa Approval. Under the First Tranche Placement, Dato' Dr. Karim and Encik Rosland Bin Othman ("**Encik Rosland**") have provided their respective undertaking that should the Proposed Private Placement be approved by the majority shareholders of SCIB, they will subscribe for a total of 11,850,000 Placement Shares, the allocation of which is as follows:

	<b>Number of Placement Shares to be subscribed units</b>	<b>Shareholding in SCIB as at the LPD units</b>	<b>Resulting shareholding in SCIB based on the enlarged number of Placement Shares under First Tranche Placement</b>	
			<b>units</b>	<b>%<sup>1</sup></b>
Dato' Dr. Karim	6,100,000	40,820,055	46,920,055 <sup>2</sup>	48.01
Encik Rosland	5,750,000	4,038,085	9,788,085 <sup>2</sup>	10.01
<b>Total</b>	<b>11,850,000</b>	<b>44,858,140</b>	<b>56,708,140<sup>2</sup></b>	<b>58.02</b>

**Notes:**

<sup>1</sup> Based on the enlarged 97,732,500 SCIB Shares post-First Tranche Placement.

<sup>2</sup> Assuming the shareholding in SCIB as at the LPD remains unchanged until the completion of the First Tranche Placement.

The issue price of the Placement Shares under the First Tranche Placement will be determined by the Board (save for Dato' Dr. Karim and Encik Rosland) upon the conclusion of the extraordinary general meeting ("**EGM**") to be convened pertaining to the Proposed Private Placement.

The remaining Placement Shares will be placed out to third party investor(s) or placee(s), who qualify under Schedules 6 and 7 of the CMSA, to be identified at a later stage, which also include but are not limited to, the Directors and/ or the shareholders of the Company, who wish to maintain their shareholdings in the Company.

### **3.4 Basis of determining the issue price of the Placement Shares**

The issue price of the Placement Shares will be determined and fixed by the Board at a later date after receipt of all relevant approvals for the Proposed Private Placement.

The Placement Shares will be issued at a price of not more than 10.0% discount to the 5-day volume weighted average market price ("**VWAP**") of SCIB Shares immediately preceding the price-fixing date.

The issue price of the Placement Shares will be determined for each tranche of the Proposed Private Placement. Pursuant to Paragraph 6.13 of the Listing Requirements, the payments for the Placement Shares shall be made by the placees to the Company within 5 market days from the price-fixing date for each tranche of the Proposed Private Placement. For the avoidance of doubt, the Board (save for Dato' Dr. Karim and Encik Rosland) will price-fix the Placement Shares issued under the First Tranche Placement immediately upon the conclusion of the EGM pertaining to the Proposals.

For illustrative purpose only, the indicative issue price of the Placement Shares is assumed at RM1.810 per Placement Share, which represents a discount of approximately 9.89% to the 5-day VWAP of SCIB Shares up to and including the LPD of RM2.0086 per SCIB Share.

### 3.5 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally and carry the same rights with the existing SCIB Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution ("**Distributions**") where the entitlement date of such Distributions precedes the relevant date of allotment and issuance of the Placement Shares.

### 3.6 Utilisation of proceeds

Based on the indicative issue price of RM1.81 per Placement Share, and the indicative number of Placement Shares of 36,750,000, the Proposed Private Placement is expected to raise gross proceeds of approximately RM66.52 million. The proceeds are intended to be utilised by SCIB Group in the manner as set out below:-

Details of utilisation	Timeframe for utilisation	Amount of proceeds RM'000
Working capital for on-going projects <sup>1</sup>	Within 12 months from the receipt of placement funds	10,520
Estimated expenses for future projects <sup>2</sup>	Within 24 to 36 months from the date of award of projects	55,064
Estimated expenses in relation to the Proposals <sup>3</sup>	Upon completion of the Proposals	933
<b>Total</b>		<b>66,517</b>

#### Notes:-

<sup>1</sup> The proceeds of up to approximately RM10.52 million are earmarked to partially finance the day-to-day operational and/ or general working capital expenses of the on-going projects of the Group as listed below. The expenses include, amongst others, the purchase of necessary construction materials, payment to subcontractors, staff-related overheads and other project overheads:-

Contract/ Project Title	Duration
(i) Construction, completion and maintenance of 6 villas (ground floor, 1st floor and penthouse including external majlis, ancillary block and external block works) at Al-Qutaifiya, Qatar	10 October 2019 – 17 October 2020
(ii) Construction and completion of 9 residential villas at Street 47, Block 327, Al Hayl, Muscat, Oman	16 October 2019 – 15 October 2020
(iii) Construction, completion and maintenance of the proposed 18 units of 5-storey buildings, new boundary wall, guard house and car park bays located at Doha, Qatar	30 March 2020 – 31 March 2021
(iv) Construction and completion of 2 units of service centres located at the region of Al Khor, State of Qatar	4 April 2020 – 3 April 2021
(v) Construction and completion of 20 villas at Street 14, Block 112, Ruwi, Muscat Sultanate of Oman, Oman	5 April 2020 – 4 April 2021

As the Proposed Private Placement will be implemented in tranches and the issue price together with the number of Placement Shares to be issued are not determinable at this juncture, the Board is unable to determine the estimated allocation of gross proceeds for the above on-going projects at the current preliminary stage. Upon the determination of the gross proceeds raised from the Proposed Private Placement, the Board shall have the absolute discretion to decide on the allocation of the proceeds for the on-going construction projects of the Group, which include any clawback of funds between the projects depending on the working capital requirements at the relevant point in time.

<sup>2</sup> For shareholders' information purpose, as set out in **Section 2** of this announcement, the Group expects to secure several projects from SDHB Group, which involve the supply of precast concrete products and the provision of construction and project management services, the total contract sum of which, is estimated to be approximately RM1.37 billion over a period of 24 to 36 months. The Board is confident that the Group is able to secure these projects and in view of the project size and capital requirements of these projects, the Board intends to earmark approximately RM55.06 million to partially finance the initial operating expenses of these projects. Such expenses include, but are not limited to, regulatory and/ or administrative costs, and procurement of raw materials (e.g. steel bars, cement, sand and timber) and site office overheads. Should the Proposed RRPTs not be approved by the majority shareholders of SCIB, the allocated funds will cater for the same purpose of utilisation, whereby SCIB may utilise it to look for other business opportunities within the same business activities of the Group.

<sup>3</sup> The estimated expenses in relation to the Proposals consist of professional fees, placement fees, fees payable to the relevant authorities and other expenses for the Proposals. Any variation to the actual amount of the expenses will be adjusted accordingly against the allocation for the working capital for the on-going projects of the Group.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for general working capital for the on-going projects of the Group.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds will be placed as deposits with licensed financial institutions or short-term money market instruments, as the Board may deem fit. Any interest income earned from such deposits or instruments will be used to fund the working capital requirements of the Group.

#### **4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS**

##### **4.1 Proposed RRPTs**

The acceptance of projects to be awarded by SDHB Group is expected to increase the order book and earnings of the construction and manufacturing business segments of SCIB Group. As at the LPD, the Group's orderbook stood at approximately RM1.09 billion, of which approximately 95.6% is contributed by its construction segment.

The acceptance of these projects will increase the revenue of the construction segment, of which the Group's manufacturing segment can also be leveraged on, by providing complementary products i.e. the industrialised building system precast concrete components and reinforced concrete products in the construction-related projects, and the provision of civil construction and project management services. Additionally, the acceptance of these projects and the award of future projects on recurrent basis would enable the Group to gradually expand its geographical presence to other regions for instance, the Middle East region.

Further, the construction-related projects are in the ordinary course of business of SCIB Group and the revenue nature of these contracts will directly generate revenue to SCIB, which as mentioned above, would increase the consolidated revenue of the Group over the contracts period. The terms of the RRPTs will be fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders of SCIB as the RRPTs will not be more favourable to the related party than those generally available to the public.

## 4.2 Proposed Private Placement

The Proposed Private Placement was undertaken by the Company to raise the requisite funds to meet the Group's immediate funding requirements as set out in **Section 3.6** of this announcement, which include, amongst others, to finance the upcoming projects, which are the RRPTs. The proceeds earmarked for the upcoming projects are intended to finance any capital requirement at the initial stage of the projects. However, in the event the projects are not secured due to the non-completion of the Proposed RRPTs, the Company may use the funds to explore other business/ investment opportunities within the same business activities of the Group.

After due consideration of the amount intended to be raised, optimal timing and various methods of fundraising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fundraising as the Proposed Private Placement will enable the Company to raise the requisite funds to finance the existing projects and future projects without incurring interest costs as compared to conventional bank borrowings and it provides the Company with an expeditious fundraising alternative from the capital market as opposed to other forms of fundraising. Additionally, as the Proposed Private Placement will be implemented in tranches, it allows the Board the flexibility to allocate and manage the funds against the funding requirements of the on-going and upcoming projects to be awarded to the Group over the relevant timeframe of utilisation.

The Proposed Private Placement is also expected to improve the Group's cash flow and liquidity position as the proceeds raised will be used to fund the working capital requirements of the Group for its on-going and upcoming projects.

## 5. EFFECTS OF THE PROPOSALS

The RRPTs will not have any material effect on the issued share capital, net assets ("**NA**") per share and gearing level of SCIB for the financial year ending ("**FYE**") 31 December 2020. The RRPTs are not expected to have any effect on the substantial shareholders' shareholding of SCIB.

For illustration purpose, the effects of the Proposed Private Placement on the issued share capital, NA per Share and gearing level of SCIB, substantial shareholders' shareholding of the Company and earnings and earnings per Share are set out below:-

### 5.1 Issued share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of the Company are set out below:-

	No. of Shares	RM
Issued share capital as at the LPD	85,882,500	85,913,168
Placement Shares to be issued pursuant to the Proposed Private Placement	36,750,000	65,584,500 <sup>*1</sup>
<b>Enlarged issued share capital</b>	<b>122,632,500</b>	<b>151,497,668</b>

**Note:-**

<sup>\*1</sup> Assuming Placement Shares are issued at the indicative issue price of RM1.81 per Placement Share and after deducting the estimated expenses of approximately RM0.93 million for the Proposals.



## 5.2 NA per Share and gearing level

Based on the latest audited consolidated statements of financial position of the Group as at 31 December 2018, the pro forma effects of the Proposed Private Placement on the NA per Share and gearing level of the Group are set out as follows:-

	Audited as at 31 December 2018	After the Proposed Private Placement
	RM	RM
Share capital	85,913,168	151,497,668 <sup>*1</sup>
Accumulated losses	(37,062,388)	(37,062,388)
<b>Shareholders' fund/ NA</b>	<b>48,850,780</b>	<b>114,435,280</b>
No. of Shares in issue (unit)	85,882,500	122,632,500
NA per Share (RM)	0.57	0.93
Total borrowings (RM)	26,305,517	26,305,517
Gearing ratio (times)	0.54	0.23

**Note:-**

<sup>\*1</sup> Assuming 36,750,000 Placement Shares are issued at the indicative issue price of RM1.81 per Placement Share and after deducting the estimated expenses of approximately RM0.93 million for the Proposals.

## 5.3 Earnings and earnings per Share ("EPS")

The Proposed Private Placement, which is expected to be completed by the fourth quarter of 2020, is not expected to have any material effect on the earnings of SCIB Group for the FYE 31 December 2020. However, barring any unforeseen circumstances, the Proposals are expected to contribute positively to the future earnings of SCIB Group when the benefits from the utilisation of proceeds as set out in **Section 3.6** of this announcement are realised. Additionally, there will be a dilution in the EPS of the Group for the FYE 31 December 2020 due to the increase in the number of SCIB Shares arising from the Proposed Private Placement.

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#### 5.4 Substantial shareholders' shareholding structure

The pro forma effects of the Proposed Private Placement on the substantial shareholders' shareholding of the Company as at the LPD are set out below. The illustration of the pro forma effect assumes that save for Dato' Dr. Karim and Encik Rosland, none of the Directors or substantial shareholders will subscribe for Placement Shares. Should any other Directors or substantial shareholders intend to subscribe for Placement Shares, the announcement on the changes to their shareholding interest in SCIB will be made on Bursa Securities accordingly:-

Substantial shareholders	Shareholdings as at the LPD				After the First Tranche Placement				After the Proposed Private Placement			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*2</sup>	No. of Shares	% <sup>*2</sup>	No. of Shares	% <sup>*3</sup>	No. of Shares	% <sup>*3</sup>
Dato' Dr. Karim	40,820,055	47.53	-	-	46,920,055	48.01	-	-	46,920,055	38.26	-	-
Sarawak Economic Development Corp	6,481,250	7.55	-	-	6,481,250	6.63	-	-	6,481,250	5.29	-	-
Gaya Belian Sdn Bhd	6,878,496	8.01	-	-	6,878,496	7.04	-	-	6,878,496	5.61	-	-
Marinah Binti Harris	-	-	6,878,496 <sup>*4</sup>	8.01	-	-	6,878,496 <sup>*4</sup>	7.04	-	-	6,878,496 <sup>*4</sup>	5.61
Halijah Binti Harris	-	-	6,878,496 <sup>*4</sup>	8.01	-	-	6,878,496 <sup>*4</sup>	7.04	-	-	6,878,496 <sup>*4</sup>	5.61
Encik Rosland	4,038,085	4.70	-	-	9,788,085	10.01	-	-	9,788,085	7.98	-	-

**Notes:-**

<sup>\*1</sup> Based on total issued shares of 85,882,500 in SCIB.

<sup>\*2</sup> Based on total issued shares of 97,732,500 in SCIB.

<sup>\*3</sup> Based on total enlarged issued shares of 122,632,500 in SCIB.

<sup>\*4</sup> Deemed interested by virtue of her substantial shareholding in Gaya Belian Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

#### 5.5 Convertible securities

As at the LPD, the Company does not have any existing convertible securities.

## 6. APPROVALS REQUIRED

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

- (i) Bursa Securities, for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities;
- (ii) Shareholders of SCIB at an EGM to be convened; and
- (iii) Any other relevant authority, if required.

The Proposed RRPTs and the Proposed Private Placement are not inter-conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

Save for the below, none of the Directors and/ or major shareholders of SCIB and/ or persons connected with them have any interest, whether direct or indirect, in the Proposals:

**Dato' Dr. Karim** is currently the Non-Independent Non-Executive Chairman of SCIB. As at the LPD, Dato' Dr. Karim holds 40,820,055 SCIB Shares, representing approximately 47.53% equity interest in SCIB. He is also the Group Managing Director/ Chief Executive Officer of SDHB holding 664,505,870 shares in SDHB, representing approximately 21.55% equity interest in SDHB. As such, he is deemed interested in the Proposed RRPTs. Accordingly, he has abstained and will continue to abstain from all deliberations and voting at board meetings or the general meeting in relation to the Proposals.

In view that Dato' Dr. Karim and Encik Rosland will subscribe for the Placement Shares under the First Tranche Placement, they will abstain from deliberating and making any recommendations pertaining to their respective subscriptions such as the allocation of Placement Shares, price-fixing and listing date for the First Tranche Placement as well as the allocation to persons connected to them, if any, under the Proposed Private Placement. Such conduct applies similarly to other Directors, who intend to subscribe for the Placement Shares under the Proposed Private Placement that they will also abstain from deliberating and making any recommendations pertaining to their respective subscriptions as well as allocation to persons connected to them, if any, under the Proposed Private Placement.

## 8. DIRECTORS' STATEMENT

The Board, save for Dato' Dr. Karim who is interested in the Proposed RRPTs, having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and are not detrimental to the interests of the minority shareholders of SCIB.

## 9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Private Placement is expected to be completed by the fourth quarter of 2020, whilst the RRPTs will take immediate effect after the approval from the shareholders of SCIB is obtained at the EGM.

**10. APPLICATION TO THE AUTHORITIES**

The application to the relevant authorities shall be made within 2 months from the date of this announcement.

**11. ADVISER AND PLACEMENT AGENT**

UOB Kay Hian has been appointed as the Adviser for the Proposals and the Placement Agent for the Proposed Private Placement.

**This announcement is dated 7 April 2020.**