

ANNUAL REPORT

2019



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)

Building a
Concrete Future



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CORPORATE PROFILE

Sarawak Consolidated Industries Berhad (“SCIB”) was 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. Currently, SCIB is operating three (3) factories in Kuching, Sarawak, one factory in the Pending Industrial Estate and two factories in the Demak Laut Industrial Park.

SCIB is well known for its professional management and has 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.

Amongst the concrete products manufactured for use in the construction and infrastructure sectors are prestressed spun pile, reinforced concrete square pile, spun concrete pipe, reinforced concrete box culvert, prestressed beam, concrete roofing tiles and prefabricated concrete elements or Industrialised Building System (“IBS”) components such as Hollowcore Slab, Wall Panel, Column and Beam.

SCIB has become a much respected household name, a name synonymous with quality and service. With its commitment to quality, SCIB was awarded by SIRIM QAS ISO9001:2015 Quality Management System as well as product certification.

In year 2005, SCIB has entered into an agreement with Elematic Oy Ab, Finland in Technology and Product Design Transfer for the prefabricated Industrialised Building System.

Through Elematic market leadership and international presence, SCIB offers customers the benefits of:

- The latest solutions and technology in prefabricated Industrialised Building System
- Unique benchmarking possibilities
- Extensive design and engineering resources

Advantages of prefabricated Industrialised Building System are as follows:

- Improved speed of construction
- Reduced site costs and time due to off-site manufacture
- Quality assured factory production
- Wide range of appearance and finishes
- Reduced manpower at site
- Longer span and greater load capacity
- Better sound insulation
- Low maintenance cost
- Durable due to higher strength of materials
- Less cleaning and clearing of construction debris
- Less exposure to stolen steel bars at site
- No plastering for bottom and side surfaces required
- Competitive cost when designed to optimum solution

With long term focus on growth, SCIB underwent a group rationalisation exercise which resulted in group structure in 2001. From a manufacturing base, SCIB sets its sight on diversifying and expanding into construction and property development and is strengthening construction foothold by actively looking out for Engineering, Manufacturing, Construction and Commissioning (“EMCC”) jobs.

SCIB further diversifies its geographical reach and widens its market to West Malaysia, Asia, Middle East with five (5) Engineering, Procurement, Construction & Commissioning (“EPCC”) contracts awarded to SCIB Group at the last quarter of 2019 for Malaysia and overseas projects worth a combined value of RM175.4 million. In the first quarter of 2020, SCIB Group accepted a total of three (3) Letter of Award and Acceptance (“LOA”) for EPCC contracts with a total contract value of approximately RM864.5 million. With these contracts securement, SCIB will be able to have synergistic opportunities to further strengthen our foothold across the Middle East Region. Up to date, SCIB has total up RM1.1 billion order book and is currently on track with our internal target of RM1.5 billion for 2020.

Going forward, SCIB being the largest manufacturer of precast concrete IBS components in Sarawak will definitely benefit from the Government’s support on IBS usage in Malaysia considering its reduced manpower at site, improved speed and quality-assured factory production. Our goal in creating value and growth will be assisted by the expanded market coverage and increased production capacity that will position SCIB to meet future demand of precast concrete.

OUR PRODUCTS



Spun Pile



Square Pile



Box Culvert



U-Drain



Prestressed Beam



Concrete Pipe



Precast Column



Precast Beam



Hollowcore Slab



Wall Panel



Bold Roll Concrete Roof Tiles



Santubong Suites



Main Factory, Pending Industrial Estate, Kuching



IBS Factory, Demak Laut Industrial Park, Kuching



Roofing Tiles, Light Weight Blocks and Spun Pile Factory, Demak Laut Industrial Park, Kuching

**CORPORATE
PROFILE (CONT'D)**

OUR PROJECTS

We supply our products to some notable projects including:



**The Faculty of Medicine & Health Science for Universiti
Malaysia Sarawak "UNIMAS"**
- Supply of IBS components and spun piles



**Central Teaching Faculty
for UNIMAS**
- Supply of IBS components and
spun piles



**Klinik Kesihatan Jenis
3XP on Lot 3081 & 3082,
Malaysia**
- Supply of IBS components



Pusat Islam for UNIMAS
- Supply of IBS components and
spun piles



**Royal Customs Malaysia
Sarawak Headquarter**
- Supply of IBS components



**Vivacity Project – an integrated mixed development
comprising a retail podium, a block of hotel and 4
blocks of service apartments on the said Land along
Jalan Wan Alwi, Kuching.**
- Supply of IBS components and spun piles



Giant Mall, Semariang
- Supply of IBS components



Pan Borneo Highway Projects
- Supply of foundation piles, box culverts, pipes
and beams



The Cove, Santubong, Kuching
- Supply of IBS precast hollow core slabs and
precast beams



Darul Hana Bridge, Kuching
-Supply of precast plank



Sekolah DAIF
-Supply of IBS components



8 Storey Apartment, Bintulu
-Supply of IBS precast hollow core slabs and
precast beams

CORPORATE PROFILE (CONT'D)

OUR PROJECTS

We supply our products to some notable projects including:



Sarawak Water Supply project
- Supply of foundation piles



**Sarawak Power Transmission
line project**
- Supply of foundation piles



Power Utilities Sub Station
- Supply of foundation piles



PRIMA Apartments, Kuching
- Supply of foundation piles



Solar Panel Factory in Samajaya Industrial Park Kuching
- Supply of foundation piles



Mukah Coal Power Plant
- Supply of foundation piles



Tunku Putra-HELP International School Kuching
- Supply of foundation piles



Infa Campus, Kota Samarahan, Kuching
- Supply of foundation piles and IBS components



CORPORATE INFORMATION



DIRECTORS

YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah
(Non-Independent Non-Executive Chairman)

YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak
(Independent Non-Executive Director)

YBhg. Datu Haji Soedirman Bin Haji Aini
(Independent Non-Executive Director)

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

Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir
(Non-Independent Non-Executive Director)

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

Encik Rosland Bin Othman
(Group Managing Director / Chief Executive Officer /
Executive Director)

GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

Encik Rosland Bin Othman

COMPANY SECRETARY

Voon Jan Moi (MAICSA 7021367)

REGISTERED OFFICE

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-334485
Fax : 082-334484

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

2nd Floor, C378, Block C, iCom Square
Jalan Pending, 93450 Kuching, Sarawak
Tel : 082-266988
Fax : 082-266987

INVESTOR RELATION

Email : scib.ir@scib.com.my
Tel : 082-334485
Fax : 082-334484

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name : SCIB
Stock Code : 9237

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony, No.5,
Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan

Tel : 03-78904700
Fax : 03-78904670

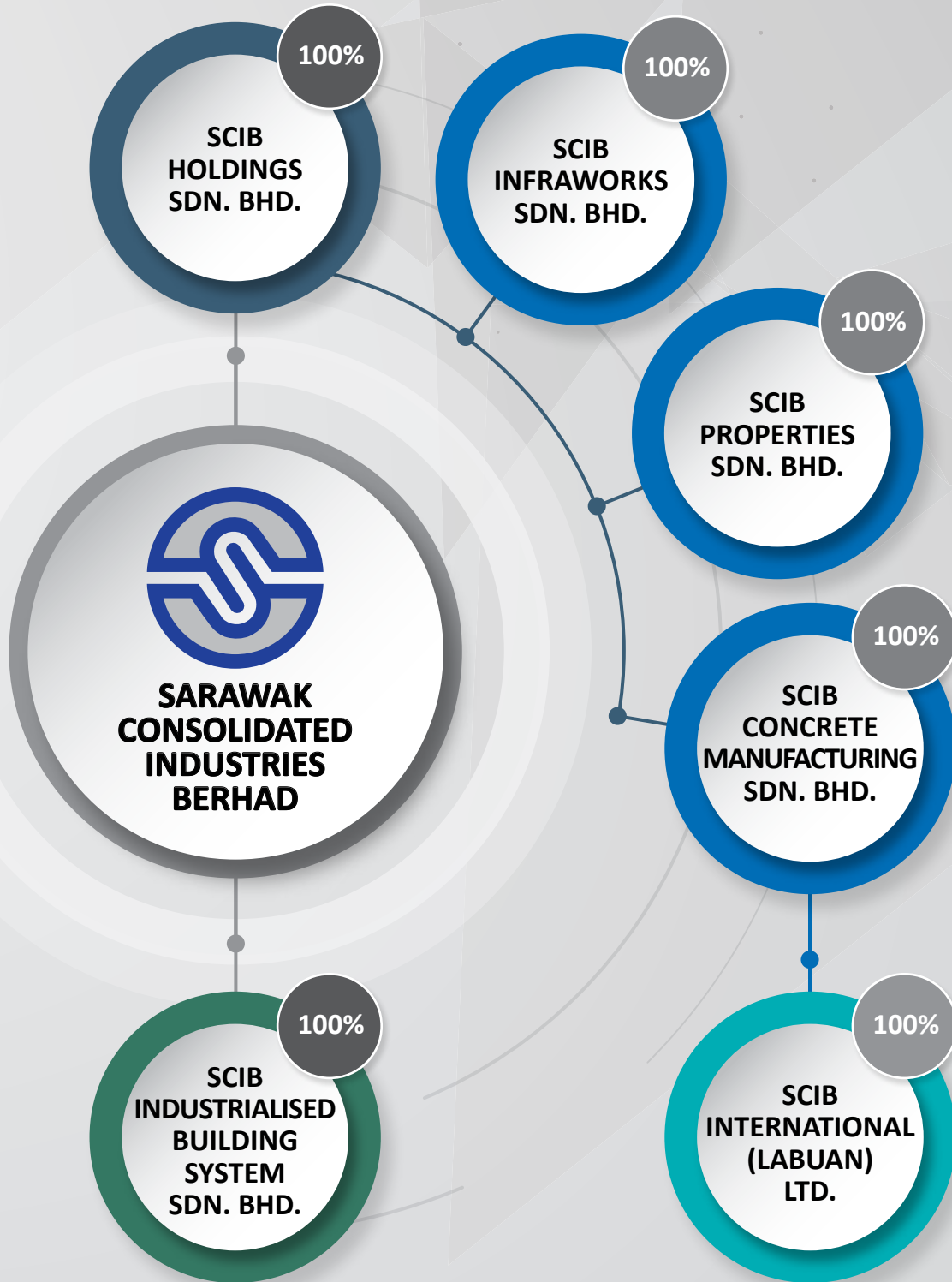
PRINCIPAL BANKERS

Malayan Banking Berhad
Small Medium Enterprise Development Bank Malaysia Berhad
AmBank (M) Berhad
AmIslamic Bank Berhad
RHB Bank Berhad

WEBSITE

www.scib.com.my

CORPORATE STRUCTURE



VISION AND MISSION STATEMENT

OUR VISION

To be a company founded on excellence.

OUR MISSION

We are dedicated to the creation and demonstration of a concept of linked prosperity.

Our mission consists of three 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;

PRODUCT 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 recognises 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.

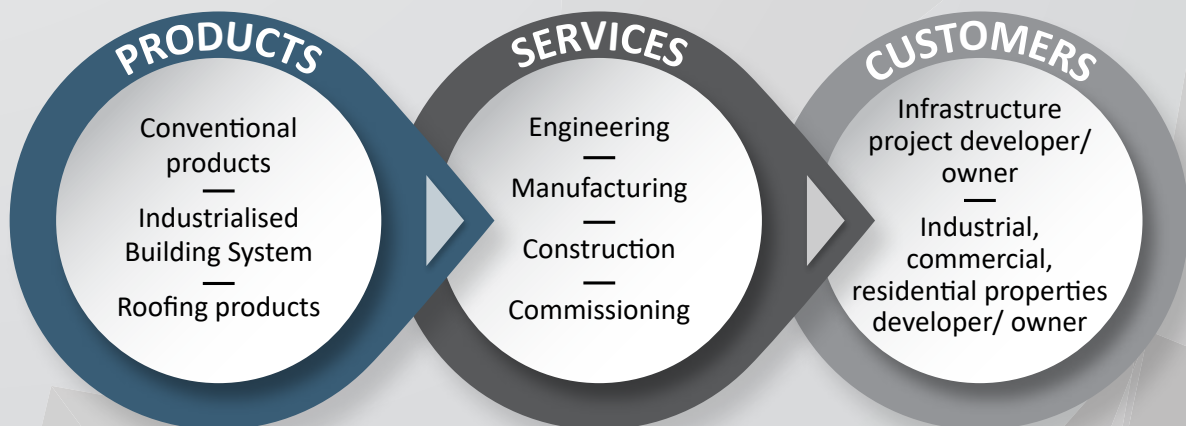
Underlying the mission is the determination to seek new and creative ways to achieving all three parts.

KEY MILESTONE



BUSINESS MODEL

Engineering, Manufacturing, Construction, Commissioning (“EMCC”)





DIRECTORS' PROFILE

YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah

Non-Independent Non-Executive Chairman

Aged 54, Male, Malaysian

YBhg. Dato' Dr. Ir. Ts. Mohd Karim Bin Abdullah was appointed as Director of SCIB on 1 August 2019, thereafter was appointed as the Chairman of the Board on 1 October 2019.

Dato' Karim holds a Bachelor Degree in Mechanical Engineering from Universiti Teknologi Malaysia. He obtained an Honorary PhD in Industrial Engineering from InterAmerican University, USA in 2009 and a PhD in Entrepreneurship from Golden State University, USA in 2012. He is a member of the Institution of Engineers Malaysia since 1994, a registered member of the Board of Engineers Malaysia since 1996 and a member of the Asean Federation of Engineering Organisation since 2002.

Dato' Karim's illustrious engineering career spanning 31 years started with Asean Bintulu Fertilizer Sdn. Bhd. (1988) as a Mechanical Engineer. Later he was appointed as the Coordinator for the Ammonia and Rotary 5th turnaround Preparation Team (1990) and as a Rotating Equipment Area Engineer (1991). In 1993, he formed Serba Dinamik and assumed the position as the Group Chief Executive Officer.

He gained vast experience in the maintenance and installation of rotating equipment since 1993 that includes major overhaul/inspection of 37MW MHI steam turbines in Module 1, 2 & 3 of Malaysia LNG Sdn. Bhd. and overall supervisory of plant shutdown maintenance on various rotating equipment.

His tenure as a site project manager with Malaysia LNG Sdn. Bhd. exposed him to construction and fabrication under the supply and construction of new civil workshop, extension of main warehouse and mechanical workshop in, installation of Jet A-1 Bunkering Line in Shell Timur Sdn. Bhd., installation of flush tank at Bintulu Depot and various other projects with the company.



He has conducted numerous training sessions, internally and externally, primarily in power and oil & gas sectors. Focus areas of training include vibration, machinery alignment and balancing course, condition monitoring programme for rotating equipment, integrated machinery maintenance, preventive and predictive maintenance, inspection and maintenance of pumps, and inspection and maintenance of steam turbines. He also conducted talks on the latest technologies related to Industry 4.0, Asset Integrity Management and technologies related to Industry 4.0, Asset Integrity Management and Innovative Blockchain.

Dato' Karim currently sits on the Board of Kumpulan Powernet Berhad and CSE Global Limited.

His interests in the Company is outlined on page 177 of this Annual Report.

DIRECTORS' PROFILE (CONT'D)

YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak

Independent Non-Executive Director

Aged 67, Male, Malaysian

YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak was appointed as an Independent Non-Executive Director on 1 September 2015. He graduated with Bachelor of Engineering from University of Auckland, New Zealand and he is a member of Institute of Engineers Malaysia.

Datu Ir. Haji Mohidden was the General Manager of Bintulu Development Authority ("BDA") from year July 2003 to April 2015. He has many years of experience on the Board of various companies namely Bintulu Port Authority, BDA Properties Sdn. Bhd., Laku Management Sdn. Bhd., Kemena Industries Sdn. Bhd. and Samalaju Properties Sdn. Bhd..

Datu Ir. Haji Mohidden was on the Board of University Putra Malaysia from year 2015 to 2018. Currently, he sits on the Board of Bintulu Muslim Charitable Board, Lembaga Amanah Anak Yatim Sarawak and Malaysian Red Crescent Bintulu Chapter.

His interests in the Company is outlined on page 177 of this Annual Report.



YBhg. Datu Haji Soedirman Bin Haji Aini

Independent Non-Executive Director

Aged 63, Male, Malaysian

YBhg. Datu Haji Soedirman Bin Haji Aini was appointed as a Non-Independent Non-Executive Director since 1 January 2013. He was re-designated as an Independent Non-Executive Director on 19 May 2016.

He is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom ("FCCA") and a member of Malaysian Institute of Accountants. He has attended the Macro Economic Policy and Management Program at Harvard University.

He started his career with Petronas in 1982 where he had served in the Economic and Investment Evaluation Department, Corporate Planning Division and in its subsidiary company, ASEAN Bintulu Fertilizer Sdn. Bhd.. After serving 13 years with Petronas, he resigned in 1995 to join the Sarawak State Government.

Prior to his retirement with the State Government in January 2019, he held the position of General Manager of Sarawak Economic Development Corporation ("SEDC"). His previous employment in the Sarawak Civil Service includes being the Permanent Secretary of Ministry of Social Development, Director of State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant- General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer. During his tenure with the Sarawak Government, he served on the Boards of Malaysia LNG Tiga Sdn. Bhd. and Malaysia Investment Development Authority ("MIDA").

Datu Haji Soedirman is currently a director of Permodalan Nasional Berhad and an Independent Director of Sarawak Plantation Berhad. He also sits on the Board of various Government-Linked Companies and Non-Governmental Organisations.

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

DIRECTORS' PROFILE (CONT'D)



Encik Shamsul Anuar Bin Ahamad Ibrahim

Independent Non-Executive Director

Aged 57, Male, Malaysian

Encik Shamsul Anuar Bin Ahamad Ibrahim was appointed as an Independent Non-Executive Director on 1 September 2015. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants.

Encik Shamsul Anuar joined ASSAR Group of Companies in 1993 as the Finance & Administration Manager of Amanah Saham Sarawak Bhd ("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. (the holding company of ASSB).

He also sits on the Board of Sarawak Transport Company Berhad. He has no interests in the Company and subsidiaries of the Company.

Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir

Non-Independent Non-Executive Director

Aged 59, Male, Malaysian

Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir was appointed as a Non-Independent Non-Executive since 1 April 2019. He graduated with a Bachelor of Science with Honours from the Universiti Sains Malaysia.

Tuan Haji Abdul Hadi has gained many years of experience in marketing, production, manufacturing operation and Senior Level Management roles throughout his career since 1998.

He joined Harwood Timber Sdn. Bhd., the wholly owned subsidiary of Sarawak Timber Industry Development Corporation as a Planning Manager in 1996 and since then he has been assigned to various positions. He was the General Manager of Harwood Timber from year 2008 to 2018. On 1 January 2019, he was appointed to his current position as the General Manager of Sarawak Economic Development Corporation ("SEDC").

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



DIRECTORS' PROFILE (CONT'D)

Encik Sr. Mohd Nazri Bin Mat Noor

Independent Non-Executive Director

Aged 57, Male, Malaysian

Encik Sr. Mohd Nazri Bin Mat Noor was appointed as an Independent Non-Executive Director on 31 January 2020. A graduate of the University of New South Wales, Australia, he is a Registered Quantity Surveyor with Lembaga Jurukur Bahan Malaysia, and a qualified Chartered Quantity Surveyor from Royal Institute of Chartered Surveyors ("RICS"), UK.

He is currently the principal consultant to a Professional Quantity Surveying Consulting Firm ("PQS") registered with the Lembaga Jurukur Bahan Malaysia and the Treasury, Ministry of Finance. He has over 30 years of related professional experience and exposures dealing with government agencies and various multinational companies throughout his working career and projects undertaken in various regions, namely Australia, Malaysia, Asean and the Middle East. His areas of expertise being contracts and procurement, project and development management as well as the exposure in oil, petrochemical and gas industries.

Currently he sits on the Board of the Universiti Malaysia Kelantan ("UMK"), and serves as the Chairman of UMKBV, Chairman of the Development Committee and a member of the Investment



Committee of UMK. He also served as a member of the Audit and Strategic Planning Committee at Kemubu Agricultural Development Authority ("KADA").

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



Encik Rosland Bin Othman

Group Managing Director | Chief Executive Officer | Executive Director

Aged 46, Male, Malaysian

Encik Rosland Bin Othman was appointed as a Chief Executive Officer on 10 September 2019 and was later appointed as a Managing Director on 1 October 2019.

Encik Rosland graduated with a degree in Finance and Economics from New York University, Stern Business School, United States.

Encik Rosland was a Senior Vice President of Serba Dinamik Holdings Berhad from June 2016 to September 2019. Prior to that, he has been extensively involved in investment banking as well as oil and gas industries, covering positions such as the Head of Corporate and Investment Banking in PT Bank Muamalat Indonesia (Kuala Lumpur), Vice President, Investment Banking Division of Ibdar Bank B.S.C (c), Malaysia, Vice President, Investment Banking Division Elaf Bank B.S.C (c), Bahrain and Acting Head, Investment Banking Department of Bank Muamalat (M) Berhad.

Currently he sits on the Board of Directors in various companies namely Konsortium KAJV Sdn. Bhd., Malaysia, OHP Ventures Incorporated, Labuan, Malaysia, Sufini Holdings Ltd, Abu Dhabi, UAE and Geppert GmbH, Austria.

His interests in the Company are outlined on page 177 of this Annual Report.

DIRECTORS' PROFILE (CONT'D)

Notes:

- 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.
- Conflict of interest**
None of the Directors has any conflict of interests with the Company.
- 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.
- Directorships**
Saved as disclosed above, none of the Directors has other directorship in public companies and listed issuers.
- Details of the Board members' participation in the various Board Committees are set out in Corporate Governance Overview Statement in this Annual Report.
- 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 market and economic developments as well as with the new statutory and regulatory requirements.

No.	Name of Director	Conferences, Seminars and Training Programmes attended in Financial Year 2019
1	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	<ul style="list-style-type: none"> Beyond Paradigm Summit Asia Oil & Gas Conference (AOGC) 2019 Vendor Innovation Partnership Programme 2019 KL Summit 2019
2	YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	<ul style="list-style-type: none"> Corporate Directors Training Programme Fundamental 2.0 + Financial Statements 101 Beyond Paradigm Summit (Kuching) Evaluating Effective Internal Audit Function Audit Committees Guide on How To Aimed At Upskilling Audit Committee Members' Knowledge And Competency In Assessing The Effectiveness And Adequacy Of Internal Audit Function.
3	YBhg. Datu Haji Soedirman Bin Haji Aini	<ul style="list-style-type: none"> 6th IERP Gopal Conference 2019 - Enterprise Risk Management: Dealing with the new wave Evaluating Effective Internal Audit Function Audit Committees Guide on How To Aimed At Upskilling Audit Committee Members' Knowledge And Competency In Assessing The Effectiveness And Adequacy Of Internal Audit Function.
4	Encik Shamsul Anuar Bin Ahamad Ibrahim	<ul style="list-style-type: none"> Fundamentals of Fixed Income Markets and Products Credit Analysis for Bond Portfolio Management Raising Defences: Section 17A, MACC Act MIA International Accountants Conference 2019
5	Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir	<ul style="list-style-type: none"> Mandatory Accreditation Programme by The Iclif Leadership and Governance Centre
6	Encik Sr. Mohd Nazri Bin Mat Noor	<ul style="list-style-type: none"> Not applicable as he was appointed on 31 January 2020
7	Encik Rosland Bin Othman	<ul style="list-style-type: none"> Beyond Paradigm Summit

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year ended 31 December 2019, four (4) Board Meetings and four (4) Special Board Meetings were held. The attendance of the Directors at the Board Meetings is as follows:

		Board Meeting	Special Board Meeting
1	YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo *Resigned on 1 October 2019	3/3	1/3
2	YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	4/4	4/4
3	YBhg. Datu Haji Soedirman Bin Haji Aini	4/4	4/4
4	Encik Shamsul Anuar Bin Ahamad Ibrahim	4/4	4/4
5	Encik Rewi Hamid Bugo *Resigned on 1 October 2019	3/3	1/3
6	Tuan Haji Zaidi Bin Haji Ahmad *Resigned on 9 August 2019	2/2	1/2
7	Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir **Appointed on 1 April 2019	3/3	2/3
8	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah **Appointed on 1 August 2019	2/2	0/1
9	Encik Rosland Bin Othman **Appointed on 1 October 2019	1/1	0/0
10	Encik Sr. Mohd Nazri Bin Mat Noor ***Appointed on 31 January 2020	Not applicable	Not applicable

* Resigned in 2019 ** Appointed in 2019 *** Appointed in 2020

KEY SENIOR MANAGEMENT PROFILE

Encik Rosland Bin Othman

Group Managing Director | Chief Executive Officer | Executive Director

Aged 46, Male, Malaysian

Details of the Group Managing Director | Chief Executive Officer | Executive Director is set out on page 16 of the Directors' Profile of this Annual Report.

Encik Mohd Ariff Bin Abd Samat - Finance Director

Aged 38, Male, Malaysian

Encik Mohd Ariff Bin Abd Samat joined the Company as the Finance Director on 10 September 2019.

He holds a Bachelor's Degree in Accounting from the International Islamic University Malaysia and is a Member of Malaysian Institute of Accountants ("MIA").

His experience in the oil & energy industry, among others, includes roles in internal audit, cash flow budgeting, responsible for the execution of internal audits function in operational, compliance, financial and risk management audits in manufacturing, Original Equipment Manufacturer ("OEM"), automotive and heavy engineering.

He has over 10 years in key positions in Internal Audit, Accounts, Reporting and Business Planning & Budgeting in the oil & energy industry during his tenure with Petronas, UMW Corporation Sdn. Bhd. and KPMG Malaysia.

He has also covered wide range of sectors such as privatization of government projects/private finance initiatives/public private partnership, water and waste water, asset-backed securities (including CLOs, RMBS and non-performing loans), toll roads, property/real estate, healthcare, aviation, renewable energy and waste management.

Mr. Chiew Jong Wei - Chief Financial Officer

Aged 45, Male, Malaysian

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

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

He has more than 20 years working experience in audit firm and commercial companies as Accountant, Financial Controller, Head of Treasury and Head of Finance.

Mr. Chai Tze Khang - Chief Operating Officer

Aged 46, Male, Malaysian

Mr. Chai Tze Khang joined SCIB in year 1997 as a Production Engineer. He was appointed as the General Manager of the Company in year 2008 and has been promoted to Chief Operating Officer on 14 February 2020.

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

He gained more than 20 years of experience in Manufacturing operation and Sales and Marketing throughout his career in a various positions such as QA Manager and Factory Manager. He was instrumental in setting up various factory expansion for SCIB. He is also the director of SCIB's subsidiary companies.

Ms. Wong Li Wen - Head of Corporate Services

Aged 37, Female, Malaysian

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

She is a Fellow Member of The Chartered Association of Certified Accountants ("FCCA") and a member of the Malaysian Institute of Accountants ("MIA").

She has more than 14 years working experience in audit firm and commercial companies as Accountant, Company Secretary, Finance Manager and Chief Financial Officer.

Notes:

- 1. Family Relationship with Director and/or Major Shareholder**
The Chief Executive Officer and none of the Key Senior Management has any family relationship with any director and/or major shareholder of the Company.
- 2. Conflict of interest**
The Chief Executive Officer and none of the Key Senior Management has any conflict of interests with the Company.
- 3. Conviction of Offences**
The Chief Executive Officer and none of the Key Senior 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**
The Chief Executive Officer and none of the Key Senior Management has other directorship in public companies.



安全第一 SAFETY FIRST
UTAMAKAN KESELAMATAN

安全第一 SAFETY FIRST
UTAMAKAN KESELAMATAN

CHAIRMAN'S STATEMENT

Dear Shareholders

It is with great privilege on behalf of the Board of Directors to present to you the Company's business and financial performance for the financial year 2019 ("FY2019").

I would like to begin my report by congratulating everyone at SCIB, for being as focused as ever on delivering our vision and mission amidst uncertainties and challenges that befell almost all industries worldwide. Encapsulating the robust attitude that had made SCIB as the largest precast concrete manufacturer in Sabah and Sarawak as well as other parts of Borneo.

Overall, it is with great pleasure to announce that we ended FY2019 on a better footing, returning SCIB to the black with a profit before tax ("PBT") of RM3.2 million (compared to a RM9.9 million loss in FY2018), which in itself represent a great RM13.1 million turnaround achievement.

By taking a prudent approach to business through diversification and expansion initiatives throughout FY2019, the Company aims to strengthen its construction foothold and to build a credible track record in the construction industry. Positioning SCIB as a one stop integrated service provider in civil construction and expanding our reach into new markets namely West Malaysia, Indonesia and the Middle East to broaden the Company's prospects beyond borders.

Moving forward, the Board has instituted a number of changes to ensure that SCIB remains relevant and capable to challenge and sustain operations in the future where technology and capital plays a more prominent role in the industry. Among the measures taken are initiatives to improve SCIB's underlying fundamentals, which includes, quality assurance and better customer service strategy, developing human capital and upgrading our factories and facilities. We are also looking forward to answering the global call to embrace Industrial Revolution 4.0 and adopt advanced technologies to increase effectiveness and efficiency, especially when we are looking to tap into the global industrial sector.

The financial year under review saw a number of changes at the Board and Management levels including reviewing the Company's business model and strategic business plans for the next phase of its growth and expansion. At present, the Board consists of two (2) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and one (1) Executive Director as we bid farewell to YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo, Tuan Haji Zaidi Bin Haji Ahmad and Encik Rewi Hamid Bugo, all of whom have resigned in 2019.

With utmost gratitude, I accept the Board stewardship as the new chairman of the Board with effect from 1 October 2019 and would like to welcome Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir, Encik Sr. Mohd Nazri Bin Mat Noor and Encik Rosland Bin Othman to the Company and hope that their valuable experience would prove vital in ensuring the growth of SCIB. I would also like to thank my fellow board members for their trust and confidence in me to deliver our vision of linked prosperity.

CHAIRMAN'S STATEMENT (CONT'D)

As we welcome 2020 with great expectations and confidence amidst an uncertain global and fragile economic outlook, we were hit hard by the emergence of the COVID-19 global pandemic. A crisis that has so far caused many businesses to cope with loss of revenue and disrupted supply chains across the globe. SCIB is also affected as we see fall in demand especially during the Movement Control Order ("MCO") due to disrupted supply of raw materials, stopped operations and suspension of transportation in response to the Government lockdown.

Although we expect the pandemic to impose little impact on SCIB from the aspect of overall projection of income and profitability target that we have put forward previously, we believe there could be some timing differences and delay in recognising the profit projected due to the stopped operations amidst the COVID -19 crisis.

Although Year 2020 took off in a very complex manner, I would like to give you assurance that SCIB remains dedicated to our vision and mission and we look forward to continue strengthening our relationships with our employees, customers, clients, suppliers, business partners and shareholders. And as a final note, I would like to express my appreciation for all the efforts and contributions that have been put by everyone in the SCIB family for a good financial year ended 2019. Thank you.



**Dato' Dr. Ir. Ts. Mohd Abdul
Karim Bin Abdullah**
*Non-Independent
Non-Executive Chairman*

CEO'S STATEMENT

Building Upon Past Success and Continue Pursuing Our Vision

With what has been going on for a few months in 2020, year 2019 seems like a very positive and good year for anyone affected by the global COVID-19 pandemic. In truth, 2019 has been great for SCIB and I am delighted to be presenting the Company's 2019 Annual Report, my first as the Group Managing Director/Chief Executive Officer of the Company.

Financial Performance

The Company has shown an increase of 13.3% in revenue at RM86.0 million for the financial year 2019 ("FY2019"). The manufacturing division being the key driver and largest contributor to the Company's revenue. Increase in manufacturing revenue mainly contributed by the rolling out of Sarawak state infrastructure projects which include water and power supply, Sarawak coastal road and bridges. The increased supply of IBS components in public schools and health clinics construction also contributed towards revenue increase.

During the financial year under review, the Company's gross profit ("GP") shows a remarkable increase of 51.6% at RM17.3 million, as compared to RM11.4 million recorded for FY2018, mainly due to the turnaround of construction division that contributed RM1.4 million during FY2019, as compared to RM2.9 million losses in FY2018. Subsequently, the Company's other income for FY2019 stood at RM3.0 million, mainly attributed by the recognition of gain from subsidiary's creditor winding up of RM1.0 million and interest income of RM0.7 million.

By recording a profit before tax of RM3.2 million in the financial year under review compared to the loss before tax of RM9.9 million in the corresponding year of 2018, the Company recorded a positive turn around. Revenue also increased 13.3% to RM86.0 million compared to the RM75.9 million recorded in 2018 with the contribution of new source of revenue from EPCC segment.

Business Performance

SCIB is actively looking out for Engineering, Manufacturing, Construction and Commissioning ("EMCC") jobs to strengthen its construction foothold and to build a credible track record in the construction industry. We want to position SCIB as the one stop integrated provider in civil construction and to achieve the synergies between the core business of precast concrete manufacturing and the construction works.

We are very pleased to have successfully secured five (5) contracts worth RM175.4 million for projects in Peninsular Malaysia, Indonesia, Qatar and Oman in October 2019 and three (3) more projects with a total contract value of approximately RM864.5 million in Qatar and Oman in the first quarter of 2020 which set the first step of our journey to success.

With these contracts securement, SCIB will be able to have synergistic opportunities to further strengthen our foothold across the Middle East Region. Up until now, SCIB has total up RM1.1 billion order book and is currently on track with our internal target of RM1.5 billion for 2020.

Moving forward, SCIB will tap onto its new Management Team with extensive experience in the domestic and international market to gradually become a multinational company to compete internationally.

To pursue projects in the oil and gas ("O&G") sector, SCIB is in the process of obtaining a license from Petroliam Nasional Berhad while at the same time, it is also looking to acquire another company with a license to allow it to undertake the civil infrastructure works in Malaysia's O&G sector.

The manufacturing division has also increased its precast concrete products and IBS sales to major projects such as Pan Borneo Highway, water and power supply, public hospitals, health clinics and public schools project over the past year compared to 2018. However, to ensure that our factories producing both precast concrete products and Industrialised Building System products are fully utilised, the Company has over the past years plans to expand the reach of its manufacturing division overseas should there be opportunity to utilise precast concrete in sizeable construction jobs secured.

Sustainability and Diversity

As SCIB enters a new chapter in its growth story, the Board has instituted a number of changes to ensure that the Company is better able to sustain operations into the future in a technology and capital-intensive industry.

The Board acknowledges that the challenges and risks are always there, hence the need to move up the value chain and seek partnerships, joint ventures as well as mergers and acquisitions that can help extend the Company's reach and presence while at the same time boost its financial performance, both at the topline and bottom line.

Among the measures that the Board has taken in the financial year under review and which would continue into year 2020 are initiatives to strengthen SCIB's underlying fundamentals, which include enhancing quality assurance, establishing a good customer service strategy, reviewing and improving procurement and purchasing functions, enhancing preventive/scheduled maintenance programme and effective inventory management programme.

We also put emphasis on developing our human capital to improve their knowledge and skill sets, implementing health and safety practices at the workplace and factories and gradually upgrading our factories machineries and facilities.

For technology advancement, SCIB is looking to the adoption of Industry 4.0 for the operation and advanced technologies such as 3D printing that can help the construction industries be more effective and efficient.

We have plans to carry out fund-raising exercises both from the equity and debt market to strengthen SCIB's financial standing as we embark on the upcoming projects and explore the other business or investment opportunities within the same business activities of the SCIB Group. On 7 April 2020, SCIB has announced

CEO'S STATEMENT (CONT'D)

a Proposed Private Placement of 36,750,000 new ordinary shares in SCIB, representing approximately 30.0% of the enlarged total number of issued SCIB Shares to placee(s) to be identified later. The Proposed Private Placement is to improve the Group's cash flow and liquidity and raise the requisite funds for the Group to fund the working capital requirements of SCIB Group for existing and future projects.

Outlook

Given the turbulent and uncertain global business trends across the world amidst the COVID-19 pandemic, the risk of recession is now higher and as a business, SCIB should brace for the worst and prepare for what the future might hold.

Our key strategy would be to expand our presence and business beyond Malaysia. In addition to the secured five (5) EPCC projects, SCIB has also accepted three (3) Letters of Award and Acceptance ("LOA") for EPCC projects in Oman and Qatar estimated to worth RM864.5 million in April 2020.

At the same time, the Group will continue to leverage on its strong presence and local-base in Sarawak, where a number of infrastructure projects are in the pipeline, including, among others the Pan Borneo Highway, Second Trunk Road, Sarawak Coastal Road and Bridges and the Water and Power Supply Grid Programme.

SCIB's construction division intends to push out into Indonesia, Oman and Qatar as an initiative towards business diversification. Indonesia would be undergoing one massive construction project to relocate its capital to Kalimantan while Qatar's hosting of the FIFA World Cup 2022 and the development of a special economic zone in Oman presents opportunities for the Company to explore.

I would like to take this opportunity to extend my gratitude to our employees for their commitment to SCIB. It is with their hard work, their alignment with the Company's vision and mission, and their daily dedication that has enabled us to deliver such strong results in 2019.

Our people are our most important resource that will ensure SCIB remains an attractive investment for our shareholders. By saying this, I would like to extend a special thank you to our shareholders for your support because your commitment is a sign of your appreciation and trust.



Rosland Bin Othman
*Group Managing Director/
Chief Executive Officer*