

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

The Notice of the AGM, to be held at the Board Room, 2nd Floor, SCIB Building, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak on Wednesday, 31 May 2017 at 10.00 a.m. and at any adjournment thereof together with the Form of Proxy are enclosed in the 2016 Annual Report. You are entitled to attend and vote at our meeting or to appoint a proxy or proxies to attend and vote on your behalf. You should complete and deposit the Form of Proxy at our Registered Office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak not later than forty-eight (48) hours before the time set for our AGM or any adjournment thereof. If you have lodged the Form of Proxy, you may also attend and vote in person at our AGM should you subsequently wish to do so.



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

*(Company No.: 25583-W)
(Incorporated in Malaysia)*

**CIRCULAR TO SHAREHOLDERS
in relation to**

**PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

IMPORTANT DATES AND TIMES:-

Last day and time for lodging the Form of Proxy	: Monday, 29 May 2017 at 10.00 a.m.
Date and time of the Annual General Meeting	: Wednesday, 31 May 2017 at 10.00 a.m.

This Circular is dated 27 April 2017

DEFINITIONS

This table sets out the definitions used throughout this Circular:

Act	:	Companies Act 2016 (as may be amended, modified or re-enacted from time to time)
AGM	:	Annual General Meeting
Audit Committee	:	Audit Committee of SCIB
Board	:	The Board of Directors of SCIB
Bursa Securities	:	Bursa Malaysia Securities Berhad
Directors	:	The Directors for the time being of SCIB and shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes the following person who is or was within the preceding six (6) months from the date on which the terms of the transaction were agreed upon:– (i) a director of the Company or its subsidiary or holding company; or (ii) a chief executive of the Company, its subsidiary or holding company.
LPD	:	28 March 2017, being the latest practicable date prior to printing of the Circular
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities (as may be amended or modified from time to time) and any enactment thereof.
Major Shareholder(s)	:	A person, including any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, who has an interest or interests in one (1) or more voting shares in the Company (or any other company which is its subsidiary or holding company) and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:– (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, “interest in shares” shall have the same meaning given in Section 8 of the Act.
Person(s) Connected	:	This shall have the same meaning given in Chapter 1, Paragraph 1.01 of the Listing Requirements
Proposed Shareholder Mandate	:	Proposed Shareholder Mandate for the existing RRPT
Related Party(ies)	:	A Director, Major Shareholder or Person Connected with such director or major shareholder of the Group. For the purpose of this definition, ‘Director’, ‘Major Shareholder’ and their Persons Connected shall have the same meanings given in Paragraph 10.02 of the Listing Requirements
Related Party Transaction	:	A transaction entered into by SCIB Group which involves the interest, direct or indirect, of a Related Party
RM	:	Ringgit Malaysia

DEFINITIONS (Cont'd)

RRPTs	:	A Related Party Transaction which is recurrent, of a revenue or trading nature and which is necessary for the day-to-day operations of SCIB Group and which has been made or will be made by SCIB Group at least once in three (3) years in the ordinary course of business of SCIB Group
SCIB or the Company	:	Sarawak Consolidated Industries Berhad
SCIB Group or the Group	:	SCIB and its subsidiaries
Share(s)	:	Ordinary share(s) in the capital of SCIB
Shareholder Mandate	:	Shareholder Mandate pursuant to Paragraph 10.09 of the Listing Requirements for the RRPT
Tan Sri Hamid	:	YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo
Tuan Haji Zaidi	:	Tuan Haji Zaidi Bin Haji Ahmad, Chief Executive Officer of the Company
ZECON	:	Zecon Berhad
ZECON Group	:	Zecon Berhad Group of Companies
Rewi Hamid Bugo	:	Rewi Hamid Bugo is the son of Tan Sri Hamid and a Director of the Company

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this Circular shall have the meaning assigned to it under the Companies Act.

Any reference to a time of day shall be a reference to Malaysian time.

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SARAWAK CONSOLIDATED INDUSTRIES BERHAD

(Company No.: 25583-W)
(Incorporated in Malaysia)

Registered Office:

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching
Sarawak

27 April 2017

Board of Directors:

YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo (*Chairman/ Non-Independent Non-Executive Director*)
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak (*Independent Non-Executive Director*)
Tuan Haji Soedirman Bin Haji Aini (*Independent Non-Executive Director*)
Encik Shamsul Anuar Bin Ahamad Ibrahim (*Independent Non-Executive Director*)
Encik Rewi Hamid Bugo (*Non-Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the Company's Annual General Meeting held on 30 May 2016, the Company obtained from its shareholders a mandate for the RRPT pursuant to Paragraph 10.09 of the Listing Requirements.

The mandate from the shareholders shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM, which has been scheduled to be held on 31 May 2017, unless by a resolution passed at the forthcoming AGM, the mandate is renewed.

Accordingly, on 27 March 2017, the Company announced through Bursa Securities that the Board proposes to seek for renewal of Shareholder Mandate from its shareholders at the forthcoming AGM, for the existing RRPT as outlined in Sections 3.2 and 3.3 of this Circular.

The purpose of this Circular is to provide you with details, rationale and effects of the Proposed Shareholder Mandate and to seek your approval for the resolution, which is to be tabled as an ordinary resolution at the forthcoming AGM scheduled to be convened on 31 May 2017. The Notice of the AGM together with the Form of Proxy are enclosed in the 2016 Annual Report of the Company.

We advise you to read and carefully consider the contents of this Circular before voting on the resolution pertaining to this Proposed Shareholder Mandate at the forthcoming AGM scheduled to be held on 31 May 2017.

2. BACKGROUND INFORMATION OF PROVISIONS IN THE LISTING REQUIREMENTS

Paragraph 10.09(2) of the Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations, the Company may seek a mandate from its shareholders, subject to 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 Company'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 Mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (e) the Company must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the Circular by ten percent (10%) or more and the Company must include the information as may be prescribed by Bursa Securities in its announcement.

3. FEATURES OF THE PROPOSED SHAREHOLDER MANDATE

3.1 Principal activities of SCIB Group

The principal activities of SCIB are that of investment holding and provision of management services to the subsidiaries. The principal activities of its subsidiaries are as follows:-

Name of Company	Effective Equity Interest (%)	Principal Activities
<u>Subsidiaries of SCIB</u>		
SCIB Holdings Sdn Bhd	100	Investment holding
SCIB Industrialised Building System Sdn. Bhd.	100	Supply and installation of industrialized building system components
<u>Subsidiaries of SCIB Holdings Sdn Bhd</u>		
SCIB Properties Sdn Bhd	100	Property trading, investment and development
SCIB Infraworks Sdn Bhd	100	Infrastructure business and other related business- Dormant
SCIB Concrete Manufacturing Sdn Bhd	100	Trading of construction materials, manufacturing and sale of concrete products

3.2 Classes of Related Parties

	Related Parties	Principal Activities	Names of Interested Directors, Interested Major Shareholders of SCIB and its subsidiaries and Interested Persons Connected and their relationships with the Related Parties
1	ZECON Group	Foundation engineering, civil engineering, building contracting works, property sales and development and other related activities.	(a) Tan Sri Hamid is a common shareholders of SCIB and ZECON. (b) Tuan Haji Zaidi is the brother to YBhg Datuk Haji Zainal Abidin Bin Haji Ahmad, the Managing Director and substantial shareholder of ZECON. ZECON Group are persons connected with YBhg Datuk Haji Zainal Abidin Bin Haji Ahmad by virtue of his substantial shareholdings in ZECON pursuant to Section 8 of the Act.
2	Reignvest Corporation Sdn. Bhd.	Investment holding	(a) Rewi Hamid Bugo is a substantial shareholder of Reignvest Corporation Sdn. Bhd. (b) Tan Sri Hamid is deemed interested by virtue of his substantial interest in Reignvest Corporation Sdn. Bhd. via Segoo Holdings Sdn. Bhd. pursuant to Section 8 of the Act. (c) Tan Sri Hamid is the father of Rewi Hamid Bugo.

	Related Parties	Principal Activities	Names of Interested Directors, Interested Major Shareholders of SCIB and its subsidiaries and Interested Persons Connected and their relationships with the Related Parties
3	Rekaruang Sdn. Bhd.	Investment holding and property development and as contractor	(a) Rewi Hamid Bugo is a substantial shareholder of Rekaruang Sdn. Bhd. (b) Tan Sri Hamid is deemed interested by virtue of Rewi Hamid Bugo's substantial interest in Rekaruang Sdn. Bhd. pursuant to Section 8 of the Act (c) Tan Sri Hamid is the father of Rewi Hamid Bugo.
4	Oricon Sdn. Bhd.	Investment holding and property development	(a) Tuan Haji Zaidi is a substantial shareholder of Oricon Sdn. Bhd.
5	Petra Jaya Properties Sdn. Bhd.	Property development and management	(a) Tan Sri Hamid and Rewi Hamid Bugo are substantial shareholders of Petra Jaya Properties Sdn. Bhd.

3.3 Nature of the RRPT and Estimated Value

3.3.1 Existing RRPT

Name of Related Party	Nature of RRPT	Existing Shareholder Mandate		Proposed Shareholder Mandate
		Estimated value for validity period of the mandate (Estimated Value)	Actual value transacted during the validity period of the mandate (Actual Value)	Estimated value
		(i) RM '000	(ii) RM '000	(iii) RM '000
ZECON Group	Sales of precast Reinforced Concrete Products, Industrialised Building System components, Concrete Roofing Tiles, Concrete Ready Mix and other concrete products and the installation of Industrialised Building System components ("Products and Services") by SCIB Group	20,000	358	10,000
Reinvest Corporation Sdn. Bhd.	Payment of cost of rental of all that parcel of industrial land together with the buildings thereon situate at Sejingkat Industrial Park, containing an area of 2.793 hectares, more or less and described as Lot 830, Block 7, Muara Tebas Land District by SCIB Group at a monthly rental of RM60,000. The land and building are used for manufacturing of precast concrete products and roofing tiles.	1,000	600	1,000
Rekaruang Sdn. Bhd.	Sales of products and services by SCIB Group.	5,000	-	5,000

Name of Related Party	Nature of RRPT	Existing Shareholder Mandate		Proposed Shareholder Mandate
		Estimated value for validity period of the mandate (Estimated Value)	Actual value transacted during the validity period of the mandate (Actual Value)	Estimated value
		(i) RM '000	(ii) RM '000	(iii) RM '000
Oricon Sdn. Bhd.	Sales of products and services by SCIB Group.	1,000	-	1,000
Petra Jaya Properties Sdn. Bhd.	Sales of products and services by SCIB Group.	1,000	133	1,000
TOTAL		28,000	1,091	18,000

Note:-

(i) The estimated value is as disclosed in the preceding year's Circular to Shareholders dated 29 April 2016.

(ii) The actual value transacted from the date on which the existing mandate was obtained up to 28 March 2017, being the latest practicable date before the printing of this Circular.

(iii) The proposed estimated value from the forthcoming AGM until the conclusion of the next AGM of the Company are based on management best estimates of the value of transactions for SCIB Group. These estimates have been derived at after taking into consideration both historical data and the best estimate for these transactions. The price of the Products and Services are conducted at market rate which is at arm's length and under normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

There was no deviation of 10% or more where the Actual Value exceeds the Estimated Value of RRPT comprised under the existing Shareholder Mandate.

3.4 Ageing report for Recurrent Related Party Transactions

Name of Related Party	As at 28 March 2017	Normal Credit term	Outstanding RRPT Receivables as at 31 December 2016 which has exceeded the credit term for the following periods							
			Less than 1 year		More than 1 year less than 3 years		More than 3 years less than 5 years		More than 5 years	
			Principal sum RM'000	Interest RM'000	Principal sum RM'000	Interest RM'000	Principal sum RM'000	Interest RM'000	Principal sum RM'000	Interest RM'000
ZECON Group (Note (i),(ii), (iii))	No subsequent receipt	90 days	344	358	1,551	587	-	-	-	-
Rekaruang Sdn. Bhd.	-	90 days	-	-	-	-	-	-	-	-
Oricon Sdn. Bhd.	-	90 days	-	-	-	-	-	-	-	-
Petra Jaya Properties Sdn. Bhd.	Fully settled	90 days	20	-	-	-	-	-	-	-
Total			364	358	1,551	587	-	-	-	-

(i) Late payment charges of eight (8) per centum per annum were imposed effective January 2015 in regards to the outstanding RRPT amount due.

- (ii) *Actions taken to recover the outstanding RRPT amount due are as follows:*
 - a) *Reminder and demand letters were sent out to related party*
 - b) *Follow up session through visits to related party*
 - c) *Proposed settlement through separate arrangements are under consideration*
- (iii) *Total principal sum which has exceeded 180 days were impaired but not written off. Having reviewed the outstanding RRPT receivables, the Board and Audit Committee were of the opinion that these outstanding RRPT amount due are recoverable as indicated in Section 3.4(ii)(c).*

3.5 Rationale and benefit of the Proposed Shareholder Mandate

The transactions to be entered into with Related Parties by the Group are in the ordinary course of business and will enhance the revenue of the SCIB Group.

They are recurring transactions of revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case to case basis before entering into such related party transactions.

The Proposed Shareholder Mandate would also reduce substantial administrative time, inconvenience and expense of having to frequently convene a separate general meeting for approval of each transaction while still maintaining the objective of keeping shareholders informed of the extent of the related party transactions occurring within the Group. This would have the benefit of reducing administrative time and costs to the Company, which could be better utilised towards pursuing our corporate objectives.

3.6 Review methods or procedures for RRPT

The Board has in place an internal control system, which includes review of methods or procedures to ensure that such RRPT are conducted at arm's length and are on normal commercial terms consistent with the Group usual business practices and policies, as well as on terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of our minority shareholders. The management will ensure that the RRPT will only be entered into after taking into consideration the pricing, level of service and quality of product.

The review and disclosure procedures shall include the following:-

- (a) Records of RRPT will be maintained and shall be made available to the external auditors, internal auditors and Audit Committee for their review;
- (b) The internal auditors will review the RRPT as part of the internal audit programme and report their findings to the Audit Committee and the Board;
- (c) Terms of the Related Party Transactions relating to the price or sales/distribution margins shall not be subject to substantial change during the period that the Shareholder Mandate is in force. Where such change is deemed necessary, the management and the Audit Committee shall review the new terms to ensure that they are consistent with a transaction conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to the shareholders. The management shall ensure that the new terms are not more favourable to the Related Party than those generally available to the public and are not to the detriment of our minority shareholders;
- (d) Wherever possible, at least two (2) other contemporaneous transactions and/or quotations with unrelated third parties for similar products/ services and/or quantities will be used as comparison, to determine whether the price and terms offered to/ by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities;
- (e) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/ service is a proprietary item), the transaction price will be determined and approved by the Board to ensure the RRPT is not detrimental to the SCIB Group;
- (f) There are no specific thresholds for approval as all RRPT are reviewed and approved by the Chief Internal Auditor. The Audit Committee and the Board will review and approve the RRPT that are required under the Listing Requirements;
- (g) Further, where any Directors or Persons Connected have an interest (direct or indirect) in the RRPT, such Director (and his alternate) shall abstain from deliberation and voting on the matter. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from deliberation and voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions; and

- (h) Disclosure will be made in the annual report of the Company of the aggregate value of the RRPT conducted pursuant to the Proposed Shareholder Mandate during the financial year, amongst others, based on the type of the RRPT and the names of the Related Parties involved in each type of the RRPT made and their relationship with SCIB. Disclosure will also be made in the annual reports for the subsequent financial years during which the Shareholder Mandate remain in force.

3.7 Statement by Audit Committee

The Audit Committee of SCIB has seen and reviewed the methods and/or procedures mentioned in Section 3.6 above and is of the view that the said procedures are sufficient to ensure that the RRPT are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders. The Audit Committee is of the view that the SCIB Group has in place adequate procedures, guidelines and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures, guidelines and processes are reviewed once a year.

3.8 Directors' and Major Shareholders' Interests

The direct and indirect interest of the interested Directors, interested Major Shareholders and/or Person Connected with them in SCIB as at 28 March 2017 are as follows:-

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Interested Directors				
Tan Sri Hamid	3,429,200	4.66	9,281,600 ^a	12.61
Rewi Hamid Bugo	2,088,300	2.84	9,281,600 ^a	12.61
Interested Director of Subsidiary/ Chief Executive Officer				
Tuan Haji Zaidi	190,800	0.26	135,715 ^b	0.18
Interested Major Shareholders				
Pacific Unit Sdn. Bhd. ^c	9,281,600	12.61	-	-
Tan Sri Hamid	3,429,200	4.66	9,281,600 ^a	12.61
Rewi Hamid Bugo	2,088,300	2.84	2,088,300 ^a	12.61
Person Connected				
Oricon Sdn. Bhd. ^d	135,715	0.18	-	-

Note:-

a By virtue of their interests in Pacific Unit Sdn. Bhd. pursuant to Section 8 of the Act

b By virtue of his interest in Oricon Sdn. Bhd.

c Deemed Person Connected with Tan Sri Hamid and Rewi Hamid Bugo

d Deemed Person Connected with Tuan Haji Zaidi

The abovementioned interested Director of Subsidiary or Chief Executive Officer, Major Shareholder and Person Connected (namely, Tuan Haji Zaidi, Pacific Unit Sdn. Bhd. and Oricon Sdn. Bhd.) will abstain from voting on the resolution approving the Proposed Shareholder Mandate in the forthcoming AGM in respect of their shareholdings in SCIB. Tan Sri Hamid and Rewi Hamid Bugo, being the Directors interested in the Proposed Shareholder Mandate have abstained and will continue to abstain from all Board deliberation and voting on the Proposed Shareholder Mandate. Tan Sri Hamid, Tuan Haji Zaidi and Rewi Hamid Bugo will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Shareholder Mandate for RRPT.

In addition, the above interested Directors and interested Major Shareholders undertake to ensure that their Persons Connected will also abstain from voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed Shareholder Mandate.

Save as disclosed above, none of the other Directors, Major Shareholders and/or Persons Connected with them have any interests (direct or indirect) in the Proposed Shareholder Mandate.

4. EFFECTS OF THE PROPOSED SHAREHOLDER MANDATE

The Proposed Shareholder Mandate will not have any effect on our issued and paid-up share capital and substantial shareholders' shareholdings and will not have any significant impact on the net assets per share and earnings per

share of our Group for the year ending 31 December 2017.

However, the Proposed Shareholder Mandate is expected to contribute positively to the net assets and earnings of our Group during the period that the Proposed Shareholder Mandate is in force.

5. CONDITIONS OF THE PROPOSED SHAREHOLDER MANDATE

The Proposed Shareholder Mandate is conditional upon approval being obtained from the shareholders of SCIB at the forthcoming AGM and is subject to annual renewal and shall continue to be in force until:-

- a) the conclusion of the next AGM of SCIB at which the Proposed Shareholder Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

A disclosure of a breakdown of the aggregate value of the RRPT conducted pursuant to the Proposed Shareholder Mandate during the financial year shall be made in the annual report where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(a) of the Listing Requirements, amongst others, based on the following information:-

- the type of the RRPT made; and
- the names of the related parties involved in each type of the RRPT made and their relationship with SCIB.

6. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Directors, save and except for Tan Sri Hamid and Rewi Hamid Bugo who have abstained from expressing an opinion, are of the opinion that the Proposed Shareholder Mandate is in the best interest of SCIB and as such, recommend that you vote in favour of the resolution in relation to the Proposed Shareholder Mandate to be tabled at our forthcoming AGM.

7. AGM

We will hold our AGM at the Board Room, 2nd Floor, SCIB Building, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak on Wednesday, 31 May 2017 at 10.00 a.m. and any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholder Mandate, as set out under the item of Special Business at the forthcoming AGM.

If you are unable to attend and vote in person at our forthcoming AGM and wish to appoint a proxy to attend and vote on your behalf, you should complete, sign and return the Form of Proxy as attached in the 2016 Annual Report of the Company in accordance with the instructions printed therein as soon as possible and, in any event, so as to reach at our registered office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak not later than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at our forthcoming AGM should you subsequently wish to do so.

8. FURTHER INFORMATION

We advise you to refer to Appendix I for further information.

Yours faithfully
for and on behalf of the Board

Shamsul Anuar Bin Ahamad Ibrahim
Independent Non-Executive Director

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Saved as disclosed below, neither we nor our subsidiaries have entered into any material contracts (not being contracts entered into in our ordinary course of business or any of our subsidiaries' businesses) within the two (2) years preceding the date of this Circular:-

- (i) Sale and purchase of SCIB Properties Sdn. Bhd.'s 40% issued and paid-up share capital of Influx Meridian Sdn. Bhd. comprising 3,000,000 ordinary shares of RM1.00 each dated 25 November 2016 between SCIB Properties Sdn. Bhd. (as seller) and KTS Properties & Construction Sdn. Bhd. (as buyer) for a total purchase price of RM5,000,000 which was completed on the same date;
- (ii) Share sale agreement dated 28 December 2016 ("SSA") between Asgari Bin Mohd Fuad Stephens, Brian Francis Ticcioni, Gaya Belian Sdn. Bhd., Carlton Gardens Sdn. Bhd. ("CGSB") and SCIB for the purchase of 4,463,640 ordinary shares in CGSB for a total purchase price of RM9,500,000; and
- (iii) Supplemental agreement dated 3 March 2017 between Asgari Bin Mohd Fuad Stephens, Brian Francis Ticcioni, Gaya Belian Sdn. Bhd., CGSB and SCIB to vary and amend certain clauses of the SSA consequential to the Act.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, save as disclosed below, the SCIB Group is not engaged in any material litigation, claims or arbitration, including those pending, threatened against the Group, or any other facts likely to give rise to proceedings, either as plaintiff or defendant, which has a material effect on the financial position or business of the Group:-

- (i) On 5 July 2016, SCIB Industrialised Building System Sdn. Bhd. ("the Plaintiff") had, vide its solicitors, Messrs. Loke, King, Goh & Partners, filed writ and statement of claim against Millennium Crest Sdn. Bhd. ("the Defendant") claiming for RM2,786,696 being the work delivered as at 29 December 2014. Subsequently, Millennium Crest Sdn. Bhd. has filed defence and counterclaim dated 10 October 2016. The court has set trial dates on 22 to 26 May 2017 and the hearing for the application by the advocates of the Defendant to discharge himself will be on 13 April 2017.

The solicitors are of the opinion that there is a reasonable likelihood of success with respect of SCIB's claim for the works done particularly as the Certificate of Practical Completion has been issued. However, the Defendant's counterclaim for liquidated and ascertained damages is a live issue which needs to be addressed during the trial.

The success of the Defendant's counterclaim depends heavily on the witness's testimony which at this stage cannot be determined.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at our registered office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak during normal business hours from Monday to Friday (except for public holidays) from the date of this Circular up to and including the date of the AGM:-

- (i) The Memorandum and Articles of Association of SCIB;
- (ii) The audited consolidated financial statements of the Group for the past two (2) financial years ended 31 December 2015 and 2016;
- (iii) The material contracts referred to in Section 2 above; and
- (iv) The relevant cause papers in respect of the material litigation referred to in Section 3 above.