

**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 professional adviser immediately.**

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Circular in relation to the Proposed M&A Amendments (as defined herein) prior to the issuance of this Circular pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities 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. You should rely on your own evaluation to assess the merits and risks of the Proposals (as defined herein) as set out in this Circular.



**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:**

- (I) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF SARAWAK CONSOLIDATED INDUSTRIES BERHAD ("SCIB"); AND**
- (II) PROPOSED PRIVATE PLACEMENT OF UP TO 36,397,125 NEW ORDINARY SHARES IN SCIB REPRESENTING UP TO 45% OF THE ENLARGED SHARE CAPITAL OF SCIB AFTER THE COMPLETION OF THE PROPOSED CGSB ACQUISITION (AS DEFINED HEREIN) TO BE SUBSCRIBED BY POTENTIAL INVESTORS TO BE IDENTIFIED LATER**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

**INTER-PACIFIC**  
SECURITIES SDN. BHD.

(12738-L)  
A Participating Organisation of Bursa Malaysia Securities Berhad  
A Trading Participant of Bursa Malaysia Derivatives Berhad

The Notice of the Extraordinary General Meeting ("**EGM**") together with a copy of the Form of Proxy is enclosed with this Circular. If you decide to appoint a proxy to attend and vote on your behalf at the EGM, the Form of Proxy should be completed and lodged at our registered office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time appointed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the forthcoming EGM if you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Monday, 29 May 2017 at 11.00 a.m.
Date and time of the EGM	:	Wednesday, 31 May 2017 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Company's 41 <sup>st</sup> Annual General Meeting which will be held at the same venue on the same day at 10.00 a.m.
Venue of the EGM	:	Board Room, 2nd Floor, SCIB Building, Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak

This Circular is dated 9 May 2017

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## DEFINITIONS

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In this Circular and the accompanying appendix, the following abbreviations shall have the following meanings unless otherwise stated:

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	: Annual general meeting
Board	: Board of Directors of SCIB
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
CGSB	: Carlton Gardens Sdn. Bhd. (Company No. 1159779-U)
Circular	: This circular dated 9 May 2017 in relation to the Proposals
Consideration Shares	: New SCIB Shares to be issued at an issue price of RM0.58 per SCIB Share pursuant to the Proposed CGSB Acquisition
Director(s)	: Director(s) of the Company
EGM	: Extraordinary general meeting of the Company
EPS	: Earnings per share
FPE	: Financial period ended / ending, as the case may be
FYE	: Financial year(s) ended / ending, as the case may be
Gaya Belian	: Gaya Belian Sdn. Bhd. (Company No. 1023300-U)
IPS or Adviser	: Inter-Pacific Securities Sdn. Bhd. (Company No. 12738-U)
LAT	: Loss after tax
LBT	: Loss before tax
LPD	: 21 April 2017, being the latest practicable date prior to the printing of this Circular
M&A	: Memorandum and Articles of Association
Main Market	: Main Market of Bursa Securities
MMLR	: Main Market Listing Requirements of Bursa Securities
NA	: Net assets
PAT	: Profit after tax
PBT	: Profit before tax
Placement Share(s)	: New SCIB Share(s) to be issued pursuant to the Proposed Private Placement
Proposals	: Collectively, the Proposed M&A Amendments and Proposed Private Placement

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**DEFINITIONS (Cont'd)**

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Proposed CGSB Acquisition	: Proposed acquisition by SCIB of 4,463,640 ordinary shares representing the entire equity interest in CGSB for the Purchase Consideration and to be paid in two (2) tranches
Proposed M&A Amendments	: Proposed amendments to the M&A of SCIB
Proposed Private Placement	: Proposed private placement of up to 36,397,125 Placement Shares, representing approximately up to 45% of the enlarged share capital of SCIB after the completion of the Proposed CGSB Acquisition to be subscribed by potential investors to be identified later
Purchase Consideration	: Total purchase price of RM9.50 million for the Proposed CGSB Acquisition to be satisfied via issuance of up to 7,300,000 Consideration Shares and the balance in cash
Record of Depositors	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RM and sen	: Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	: The rules of Bursa Depository as issued pursuant to the SICDA
SCIB or Company	: Sarawak Consolidated Industries Berhad (Company No. 25583-W)
SCIB Group or Group	: SCIB and its subsidiaries
SCIB Share(s) or Share(s)	: Ordinary share(s) in SCIB
Sellers	: Gaya Belian, Brian Francis Ticcioni and Asgari bin Mohd Fuad Stephens, collectively
SEPC	: Stone EPC (Sabah) Sdn. Bhd. (Company No. 1153165-H)
Shareholder(s)	: Shareholder(s) of the Company
SICDA	: Securities Industry (Central Depositories) Act, 1991 of Malaysia
SSA	: The conditional share sale agreement dated 28 December 2016 entered into between the Sellers, CGSB and SCIB for the Proposed CGSB Acquisition
Supplemental Agreement	: The supplemental agreement to the SSA dated 3 March 2017 entered into between the Sellers, CGSB and SCIB to vary and amend certain terms of the SSA consequential to the Act
Supply and Installation Contract	: The contract to supply and install interlocking blocks and associated structural and finishing works to SEPC's project to construct 620 residential units together with necessary amenities, utilities, facilities and infrastructure at Woodford Estate, Beaufort District, Sabah
VWAMP	: Volume weighted average market price

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**DEFINITIONS (Cont'd)**

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All references to “you” in this Circular are to the Shareholders who are entitled to attend and vote at the EGM and whose names appear in the Record of Depositors at the time and on the date to be determined by the Board.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any provision of the statutes, rules, regulations or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations or rules of stock exchange (as the case may be) as modified by any written law and any amendments to the statutes, regulations or rules of stock exchange for the time being in force or their respective re-enactment. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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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

9 May 2017

**Board of Directors**

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

To: The Shareholders

Dear Sir / Madam,

- (I) **PROPOSED M&A AMENDMENTS; AND**
- (II) **PROPOSED PRIVATE PLACEMENT**

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**1. INTRODUCTION**

On 28 December 2016, IPS had, on behalf of the Board, announced that the Company had on 28 December 2016 entered into a SSA with the Sellers and CGSB for the proposed acquisition of 4,463,640 ordinary shares representing the entire equity interest in CGSB for a total purchase price of RM9.50 million and to be paid in two (2) tranches.

The details of the Proposed CGSB Acquisition are as set out in the announcement by the Company dated 28 December 2016 and also provided in Section 3 of this Circular.

On even date, IPS had, on behalf of the Board announced that the Company proposed to undertake the following:

- (i) Proposed reduction of the issued and paid-up share capital of SCIB pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each in SCIB (“**Proposed Par Value Reduction**”);
- (ii) Proposed amendments to the M&A of SCIB to facilitate the change in par value of the existing ordinary shares in SCIB from RM1.00 to RM0.50 each arising from the Proposed Par Value Reduction; and
- (iii) Proposed private placement of up to 36,397,125 new ordinary shares of RM0.50 each in SCIB after the Proposed Par Value Reduction representing up to 45% of the enlarged issued and paid-up share capital of SCIB after the completion of the Proposed Par Value Reduction and Proposed CGSB Acquisition to be subscribed by potential investors to be identified later.

The proposals (i), (ii) and (iii) above are collectively known as the “**Previous Proposals**”.

On 3 March 2017, IPS had, on behalf of the Board announced that pursuant to the Act which was gazetted on 15 September 2016 and came into effect on 31 January 2017, the Company had revised the Previous Proposals to as follows:

- (i) The Proposed Par Value Reduction is no longer applicable;
- (ii) The proposed amendments to the M&A of SCIB is revised to remove Clause 5 of the Memorandum of Association and Article 47 of the Articles of Association of SCIB; and
- (iii) The issue price of the Placement Shares in relation to the Proposed Private Placement shall not be priced at a discount of more than ten percent (10%) to the five (5)-day VWAMP of SCIB Shares up to the date immediately preceding the price fixing date(s). All other terms of the Proposed Private Placement remain unchanged.

On even date, IPS had, on behalf of the Board announced that in relation to the Proposed CGSB Acquisition, SCIB had entered into a Supplemental Agreement to vary and amend certain clauses of the SSA dated 28 December 2016 consequential to the Act.

On 21 April 2017, IPS had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 21 April 2017, granted its approval for the listing of and quotation for the Consideration Shares and Placement Shares on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the conditions as set out in Section 8 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS IN RELATION TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM TO BE CONVENED. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDIX BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSALS

### 2.1 PROPOSED M&A AMENDMENTS

The Proposed M&A Amendments is undertaken to remove Clause 5 of the Memorandum of Association and Article 47 of the Articles of Association of SCIB as under the Act, a company is no longer required to state its authorised share capital and all shares no longer carry a par value.

Details of the proposed amendments to the M&A of SCIB are as follows:

<b>Existing provisions</b>	<b>Proposed amendments</b>
<p><b><u>Memorandum of Association</u></b></p> <p><b>Clause 5</b></p> <p>“The capital of the Company is RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each with power to increase or reduce the capital and to divide the shares in the original or increased capital for the time being into several classes and to issue any parts or parts of the original capital or increased capital for the time being with such deferred qualified or special rights privileges or conditions with reference to preferential guaranteed fixed fluctuating redeemable or other dividend or interest or with such priority in the distribution of assets or otherwise as shall from time to time to be determined by the Company.”</p>	<p><b>Clause 5</b></p> <p>Deleted.</p>
<p><b><u>Articles of Association</u></b></p> <p><b>Article 47</b></p> <p>“The authorised share capital of the company shall be RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each.”</p>	<p><b>Article 47</b></p> <p>Deleted.</p>

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## **2.2 PROPOSED PRIVATE PLACEMENT**

### **2.2.1 Placement size**

The Proposed Private Placement entails the issuance of up to 36,397,125 Placement Shares, representing up to 45% of the enlarged share capital of the Company after the Proposed CGSB Acquisition.

### **2.2.2 Placement arrangement**

The Placement Shares are intended to be placed with independent third party investor(s) ("**Third Party Investor(s)**") to be identified later. The Placement Shares are not intended to be placed with the following parties:

- (i) directors, major shareholders or chief executive officer of SCIB ("**Interested Persons**");
- (ii) persons connected with the Interested Persons; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Third Party Investor(s) shall be person(s) who qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

The Proposed Private Placement may be implemented in a single or multiple tranche(s) within six (6) months from the date of approval from Bursa Securities for the Proposed Private Placement or any extended period as approved by Bursa Securities, to provide the Company with the flexibility to secure interested investors and to maximise the number of Placement Shares to be placed out. As such, there may be several price fixing dates depending on the number of tranches and timing of implementation.

The details of placees and the amount of securities to be placed to each placee in accordance with paragraph 6.15 of the MMLR will be submitted to Bursa Securities before the listing of the Placement Shares to be issued pursuant to the Proposed Private Placement.

### **2.2.3 Basis and justification of arriving at the issue price of the Placement Shares**

The issue price of the Placement Shares shall be determined based on market-based principles where the issue price of the Placement Shares shall take into consideration the prevailing market prices of SCIB Shares prior to the price fixing date(s). In any event, the issue price shall not be priced at a discount of more than ten percent (10%) to the five (5)-day VWAMP of SCIB Shares up to the date immediately preceding the price fixing date(s). The issue price of the Placement Shares shall be fixed by the Board at a later date(s) after the receipt of all relevant approvals for the Proposed Private Placement.

### **2.2.4 Utilisation of proceeds from the Proposed Private Placement**

For illustrative purposes, based on the indicative issue price of RM0.60 per Placement Share representing a premium of RM0.02 or 3.45% to the five (5)-day VWAMP of SCIB Shares up to and including 27 December 2016, being the date preceding the announcement of the Previous Proposals on 28 December 2016, of RM0.58, the Company is expected to raise gross proceeds of up to RM21.84 million pursuant to the Proposed Private Placement.

The proposed utilisation of the gross proceeds is set out below:

Proposed utilisation	Gross proceeds	Estimated timeframe for utilisation of proceeds from the date of listing of the Placement Shares
	RM'000	
Business expansion <sup>(i)</sup>	10,000	Within 12 months
Working capital <sup>(ii)</sup>	2,838	Within 12 months
Repayment of bank borrowings <sup>(iii)</sup>	8,000	Within 6 months
Estimated expenses in relation to the Proposals <sup>(iv)</sup>	1,000	Within 2 months
<b>Total</b>	<b>21,838</b>	

Notes:

- (i) SCIB Group intends to expand its existing business in the supply and installation of Industrialised Building System (“IBS”). As at the LPD, the management of SCIB is still exploring its options for various business expansion opportunities such as the acquisition of assets or companies and had not entered into any arrangement with any parties.

Based on the latest audited financial statements of SCIB for the FYE 31 December 2016, the segmental revenue and results for the manufacturing/corporate and construction segments of SCIB Group which house the business of supply and installation of IBS are as follows:

Manufacturing/ corporate <sup>(1)</sup>	FYE 31 December 2016 RM'000
External revenue	56,883
Segment profit	3,846
Construction <sup>(2)</sup>	FYE 31 December 2016 RM'000
External revenue	183
Segment loss	(2,123)

Notes:

- (1) The manufacturing/corporate segment is involved in the manufacturing and sale of precast concrete, pipes, prestressed spun concrete piles and other related concrete products, and investment holding. The supply of IBS components are recorded in this segment.
- (2) The construction segment is involved in the installation of IBS components.

The Company shall make necessary announcements (in accordance with the MMLR) as and when the business expansion opportunities have been identified by the Board and are likely to materialise.

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In the event that SCIB is unable to identify any suitable and viable business expansion opportunities within the timeframe stipulated (or any extended timeframe, if applicable), the proceeds allocated for business expansion shall be utilised to repay its bank borrowings and/or for working capital purpose of SCIB. In such an event, SCIB proposes to allocate the proceeds for the Group's working capital and to repay bank borrowings as follows:

	<b>RM'000</b>
(1) Repayment of bank borrowings	4,000
(2) Working capital purposes such as:	
(a) Payment of trade and other creditors	3,000
(b) Purchase of raw materials	3,000
<b>Total</b>	<b>10,000</b>

- (ii) The Company proposes to utilise approximately RM2.84 million of the proceeds to finance SCIB Group's day-to-day operations for its working capital purpose as follows:

	<b>RM'000</b>
Payment of trade and other creditors	1,000
Purchase of raw materials	1,838
<b>Total</b>	<b>2,838</b>

The proceeds from the Proposed Private Placement earmarked for the working capital of SCIB Group would also further enhance SCIB Group's cash flow in funding the Group's daily operational activities.

- (iii) The Company proposes to utilise approximately RM8.0 million of the proceeds to reduce the bank borrowings of SCIB. The repayment of the borrowings is expected to result in an estimated saving in interest payment of approximately RM150,913 per annum. The total borrowings of the Group as at LPD amounted to approximately RM23.80 million.

The details of the bank borrowings of SCIB that SCIB proposes to repay are as follows:

<b>Description</b>	<b>Current interest rate per annum as at LPD (%)</b>	<b>Outstanding amount as at LPD (RM'000)</b>	<b>Amount proposed to repay (RM'000)</b>
Term loans	7.50 to 7.75	4,994	3,904
Revolving credits	7.35 to 7.75	17,880	4,096
<b>Total</b>			<b>8,000</b>

- (iv) The estimated expenses are inclusive of placement agent fees and fees payable to the relevant authorities and other incidental expenses in connection with the Proposals. Any deviation in the actual amount of expenses for the Proposals will be adjusted proportionately to/from the working capital of SCIB Group.

Pending utilisation of the proceeds from the Proposed Private Placement for the above purposes, the proceeds will be placed in deposits with financial institutions or short term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of SCIB Group.

The exact amount of proceeds to be raised from the Proposed Private Placement cannot be determined at this juncture as the amount would depend on the eventual issue price(s) of the Placement Shares to be determined and the actual number of Placement Shares to be issued. Any variation between the actual amount of proceeds raised and the above estimated amount of proceeds will be adjusted to/from the working capital of SCIB Group.

### 2.2.5 Ranking of the Placement Shares

The Placement Shares shall, upon issue and allotment, rank *pari passu* in all respects with the then existing SCIB Shares except that they will not be entitled to any dividends, rights, allotments and/or distributions which may be declared, made or paid to shareholders of SCIB, for which the entitlement date of which is prior to the date of allotment of the Placement Shares.

### 2.2.6 Listing of and quotation for the Placement Shares

An application was made to Bursa Securities and approval was obtained on 21 April 2017 for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market.

## 3. INFORMATION ON THE PROPOSED CGSB ACQUISITION

On 28 December 2016, the Company has entered into a SSA with the Sellers and CGSB for the proposed acquisition of 4,463,640 ordinary shares representing the entire equity interest in CGSB for a total purchase price of RM9.50 million.

### 3.1 Proposed CGSB Acquisition

Pursuant to the terms of the SSA, the Proposed CGSB Acquisition entails the acquisition of 4,463,640 ordinary shares in CGSB from the Sellers, representing the entire issued and paid-up share capital of CGSB by SCIB for the Purchase Consideration to be paid in 2 tranches as set out below:

- (i) firstly, 30% of the Purchase Consideration ("**Tranche 1**") to be paid in cash; and
- (ii) secondly, 70% of the Purchase Consideration ("**Tranche 2**") to be paid with a combination of cash and Consideration Shares, which may be up to 7,300,000 Consideration Shares, in such proportion as determined by SCIB at its absolute discretion, to the respective Sellers.

On 17 February 2017, on behalf of the Company, IPS had announced that all the conditions precedent for Tranche 1 as set out in the SSA in relation to the Proposed CGSB Acquisition has been fulfilled. Pursuant thereto, 30% of the Purchase Consideration of RM9,500,000 amounting to RM2,850,000 was paid in cash by the Company to the respective Sellers in the proportion set out opposite their respective names in Schedule 3 of the SSA within 5 business days from the date of fulfilment of all the conditions precedent for Tranche 1.

### 3.2 Information on CGSB

CGSB was incorporated in Malaysia as a private limited company under the Companies Act 1965, (as amended/replaced by the Act) on 22 September 2015. As at LPD, CGSB has an issued and paid-up share capital of RM4,463,640 comprising 4,463,640 ordinary shares ("**CGSB Shares**").

CGSB is principally involved in the manufacture, supply and installation of building materials for use in the construction sector.

CGSB owns and operates an interlocking block IBS factory located at Woodford Estate, Lumut, Sabah. The factory building occupies a land size of 435,600 square feet ("**sq. ft.**") and built up area of 367,200 sq. ft..

The factory manufactures interlocking blocks and the maximum production capacity of the factory is approximately 25,000 blocks/units per day.

CGSB has secured the Supply and Installation Contract with a contract value of approximately RM41.57 million (exclusive of goods and services tax) to supply and install interlocking blocks and associated structural and finishing works to SEPC in relation to the proposed residential development consisting of 300 units of single storey terrace Type A, 192 units of double storey terrace Type B, 128 units of double storey Type C, 1 unit multi-purpose hall, 1 unit kindergarten on Lot 2 part of CL. 175346666, KM 90 off Kota Kinabalu – Beaufort Highway (“**Project**”) where SEPC is the contractor for the Project.

### **3.3 Issuance of Consideration Shares**

The Consideration Shares to be issued as part consideration for the Proposed CGSB Acquisition will be undertaken in accordance with the general mandate pursuant to Section 132D of the Companies Act 1965 (as amended/replaced by the Act) that had been obtained from the shareholders of SCIB at its AGM convened on 30 May 2016. The Board is authorised to issue new SCIB Shares provided that the number of new SCIB Shares issued does not exceed 10% of the issued and paid-up share capital of the Company (“**General Mandate**”). The General Mandate shall continue to be in force until the conclusion of the next AGM of the Company, unless revoked or varied by the Company at a general meeting.

In the event the Proposed CGSB Acquisition is not completed before the next AGM of the Company, the Company will obtain its shareholders’ mandate pursuant to Section 75 of the Act and paragraph 6.03 of the MMLR at the AGM for the issuance of the Consideration Shares.

### **3.4 Ranking of the Consideration Shares**

The Consideration Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing SCIB Shares except that the Consideration Shares will not be entitled to any dividends, rights, allotments and/or distributions which may be declared, made or paid to shareholders of SCIB, for which the entitlement date of which is prior to the date of allotment of the Consideration Shares.

### **3.5 Listing of and quotation for the Consideration Shares**

An application was made to Bursa Securities and approval was obtained on 21 April 2017 for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed CGSB Acquisition on the Main Market.

### **3.6 Liabilities to be assumed by SCIB**

Save for the liabilities stated in the balance sheet of CGSB, which will be consolidated into the financial statements of SCIB, following the completion of the Proposed CGSB Acquisition, the Company will not assume any other liabilities, including contingent liabilities or guarantees pursuant to the Proposed CGSB Acquisition.

### **3.7 Source of funds**

The portion of the Purchase Consideration proposed to be settled by way of cash will be funded from internally generated funds.

The issuance of the Consideration Shares provides an opportunity to the Sellers to participate in the future growth of SCIB as shareholders. Furthermore, the issuance of the Consideration Shares to partly satisfy the Purchase Consideration is also expected to conserve cash for SCIB’s working capital purposes.

### **3.8 Additional financial commitment**

Save for the operational working capital required by CGSB, there are no additional financial commitments required by SCIB to put the business of CGSB on-stream.

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

### **4.1 Proposed M&A Amendments**

The Proposed M&A Amendments is to remove Clause 5 of the Memorandum of Association and Article 47 of the Articles of Association of SCIB as under the Act, a company is no longer required to state its authorised share capital and all shares no longer carry a par value.

### **4.2 Proposed Private Placement**

As set out in Section 2.2.4 of this Circular and based on the indicative issue price of RM0.60 per Placement Share, the Proposed Private Placement will enable SCIB to raise gross proceeds of approximately RM21.84 million, which will be partly utilised for the repayment of bank borrowings and thus result in an estimated interest savings of approximately RM150,913 per annum. As set out in Section 6.2 of this Circular, the gearing ratio of SCIB will also improve from 0.42 times (after the Proposed CGSB Acquisition) to 0.21 times upon the part repayment of the bank borrowings. The Board, after due consideration of the various fund raising options, is of the view that the Proposed Private Placement is the most appropriate avenue of raising funds based on the following rationale:

- (i) to allow SCIB to raise funds expeditiously and cost effectively as opposed to a pro-rata issuance of securities such as a rights issue;
- (ii) the Proposed Private Placement enables SCIB to raise funds without relying on equity funding from existing shareholders of SCIB. Further, the Board is of the view that seeking equity funding from existing shareholders of SCIB may be futile as SCIB's current business has stagnated and SCIB Group have recorded fluctuating revenue and minimal results (save for the gain on disposal of associate of approximately RM3.57 million in the FYE 31 December 2016) for the past five (5) financial years up to FYE 31 December 2016;
- (iii) to provide an avenue for SCIB to tap into the equity market to raise additional funds expeditiously without incurring interest costs as compared to funding via bank borrowings; and
- (iv) to strengthen SCIB Group's financial position and capital position and may potentially improve the liquidity of SCIB Shares in the market.

As it is the intention of the Company to place out the Placement Shares to Third Party Investor(s), there would be a corresponding dilution of the interest of the existing shareholders in the voting rights, EPS and NA per SCIB Share as a result of the enlarged share capital of the Company after the Proposed Private Placement.

The dilution on the EPS and NA per SCIB Share pursuant to the issuance of the Placement Shares are mitigated as the future EPS and NA per SCIB Share are subject to, among others, the financial performance of the Group in the ensuing financial years and the expected positive contribution to the earnings of the Group pursuant to the utilisation of proceeds from the Proposed Private Placement.

## 5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

### 5.1 Overview and prospects of the Malaysian economy

The Malaysian economy grew by 4.5% in the fourth quarter of 2016 (3Q 2016: 4.3%), underpinned by continued expansion in private sector expenditure. On the supply side, growth continues to be driven by the manufacturing and services sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a sustained growth of 1.4% (3Q 2016: 1.4%).

Overall, domestic demand expanded at a more moderate pace, as the improvement in private consumption and investment activity was more than offset by the decline in public expenditure. In the fourth quarter, private consumption grew by 6.2% (3Q 2016: 6.4%), supported by continued wage and employment growth. Private investment registered a growth of 4.9% (3Q 2016: 4.7%), following continued capital spending in the services and manufacturing sectors. Growth of public investment improved mainly on account of higher spending on fixed assets by public corporations, but nevertheless remained in contraction during the quarter. Public consumption also declined by 4.2% (3Q 2016: +2.2%) arising from the rationalisation of spending on supplies and services and a moderation in the growth of spending on emoluments. On the external front, net exports contributed positively to growth as real exports expanded at a faster rate than real imports.

On the supply side, growth in the manufacturing, mining and agriculture sectors improved. The manufacturing sector expanded at a faster pace owing to higher growth in both domestic and export-oriented industries. The mining sector recorded an improvement due to the increase of natural gas production during the quarter. In the agriculture sector, economic activity contracted at a slower pace, reflecting the diminishing impact of El Niño on crude palm oil yields. Growth in the services sector continued to expand, albeit at a more moderate pace, supported mainly by consumption-related services. In the construction sector, growth remained driven by the civil engineering subsector.

Going forward, the global economy is expected to improve but remain on a moderate growth path. While there are indications of more sustained growth in the major economies in 2017, downside risks to global growth continue to prevail, arising from the volatility in commodity prices, policy uncertainties and growth prospects of the major developed economies, heightened risk aversions in the global financial markets as well as geopolitical developments.

While the external environment may continue to remain challenging, the Malaysian economy will experience sustained growth with the primary driver being domestic demand. Private consumption is anticipated to remain supported by wage and employment growth, with additional impetus coming from announced Government measures to support disposable income of households. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors.

*(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2016, Bank Negara Malaysia)*

## 5.2 Overview and outlook of the Malaysian construction industry

The construction sector grew by 5.1% in the fourth quarter (3Q 2016: 7.9%), underpinned mainly by activity in the civil engineering subsector following progress in various projects in the petrochemical, transportation and utilities segments. Although still affected by oversupply issues in the commercial segment, growth in the non-residential sub-sector improved marginally, benefitting from the low base from the previous year. Activity in the residential sub-sector moderated, reflecting the subdued property market, while growth in the special trade sub-sector was supported by both early- and end-work activity.

*(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2016, Bank Negara Malaysia)*

## 5.3 Overview and outlook of the IBS usage in Malaysia

As part of the initiative to increase productivity in the construction industry, Malaysian Investment Development Authority (“MIDA”) and Construction Industry Development Board (“CIDB”) will be working closely to enhance the adoption of IBS amongst its players. This is in line with the productivity thrust of the Construction Industry Transformation Programme (“CITP”), which has identified modern construction techniques as one of the key drivers to increase productivity by two-and-a-half times.

Furthermore, the Government has announced that incentives will be granted to companies manufacturing IBS components whereby the companies will be considered for either Pioneer Status or Investment Tax Allowance (“ITA”). These incentives are effective for applications received by MIDA from 10 September 2015 until 31 December 2020.

IBS is a modern technique of construction whereby building components are manufactured either off-site or on-site and then installed into on-going construction works. The CITP targets that by 2020, 100% of public projects worth RM10 million and above must achieve a minimum IBS score of 70 whereas for private projects, the goal is to attain a minimum IBS score of 50.

*(Source: MIDA)*

## 5.4 Prospects of SCIB Group

The Group is principally engaged in the manufacturing of concrete products for use in the construction and infrastructure sectors such as pre-stressed spun pile, reinforced concrete square pile, spun concrete pipe, reinforced concrete box culvert, pre-stressed beam, concrete roofing tiles and prefabricated concrete elements or IBS components such as hollowcore slab, wall panel, column and beam.

The Proposed CGSB Acquisition was undertaken by SCIB with a view to penetrate into the residential sector of IBS supply and installation market where the Government’s affordable housing programme offers significant opportunities.

The Proposed CGSB Acquisition will provide immediate returns to SCIB as CGSB has secured a project for the supply and installation of interlocking blocks and associated structural and finishing works to SEPC for SEPC’s project to construct 620 residential units together with necessary amenities, utilities, facilities and infrastructure for the next 18 months at Stage 1 of the Beaufort 1Malaysia People’s Housing Programme (“PR1MA”) Affordable Housing Project. PR1MA is one of the affordable housing project initiatives by the Government via the Perbadanan PR1MA Malaysia. PR1MA plans, develops and constructs affordable houses ranging between RM100,000 and RM400,000 in key urban centres and the targeted buyers are households with income between RM2,500 and RM15,000.



The Proposed CGSB Acquisition is expected to contribute positively to the earnings of SCIB Group vis-à-vis:

- (i) the development at Beaufort in Woodford Estate is planned to be a continuing development of both affordable and general housing units being developed over a 20 years development program. CGSB will be in a prime and preferred position to deliver its interlocking block IBS to these developments. The interlocking block IBS factory has the capacity to deliver blocks to other developments in the Beaufort and Kimanis areas, which are growing quickly as a result of the Sabah Oil & Gas Terminal in Kimanis; and
- (ii) the interlocking block IBS factory is re-locatable to another site should a specific opportunity arise at the completion of the Beaufort PR1MA Project thus leading to reduction in transportation cost for the transport of IBS blocks to another major development location.

Consequent to the completion of the Proposed CGSB Acquisition and the Proposed Private Placement, the Board is of the view that the Proposed CGSB Acquisition and the Proposed Private Placement together with the steps taken to improve the Group's financial position as elaborated above, barring any unforeseen circumstances, are adequate to improve the Group's immediate and future prospects and are expected to have a positive impact on the financial performance of the Group moving forward. The Proposed CGSB Acquisition and the Proposed Private Placement will reduce the gearing and increase the NA of the Group, and thereafter, provide the Group with better cash flow and financial resources.

*(Source: Management of SCIB)*

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## 6. EFFECTS OF THE PROPOSALS

The Proposed M&A Amendments will not have any effect on the share capital, NA per share, gearing, earnings, EPS and substantial shareholders' shareholdings in SCIB. For illustration purposes, the effects of the Proposed CGSB Acquisition and the Proposed Private Placement on the share capital, NA per share, gearing, earnings, EPS and substantial shareholders' shareholdings in SCIB are as follows:

### 6.1 Share capital

The proforma effects of the Proposed CGSB Acquisition and the Proposed Private Placement on the share capital of the Company are as follows:

	No. of SCIB Shares	RM
Share capital as at LPD	73,582,500	73,582,500
To be issued pursuant to the Proposed CGSB Acquisition <sup>(i)</sup>	7,300,000	4,234,000
	<hr/>	<hr/>
	80,882,500	77,816,500
To be issued pursuant to the Proposed Private Placement	36,397,125	<sup>(ii)</sup> 21,838,275
	<hr/>	<hr/>
	117,279,625	99,654,775

Notes:

- (i) For illustration purposes, we have assumed that 7,300,000 Consideration Shares are issued to partly settle the Purchase Consideration for the Proposed CGSB Acquisition.
- (ii) Based on the indicative issue price of RM0.60 per Placement Share for the Proposed Private Placement.

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## 6.2 NA per share and gearing

The proforma effects of the Proposed CGSB Acquisition and the Proposed Private Placement on the NA per share and gearing of the Group, based on the audited consolidated financial statements of the Company as at 31 December 2016, are as follows:

	(I) Audited as at 31 December 2016	(II) After (I) and Proposed CGSB Acquisition <sup>(i)</sup>	(III) After (II) and Proposed Private Placement <sup>(ii)</sup>
	RM'000	RM'000	RM'000
Share capital	73,583	77,817	99,655
Share premium	5,097	5,097	5,097
Accumulated losses	(26,799)	(26,799)	(ii)(27,799)
<b>Shareholders' equity/NA</b>	<b>51,881</b>	<b>56,115</b>	<b>76,953</b>
No. of SCIB Shares ('000)	73,583	80,883	117,280
NA per SCIB Share (RM)	0.71	0.69	0.66
Total borrowings	23,827	23,827	(iv)15,827
Gearing ratio (times)	0.46	0.42	0.21

Notes:

- (i) Based on the issue price of RM0.58 per Consideration Share for the Proposed CGSB Acquisition. For illustration purposes, we have assumed that 7,300,000 Consideration Shares are issued to partly settle the Purchase Consideration for the Proposed CGSB Acquisition.
- (ii) Based on the indicative issue price of RM0.60 per Placement Share for the Proposed Private Placement.
- (iii) Expenses for the Proposals is estimated at RM1,000,000 including estimated placement fees of RM450,000.
- (iv) After utilisation of RM8,000,000 of the proceeds from the Proposed Private Placement to repay the bank borrowings of SCIB.

### **6.3 Earnings and EPS**

The Proposed CGSB Acquisition and Proposed Private Placement are expected to be completed by the third (3<sup>rd</sup>) quarter of the year 2017. The Proposed CGSB Acquisition and Proposed Private Placement, when completed, are expected to contribute positively to the future earnings of SCIB Group when revenue from CGSB and the benefits of utilisation of the proceeds are realised.

However, the consolidated EPS of SCIB is expected to be diluted as a result of the enlarged share capital of SCIB arising from the issuance of the Consideration Shares and Placement Shares pursuant to the Proposed CGSB Acquisition and Proposed Private Placement respectively.

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#### 6.4 Substantial shareholders' shareholdings

The effects of the Proposed CGSB Acquisition and Proposed Private Placement on the shareholdings of the substantial shareholders of SCIB are as follows:

	(I) As at LPD			(II) After (I) and Proposed CGSB Acquisition <sup>(i)</sup>			(III) After (II) and Proposed Private Placement		
	Direct No. of SCIB Shares '000	Indirect No. of SCIB Shares '000	%	Direct No. of SCIB Shares '000	Indirect No. of SCIB Shares '000	%	Direct No. of SCIB Shares '000	Indirect No. of SCIB Shares '000	%
Pacific Unit Sdn. Bhd. Sarawak Economic Development Corporation	9,282	12.61	-	9,282	-	11.48	9,282	-	7.91
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	3,429	4.66	(ii)9,282	3,429	(ii)9,282	11.48	3,429	(ii)9,282	2.92
Lim Nyuk Foh	1,465	1.99	(iii)3,646	1,465	(iii)3,646	4.51	1,465	(iii)3,646	1.25
Lim Nyuk Sang @ Freddy Lim	15,183	20.63	-	15,183	-	18.77	15,183	-	12.95
Rewi Hamid Bugo	2,088	2.84	(iv)9,282	2,088	(iv)9,282	11.48	2,088	(iv)9,282	1.78
Gaya Belian	-	-	-	7,300	-	9.03	7,300	-	6.22
Marinah binti Harris	-	-	-	-	(v)7,300	9.03	-	(v)7,300	-
Halijah binti Harris	-	-	-	-	(v)7,300	9.03	-	(v)7,300	-

Notes:

- (i) For illustration purposes, we have assumed that 7,300,000 Consideration Shares are issued to partly settle the Purchase Consideration for the Proposed CGSB Acquisition.
- (ii) Deemed interested by virtue of his substantial shareholding in Pacific Unit Sdn. Bhd. pursuant to Section 8 of the Act.
- (iii) Deemed interested by virtue of his substantial shareholding in Bertam Development Sdn. Bhd. pursuant to Section 8 of the Act.
- (iv) Deemed interested by virtue of her substantial shareholding in Gaya Belian pursuant to Section 8 of the Act.

As at LPD, the public shareholding spread of SCIB is approximately 42.57%. Pursuant to the Proposed CGSB Acquisition and the Proposed Private Placement which will involve the issuance of Consideration Shares to the Sellers and Placement Shares to Third Party Investors respectively, the public shareholding spread will:

- (a) increase to approximately 57.74% on the assumption that all the Third Party Investors are deemed public pursuant to the MMLR; or
- (b) decrease to approximately 26.71% on the assumption that all the Third Party Investors are deemed not public pursuant to the MMLR,

which will still be in compliance with paragraph 8.02 of the MMLR upon completion of the Proposed CGSB Acquisition and the Proposed Private Placement.

## 6.5 Convertible securities

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

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of SCIB Shares traded on Bursa Securities for the past twelve (12) months up to April 2017 are as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2016</b>		
May	0.800	0.660
June	0.750	0.675
July	0.770	0.675
August	0.730	0.685
September	0.720	0.660
October	0.660	0.610
November	0.630	0.530
December	0.590	0.550
<b>2017</b>		
January	0.590	0.520
February	0.595	0.560
March	0.690	0.575
April	0.685	0.580
Last transacted market price of SCIB Shares on 27 December 2016, being the day prior to the date of announcement of the Previous Proposals (RM)		0.590
Last transacted market price of SCIB Shares on 2 March 2017, being the day prior to the date of announcement of the Proposals (RM)		0.605
Last transacted market price of SCIB Shares as at the LPD (RM)		0.58

*(Source: Bloomberg)*

## **8. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSALS**

The Proposals are subject to and conditional upon approvals being obtained from the following:

- (i) shareholders of SCIB for the Proposals at the EGM of the Company to be convened;
- (ii) Bursa Securities for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities; and
- (iii) other relevant authorities or parties, if any.

The approval by Bursa Securities which was obtained vide its letter dated 21 April 2017 is subject to the following conditions:

- (i) SCIB and IPS must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Proposed CGSB Acquisition and the Proposed Private Placement;
- (ii) SCIB and IPS to inform Bursa Securities upon the completion of the Proposed CGSB Acquisition and the Proposed Private Placement;
- (iii) SCIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed CGSB Acquisition and the Proposed Private Placement are completed;
- (iv) SCIB to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Private Placement;
- (v) IPS to furnish Bursa Securities with details of the placees in accordance with paragraph 6.15 of the MMLR as soon as practicable before the listing of the new shares to be issued pursuant to the Proposed Private Placement; and
- (vi) In the event the Proposed CGSB Acquisition is not completed before the next AGM, SCIB to furnish a certified true copy of the resolution passed by SCIB's shareholders for a general mandate under Section 75 of the Act at SCIB's forthcoming AGM.

The Proposals are not inter-conditional nor conditional upon each other.

The Proposals are not conditional upon any other corporate proposals of the Company.

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

None of the Directors, major shareholders of SCIB and/or persons connected with them has any interest, either direct or indirect, in the Proposed Private Placement as the Placement Shares will be placed to Third Party Investor(s).

## **10. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposals including the rationale and effects, is of the opinion that the Proposals are in the best interests of SCIB.

Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

## 11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to obtaining all the required approvals, the Proposals are expected to be completed by the third (3<sup>rd</sup>) quarter of year 2017.

The tentative timeline of the major events for the implementation of the Proposals is set out below:

<b>Tentative date</b>	<b>Major events</b>
2 <sup>nd</sup> quarter of year 2017	<ul style="list-style-type: none"><li>• EGM for the shareholders of SCIB for the Proposals</li><li>• Announcement on the completion of the Proposed M&amp;A Amendments</li></ul>
3 <sup>rd</sup> quarter of year 2017	<ul style="list-style-type: none"><li>• Listing of and quotation for Placement Shares pursuant to the Proposed Private Placement</li><li>• Announcement on the completion of the Proposed Private Placement</li></ul>

## 12. OTHER PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

As at LPD, save for the Proposed CGSB Acquisition and the Proposals, there are no other outstanding proposals which have been announced by the Company but pending implementation.

## 13. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at the Board Room, 2nd Floor, SCIB Building, Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak on Wednesday, 31 May 2017 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Company's 41st AGM which will be held at the same venue on the same day at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote at the EGM in person, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of SCIB at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak, not later than 48 hours before the time set for the EGM or any adjournment thereof. The completion and lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

## 14. FURTHER INFORMATION

Shareholders are advised to refer to the Appendix I set out in this Circular for further information.

Yours faithfully  
For and on behalf of the Board  
**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

**Tan Sri Datuk Amar (Dr.) Hamid bin Bugo**  
Non-Independent Non-Executive Chairman



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**APPENDIX I - FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST**

IPS, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

IPS confirms that it is not aware of any circumstances that exist or are likely to exist which would give rise to a possible conflict of interest situation in relation to its role as Adviser for the Proposals.

**3. MATERIAL CONTRACTS**

As at LPD, save as disclosed below, the SCIB Group has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular:

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

**4. 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., a wholly owned subsidiary of SCIB had, vide its solicitors, Messrs Loke, King, Goh & Partners, filed writ and statement of claim against Millennium Crest Sdn. Bhd. 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. On 2 May 2017, a Consent Judgment was entered against Millennium Crest Sdn. Bhd. in the sum of RM1,982,000 with interest of 6% per annum calculated from the date of the Consent Judgment until full and final settlement by Millennium Crest Sdn. Bhd.. SCIB Industrialised Building System Sdn. Bhd. is seeking the necessary legal advice for the next course of action.

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**APPENDIX I - FURTHER INFORMATION (Cont'd)**

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**5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****5.1 Material commitments**

Save as disclosed below, as at LPD, the SCIB Group has not incurred or known to incur any material capital commitments which may materially and adversely affect the profit and/or NA of SCIB Group:

	<b>RM'000</b>
Approved and contracted for	293
Approved and not contracted for	1,435
	<u>1,728</u>

**5.2 Contingent liabilities**

Save as disclosed below, as at LPD, the SCIB Group has not incurred any material contingent liabilities which upon being enforced may materially and adversely affect the profits and/or NA of the SCIB Group:

	<b>RM'000</b>
Corporate guarantees given to licensed banks for banking facilities granted to certain subsidiaries	23,700

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from Mondays to Fridays at the Company's registered office at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Company's M&A;
- (ii) the audited consolidated financial statements of the Company for the past two (2) FYE 31 December 2015 and FYE 31 December 2016;
- (iii) the letter of consent and declaration of conflict of interest referred to in Section 2 above;
- (iv) the material contracts referred to in Section 3 above; and
- (v) the relevant cause papers in respect of material litigation referred to in Section 4 above.



**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**  
(Company No. 25583-W)  
(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of Sarawak Consolidated Industries Berhad (“**SCIB**” or the “**Company**”) will be held at the Board Room, 2nd Floor, SCIB Building, Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak on Wednesday, 31 May 2017 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Company’s 41st Annual General Meeting which will be held at the same venue on the same day at 10.00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications as shall be determined upon at such meeting:

**SPECIAL RESOLUTION 1**

• **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF SCIB (“PROPOSED M&A AMENDMENTS”)**

“**THAT**, approval be and is hereby given for the Company to remove Clause 5 of the Memorandum of Association and Article 47 of the Articles of Association as set out below:

<b>Existing provisions</b>	<b>Proposed amendments</b>
<p><b><u>Memorandum of Association</u></b></p> <p><b>Clause 5</b></p> <p>“The capital of the Company is RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each with power to increase or reduce the capital and to divide the shares in the original or increased capital for the time being into several classes and to issue any parts or parts of the original capital or increased capital for the time being with such deferred qualified or special rights privileges or conditions with reference to preferential guaranteed fixed fluctuating redeemable or other dividend or interest or with such priority in the distribution of assets or otherwise as shall from time to time to be determined by the Company.”</p>	<p><b>Clause 5</b></p> <p>Deleted.</p>
<p><b><u>Articles of Association</u></b></p> <p><b>Article 47</b></p> <p>“The authorised share capital of the company shall be RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each.”</p>	<p><b>Article 47</b></p> <p>Deleted.</p>

**AND THAT** the Board of Directors (“**Board**”) be and is hereby authorised to do or procure to be done all acts, deeds and things as they may deem fit, necessary, expedient and/or appropriate in the best interests of the Company and to execute, sign and deliver all documents for and on behalf of the Company as they may consider necessary or expedient to give full effect to and implement the Proposed M&A Amendments with full power to assent to any condition, modification, variation and/or amendments as may be imposed or permitted by the relevant authorities.”

#### **ORDINARY RESOLUTION 1**

- **PROPOSED PRIVATE PLACEMENT OF UP TO 36,397,125 NEW ORDINARY SHARES IN SCIB (“SCIB SHARE(S)”) (“PLACEMENT SHARE(S)”) REPRESENTING UP TO 45% OF THE ENLARGED SHARE CAPITAL OF SCIB AFTER THE COMPLETION OF THE PROPOSED ACQUISITION OF CARLTON GARDENS SDN. BHD. TO BE SUBSCRIBED BY POTENTIAL INVESTORS TO BE IDENTIFIED LATER (“PROPOSED PRIVATE PLACEMENT”)**

“**THAT**, subject to the approvals of any other relevant authorities or parties, including but not limited to the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the Placement Shares, approval be and is hereby given for the Board to allot and issue up to 36,397,125 Placement Shares at an issue price to be determined and fixed by the Board at future date(s), which shall be determined later after all the relevant approvals have been obtained;

**THAT** the Placement Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the SCIB Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares;

**AND THAT** the Board be and is hereby empowered and authorised to do all such acts and things as they may deem necessary and/or expedient in the best interests of the Company and to take such steps, execute, sign and deliver, for and on behalf of the Company all such documents, and enter into any arrangements, agreements and/or undertakings with any party or parties that the Board may deem fit, necessary and expedient or appropriate in order to implement, finalise and/or give full effects to the Proposed Private Placement with full power to assent to any terms, conditions, variations, modifications and/or amendments as may be agreed to/required by any relevant authorities or as a consequence of any such requirement.”

By Order of the Board

**Voon Jan Moi**  
Company Secretary  
(MAICSA 7021367)

9 May 2017

#### **Notes:**

1. *A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at this meeting shall have the same rights as the member of the Company.*
2. *To be valid, the duly completed Form of Proxy must be deposited at the registered office of the Company at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
3. *A member of the Company entitled to attend, speak and vote at this EGM shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
6. *A depositor whose name appears in the Record of Depositors as at 25 May 2017 shall be regarded as a member of the Company entitled to attend this EGM or appoint a proxy to attend, speak and vote on his behalf.*

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**(Company No. 25583-W)  
(Incorporated in Malaysia)

CDS Account No.	
No. of shares held	

**FORM OF PROXY**

\*I/We \_\_\_\_\_ (NRIC No./Passport No./Company No.) \_\_\_\_\_  
(full name)

of \_\_\_\_\_  
(full address)

being a member of **SARAWAK CONSOLIDATED INDUSTRIES BERHAD** hereby appoint \_\_\_\_\_

\_\_\_\_\_ (NRIC No./Passport No.) \_\_\_\_\_  
(full name)

of \_\_\_\_\_  
(full address)

or failing \*him/her, \_\_\_\_\_ (NRIC No./Passport No.) \_\_\_\_\_  
(full name)

of \_\_\_\_\_  
(full address)

as \*my/our proxy, to vote for \*me/us and on \*my/our behalf at the Extraordinary General Meeting of the Company to be held at the Board Room, 2nd Floor, SCIB Building, Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak, on Wednesday, 31 May 2017 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Company's 41<sup>st</sup> Annual General Meeting which will be held at the same venue on the same day at 10.00 a.m., for/against the resolutions to be proposed thereat.

\*My/our proxy is to vote as indicated below:

	<b>RESOLUTIONS</b>	<b>FOR</b>	<b>AGAINST</b>
1.	SPECIAL RESOLUTION 1 – Proposed M&A Amendments		
2.	ORDINARY RESOLUTION 1 – Proposed Private Placement		

\*Strike out whichever is not applicable

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

The proportions of \*my/our holdings to be presented by \*my/our proxies are as follows:

Proxy 1	%
Proxy 2	%
Total	100%

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature of shareholder(s)/ Common Seal

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6. A depositor whose name appears in the Record of Depositors as at 25 May 2017 shall be regarded as a member of the Company entitled to attend this EGM or appoint a proxy to attend, speak and vote on his behalf.



Fold this flap for sealing

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Then fold here

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AFFIX  
STAMP

The Company Secretary  
**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**  
Lot 1258, Jalan Utama,  
Pending Industrial Estate,  
93450 Kuching, Sarawak,  
Malaysia.

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