



## **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

*[Registration No.: 197501003884 (25583-W)]*

*(Incorporated in Malaysia)*

### **1. INTRODUCTION**

The Board of Directors of Sarawak Consolidated Industries Berhad (“SCIB” or “Company”) wishes to announce that the Company had on 11 July 2023 entered into a Memorandum of Understanding (“MOU”) with **IRIX SDN. BHD. (Registration No: 200801039256 (840604-M)) (“IRIX”)** (collectively referred to as “Parties”) to participate on the SEA-H2X Cable System (SEA – Hainan – Hong Kong Express) (referred to as “**the Project**”) wherein, SCIB shall subscribe up to 30% of the issued capital in IRIX SEA H2X SDN BHD”) (referred to as “**the Proposed Transaction**”).

### **2. DETAILS OF THE MOU**

#### **2.1 Background Information of IRIX Sdn. Bhd.**

IRIX is the sole shareholder of **IRIX SEA H2X SDN. BHD. (formerly known as PPTTEL SEA H2X SDN. BHD.) (Company Registration No. 202101026009 (1426309-A))**, a company incorporated in Malaysia with its registered address at RCW Corporate, No. 1, Jalan Tun Jugah, Level 3 (2<sup>nd</sup> Floor), Lot 12292-2-2, Block 16, 93350 Kuching, Sarawak, Malaysia (referred to as “**IRIX SEA H2X**”).

**IRIX SEA H2X** is part of an international subsea cable consortium which is involved in the SEA-H2X Cable System (SEA – Hainan – Hong Kong Express) project.

The Project is a subsea cable connecting Hong Kong SAR China, Hainan China, Philippines, Thailand, Malaysia (Borneo Island) and Singapore.

#### **2.2 Purposes of the MOU**

The purpose of the MOU is to express the mutual understanding of the Parties in respect of the Proposed Transaction and is not intended to create any legally binding or enforceable rights or obligations, with the exception of Clauses 3, 9, 11, and 12, which are binding and enforceable and shall survive termination of the MOU.

## **2.3 Salient Terms of the MOU**

### **2.3.1 Scope of the Collaboration**

SCIB and IRIX shall exchange knowledge, skills, expertise, industry insights and resources to support successful execution of the Project, as well to maximize potential of the collaboration.

### **2.3.2 Deposit Sum**

On the day after the Commencement Date, SCIB shall pay IRIX a sum of **Ringgit Malaysia Two Million (RM2,000,000.00)** (“**Deposit Sum**”) as deposit for the Proposed Transaction, in which the deposit is refundable upon unsatisfactory due diligence.

### **2.3.3 Condition(s) Precedent**

The Parties agree and acknowledge that there shall be a condition precedent wherein, the Proposed Transaction shall be conditional upon satisfactory due diligence conducted by SCIB at its own costs and expenses and completed within three (3) months from the date of the MOU, unless an extension is mutually agreed by parties.

The Parties shall execute a Share Subscription Agreement upon terms and conditions as may be mutually agreed by the Parties in respect of the Proposed Transaction after the due diligence has been conducted by SCIB, provided that the results of the said due diligence has been satisfactory.

Upon completion of the Proposed Transaction, the Parties agree that SCIB has the right to subscribe more shares in **IRIX SEA H2X**, subject to further mutual agreement of the Parties.

### **2.3.4 Termination**

The Parties agree that the MOU shall be terminated if the due diligence conducted by SCIB are found to be unsatisfactory wherein, SCIB shall issue IRIX a written notice to communicate the termination.

In the event that the MOU is terminated or if the Proposed Transaction does not complete for any reason whatsoever, the Parties agree that the Deposit Sum shall be refunded to SCIB within fourteen (14) working ok days, subject to a deduction of all costs and expenses incurred by IRIX and / or **IRIX SEA H2X** , certified and agreed by SCIB, in respect of the Proposed Transaction and / or the MOU.

The Parties acknowledge the importance of maintaining the confidentiality of any proprietary or confidential information shared between them during the course of the Proposed Transaction

Both Parties commit to keep such information strictly confidential and agree not to disclose it to any third party for a term of five (5) years unless legally required under the laws of Malaysia.

### **3. RATIONALE OF THE MOU**

SCIB acknowledges and recognizes potential benefits and synergies that can be derived from collaboration with IRIX wherein, SCIB anticipates creation of value, opportunities for growth and development of mutually beneficial business prospects.

The Parties have assessed the estimated value of the Company's involvement in the Project which amounts to Ringgit Malaysia Two Hundred Fifty Million (RM250,000,000.00).

In return, SCIB shall take up to 30% of **IRIX SEA H2X** and future collaboration in further development and expansion of the Project, subject to further variations agreed mutually.

### **4. FINANCIAL EFFECTS OF MOU**

The MOU will not have any effect on the issued share capital and the shareholdings of substantial shareholders of the Company.

It is not expected to have any material effect on the earnings, net assets and gearing of SCIB and its group of companies for the financial year ended 30 June 2023 and ending 30 June 2024.

### **5. RISK FACTORS**

The identified potential risks arising from conclusion of the MOU is related to the followings:

- a. Financial Risks on non-recoverability of the Deposit Sum upon completion of the Due Diligence; and
- b. Compliance Risk on non-compliance to Chapter 10.08 of Main Market Listing Requirements on Related Party Transaction, upon conclusion of the definitive agreement resulted from the MOU.

Nevertheless, SCIB would impose necessary risk mitigation action plan in place to reduce occurrence or exposure of the identified risks.

## **6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

Save for En. Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Hj Abdul Rahman Zohari, the Executive Chairman of SCIB and also director in IRIX., none of the Directors and / or major shareholders of the Company and / or person connected with them has any interest, direct and/or indirect, in the MOU.

## **7. STATEMENT BY DIRECTORS**

The Board of Directors of the Company save for En. Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Hj Abdul Rahman Zohari who has abstained from deliberation and voting on the MOU by virtue of his interest as set out under paragraph 6 above, having reviewed and considered the terms of the MOU and the rationale, is of the opinion that the MOU is in the best interest of the SCIB and its group of companies.

## **8. APPROVALS REQUIRED**

The MOU is not subject to the approval of the shareholders and / or any regulatory authorities.

However, a detailed announcement on the Proposed Transaction will be made upon finalization of the definitive agreement for the Proposed Transaction.

## **9. DOCUMENT AVAILABLE FOR INSPECTION**

The MOU is available for inspection at the Corporate Office of the Company at Lot 16024, Jalan Nilam 4, Kawasan Perindustrian Nilai Utama 71800 Nilai, Negeri Sembilan, Malaysia during normal office hours from Monday to Friday (except for public holidays) for a period of one (1) month from the date of this announcement.

This announcement is dated 11 July 2023