

**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 ("**Bursa Securities**") has not perused this Circular prior to its issuance as it is an exempt circular.

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.

The Notice of the Forty-Fifth Annual General Meeting ("**AGM**"), which will be conducted on a fully virtual basis by way of live streaming from the broadcast venue at Unit 7-21, Wisma Conlay, Jalan USJ 10/1, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia on Monday, 28 February 2022 at 11.00 a.m. and at any adjournment thereof together with the Form of Proxy are enclosed together with the Company's Annual Report 2021. A member entitled to attend, participate and vote at our meeting is entitled to appoint a proxy or proxies to attend, participate and vote on his behalf remotely via the Remote Participation and Voting facilities provided. In such event, the member should complete and deposit the Form of Proxy at *Symphony Corporate Services Sdn Bhd* at Unit 7-21, Wisma Conlay, Jalan USJ 10/1, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia, or by electronic lodgement via *Propoll Portal* at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) 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 still attend, participate and vote at our AGM should you subsequently wish to do so.



**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

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

*(Incorporated in Malaysia)*

**CIRCULAR TO SHAREHOLDERS**  
in relation to

**PART A**

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

**PART B**

**PROPOSED AUTHORITY FOR SCIB TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE  
TOTAL NUMBER OF ISSUED SHARES OF SCIB**

**IMPORTANT DATES AND TIMES:-**

Last day and time for lodging the Form of Proxy	: Saturday, 26 February 2022 at 11.00 a.m.
Date and time of the Annual General Meeting	: Monday, 28 February 2022 at 11.00 a.m.

This Circular is dated 17 January 2022

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**PART A:**

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

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## DEFINITIONS

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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 (Registration No. 200301033577 (635998-W))
"Circular"	:	This circular is dated 17 January 2022 in relation to the Proposed Shareholder Mandate
"Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah"	:	Dato' Karim
"Directors"	:	<p>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:-</p> <p>(i) a director of the Company or its subsidiary or holding company; or</p> <p>(ii) a chief executive of the Company, its subsidiary or holding company.</p>
"LPD"	:	31 December 2021, 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)"	:	<p>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:-</p> <p>(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or</p> <p>(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.</p> <p>For the purpose of this definition, "interest in shares" shall have the same meaning given in Section 8 of the Act.</p>
"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

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**DEFINITIONS (CONT'D)**

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"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" and "sen"	:	Ringgit Malaysia and sen, respectively
"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 (Registration No. 197501003884 (25583-W))
"SCIB Group" or the "Group"		SCIB and its subsidiaries, collectively
"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
"SDHB"		Serba Dinamik Holdings Berhad (Registration No. 201501042584 (1167905-P))
"SDHB Group" or the "Group"		SDHB and its subsidiaries, collectively

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

Registration No.: 197501003884 (25583-W)  
(Incorporated in Malaysia)

**Registered Office:**  
Lot 1258, Jalan Utama  
Pending Industrial  
Estate  
93450 Kuching  
Sarawak

17 January 2022

### Board of Directors:

YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (*Chairman/ Non-Independent Non-Executive Director*)  
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak (*Independent Non-Executive Director*)  
YBhg. Datu Haji Soedirman Bin Haji Aini (*Independent Non-Executive Director*)  
Encik Shamsul Anuar Bin Ahamad Ibrahim (*Independent Non-Executive Director*)  
Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir (*Non-Independent Non-Executive Director*)  
Encik Sr. Mohd Nazri Bin Mat Noor (*Independent Non-Executive Director*)  
Encik Rosland Bin Othman (*Group Managing Director/ Chief Executive Officer/ Executive Director*)

### 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 44<sup>th</sup> Annual General Meeting held on 18 June 2020, the Company had obtained a mandate from its shareholders 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 28 February 2022, unless by a resolution passed at the forthcoming AGM, the mandate is renewed.

Accordingly, on 30 November 2021, 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 THE DETAILS, THE RATIONALE AND THE 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 28 FEBRUARY 2022. THE NOTICE OF THE AGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THE ANNUAL REPORT 2021 OF THE COMPANY.**

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTION**

**PERTAINING TO THIS PROPOSED SHAREHOLDER MANDATE AT THE FORTHCOMING AGM SCHEDULED TO BE HELD ON 28 FEBRUARY 2022.**

**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, provision of management services to the subsidiaries and the provision of general construction activities. The principal activities of its subsidiaries are as follows:-

<b>Name of Company</b>	<b>Effective Equity Interest (%)</b>	<b>Principal Activities</b>
<b><u>Subsidiaries of SCIB</u></b>		
SCIB Holdings Sdn Bhd	100	Investment holding
SCIB Industrialised Building System Sdn. Bhd.	100	Supply and installation of industrialized building system components
SCIB Building Solutions Sdn. Bhd. <i>(formerly known as Kencana Precast Concrete Sdn. Bhd.)</i>	100	Business of construction.
<b><u>Subsidiaries of SCIB Holdings Sdn Bhd</u></b>		
SCIB Properties Sdn Bhd	100	Property investment and development, and engineering, procurement, construction and commissioning projects

Name of Company	Effective Equity Interest (%)	Principal Activities
<b><u>Subsidiaries of SCIB Holdings Sdn Bhd Cont...</u></b>		
SCIB Infracore Sdn Bhd	100	Infrastructure business and other related business- Dormant
SCIB Concrete Manufacturing Sdn Bhd	100	Investment holding, trading of construction materials, manufacturing and sale of precast concrete pipes, pre-stressed spun concrete pipes and other related concrete products
<b><u>Subsidiary of SCIB Concrete Manufacturing Sdn. Bhd.</u></b>		
SCIB International (Labuan) Ltd.	100	Engineering, procurement, construction and commissioning projects, general contractors for civil, structural, mechanical and electrical projects, and the provision of experimental, development and commercial works
<b><u>Subsidiary of SCIB Industrialised Building System Sdn. Bhd.</u></b>		
SCIB LW System Sdn. Bhd.	70	Supply and installation of light weight system products and Engineering, procurement, construction and commissioning projects, general contractors for civil, structural, mechanical and electrical projects, and the provision of experimental, development and commercial works
SCIB Industrialised Building Systems Dan Sasoakai Resources JV Sdn. Bhd. (formerly known as SCIB Sasoakai Venture Sdn. Bhd.)	70	Road Construction, Maintenance and other related activities
<b><u>Associate of SCIB Properties Sdn. Bhd.</u></b>		
Edaran Kencana Sdn. Bhd.	30	Export and import of other solid, liquid & gaseous fuels and related products N.E.C.; Wholesale of a variety of goods without any particular specialization N.E.C.; Construction of other engineering projects N.E.C.

### 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 SDHB Group	Operations and maintenance (O&M), engineering, procurement, construction and commissioning (EPCC), Solutions and Education & Training	Dato' Dr Karim, who is the common director and common major shareholder of SCIB and SDHB



### 3.3 Nature of the RRPT and Estimated Value

#### 3.3.1 Existing RRPT

Name of Related Party	Nature of RRPT	Contract sum	Expected Contract Period	Existing Shareholder Mandate		Proposed Shareholder Mandate
				Estimated value for validity period of the mandate (Estimated Value) (i)	Actual value transacted during the validity period of the mandate (Actual Value) (ii)	Estimated value (iii)
SDHB Group	(i) Provision of construction and project management services by SCIB Group for projects to be awarded by SDHB Group (predominantly in Malaysia).	RM550 million	March 2020 – March 2023	RM550 million	Nil	RM550 million
	(ii) Provision of construction and project management services by SCIB Group for projects to be awarded by SDHB Group (in overseas market i.e. Middle East region).	RM820 million	March 2020 – March 2022	RM820 million	Nil	RM820 million
<b>TOTAL</b>		RM1,370 million		RM1,370 million	Nil	RM1,370 million

Note:-

- (i) The estimated value is as disclosed in the Circular dated 18 May 2020 on the Proposed Recurrent Related Party Transactions of a Revenue or Trading Nature;
- (ii) The actual value transacted from the date on which the existing mandate was obtained up to 31 December 2021, 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. These estimates have been arrived by SCIB Group 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 term on terms not more favourable to the Related Party than those generally available to the public and not to the detriment of our 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 30 June 2021	Normal Credit term	Outstanding RRPT Receivables as at 30 June 2021 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'mil	Interest RM'mil	Principal sum RM' mil	Interest RM' mil	Principal sum RM' mil	Interest RM' mil	Principal sum RM' mil	Interest RM' mil
SDHB Group	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### 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

Our Group has in placed an internal control system, which includes review of methods or procedures to ensure that such RRPTs are conducted at arm's length and are on normal commercial terms consistent with our Group's 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.

Our Management will ensure that the RRPTs will only be entered into, after taking into consideration the pricing, level of service and quality of product. The review and procedures shall include the following:

- (a) Records of RRPT will be maintained and shall be made available to the external auditors, independent consultant and Audit Committee for their review;
- (b) The independent consultant will review the RRPTs as part of the internal audit programme and report their findings to the Audit Committee and the Board;
- (c) Terms of the RRPTs 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, our Management and our 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 our Group's usual business practices and policies and will not be prejudicial to the shareholders. Our 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 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, if applicable;
- (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, wherever applicable;
- (f) There are no specific thresholds for approval as all RRPTs are reviewed and approved by our Audit Committee. Our Audit Committee together with our Board will review and approve the RRPTs that are required under the Listing Requirements;
- (g) Further, where any Directors or persons connected have an interest (direct or indirect) in the RRPTs, such Director (and his alternate) shall abstain from deliberation and voting on the matter. Where any member of our 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 our Company of the aggregate value of the RRPTs conducted pursuant to the shareholder mandate during the financial year, amongst others, based on the type of the RRPTs and the names of the related parties involved in each type of the RRPT made and the 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 on an annual basis and whenever the need arises.

### 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 the ordinary shares of SCIB as at LPD are as follows:

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
<b>Interested Director</b>				
Dato' Dr Karim	139,666,664	23.996	-	-
<b>Interested Major Shareholder</b>				
Dato' Dr Karim	139,666,664	23.996	-	-

The abovementioned interested Director, Major Shareholder and Person Connected to the Director and Major Shareholder will abstain from voting on the resolution approving the Proposed Shareholder Mandate in the forthcoming AGM in respect of their shareholdings in SCIB. Dato' Dr Karim, being the Director interested in the Proposed Shareholder Mandate has abstained and will continue to abstain from all Board deliberation and voting on the Proposed Shareholder Mandate. Dato' Dr Karim will abstain from voting in respect of his direct and indirect shareholdings on the resolution pertaining to the Proposed Shareholder Mandate for RRPT.

In addition, the above interested Director and interested Major Shareholder undertake to ensure that his 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 30 June 2022.

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 Dato' Dr Karim who has 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**

Our AGM will be conducted on a fully virtual basis by way of live streaming from the broadcast venue at Unit 7-21, Wisma Conlay, Jalan USJ 10/1, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia on Monday, 28 February 2022 at 11.00 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 Special Business at the forthcoming AGM.

A member entitled to attend, participate, speak and vote remotely at the AGM via the Remote Participation and Voting facilities provided, is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. As such, you are requested to complete, sign and deposit the enclosed Form of Proxy in accordance with the instructions contained therein, with our Poll Administrator at Symphony Corporate Services Sdn Bhd at Unit 7-21, Wisma Conlay, Jalan USJ 10/1, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia or by electronic lodgement via Propoll Portal at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) 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 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  
**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

**SHAMSUL ANUAR BIN AHAMAD IBRAHIM**  
Independent Non-Executive Director

**PART B:**

**PROPOSED AUTHORITY FOR SCIB TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

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## DEFINITIONS

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This table sets out the definitions used throughout this Circular:

"Act"	: Companies Act 2016
"AGM"	: Annual General Meeting
"Board"	: The Board of Directors of SCIB
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Circular"	: This circular dated 17 January 2022 in relation to the Proposed Share Buy-Back
"Dato' Karim"	Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, a director and a major shareholder of SCIB
"Director(s)"	: The director(s) of SCIB having the meaning in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EPS"	: Earnings per share
"FYE"	: Financial year ended/ ending
"LPD"	: 31 December 2021, 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.
"Market Day(s)"	: Means a day on which the stock market of Bursa Securities is open for trading securities
"NA"	: Net assets attributable to the owners of the Company
"PAC(s)"	: Person(s) acting in concert
"Prevailing Laws"	: Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities including but not limited to the Listing Requirements
"Proposed Share Buy-Back"	: SCIB intends to seek its shareholders' approval on the authority to purchase its own shares of up to 10% of the total number of issued shares of SCIB through Bursa Securities in accordance with Section 127 of the Act
"Purchased Shares"	: SCIB Share(s) purchased by the Company under the Proposed Share Buy-Back
"Record of Depositors"	: A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository
"RM and sen"	: Ringgit Malaysia and sen, respectively
"Rules"	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC

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**DEFINITIONS (CONT'D)**

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"SC"	:	Securities Commission Malaysia
"SCIB" or the "Company"	:	Sarawak Consolidated Industries Berhad
"SCIB Group" or the "Group"	:	SCIB and its subsidiaries
"SCIB Share(s) or Share(s)"	:	Ordinary share(s) of SCIB
"VWAMP"	:	Volume Weighted Average Market Price

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

Registration No.: 197501003884 (25583-W)  
(Incorporated in Malaysia)

### Registered Office:

Lot 1258, Jalan Utama  
Pending Industrial Estate  
93450 Kuching  
Sarawak

17 January 2022

### Board of Directors:

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

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

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

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

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

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

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

### To: Our Shareholders

Dear Sir/ Madam,

## PROPOSED AUTHORITY FOR SCIB TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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### 1. INTRODUCTION

On 30 November 2021, SCIB had announced that it intends to seek its shareholders' approval on the authority to purchase its own shares of up to 10% of SCIB Shares through Bursa Securities in accordance with the relevant provisions under the Listing Requirements and the Act.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS, THE RATIONALE AND THE EFFECTS OF THE PROPOSED SHARE BUY-BACK AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION, WHICH IS TO BE TABLED AS AN ORDINARY RESOLUTION AT THE FORTHCOMING AGM. THE NOTICE OF THE AGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THE ANNUAL REPORT 2021 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 SHARE BUY BACK AT THE FORTHCOMING AGM.**

### 2. DETAILS OF THE PROPOSED SHARE BUY-BACK

In accordance with Section 127 of the Act, and any prevailing laws, rules, regulations, orders guidelines and requirements issued by the relevant authorities at the time of the purchase, the

Company is allowed to purchase its own Shares on Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

Accordingly, the Board proposes to seek the authority from the shareholders of SCIB to purchase and/ or hold from time to time and at any time up to 10% of its issued Shares for the time being quoted on Bursa Securities through stockbroker(s).

## **2.1 Maximum number or percentage of SCIB Shares to be acquired**

As at the LPD, SCIB has a total of 582,037,532 Shares. Pursuant to the Proposed Share Buy-Back, SCIB may purchase up to 58,203,753 SCIB Shares, representing up to 10% of its total number of issued Shares as at the LPD.

The computation of the number of issued Shares in the event that the Proposed Share Buy-Back is to be implemented in full are illustrated as follows:-

	<b>No. of SCIB Shares</b>
Total number of SCIB Shares as at the LPD	582,037,532
Maximum number of SCIB Shares that can be repurchased	(58,203,753)
<b>Total number of issued Shares of SCIB after full implementation of the Proposed Share Buy-Back</b>	<b>523,833,779</b>

## **2.2 Maximum amount of funds to be allocated and the source of funds**

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company. Accordingly, the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company at the time of purchase.

Based on the latest audited financial statements for the Financial Period Ended 30 June 2021 and the latest unaudited Financial Results for the Financial Period Ended 30 September 2021, the accumulated losses of the Company stood at approximately RM38.1 million and approximately RM38.3 million respectively. Subsequently, after the capital reduction exercise which net-off RM40 million from the Company's accumulated losses, the Company has an estimated retained earnings of RM1.7 million as at 31 December 2021. Notwithstanding the above, the Proposed Share Buy-Back may be funded using the internally generated funds of SCIB and/ or external borrowings, the exact proportion/ quantum of which has yet to be determined at this juncture. The source of funding for the Proposed Share Buy-Back will only be determined at a later stage depending on, amongst others, the availability of internally generated funds, the retained earnings and financial resources of the Company at the time of the purchase(s), the actual number of SCIB Shares to be purchased and other relevant cost factors. The actual number of SCIB Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and the financial resources available to the Company.

Should the Proposed Share Buy-Back be financed through bank borrowings, the Board will ensure that there are sufficient funds to repay such borrowings.

## **2.3 Duration of the Proposed Share Buy-Back**

The implementation of the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back by the shareholders of SCIB at the forthcoming AGM to be convened. Pursuant to Paragraph 12.07(3) of the Listing Requirements, the Proposed Share Buy-Back shall be valid until:-

- (i) the conclusion of the AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first ("**Authority Period**").

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own Shares at any time during the Authority Period.

## **2.4 Treatment of purchased shares**

In accordance with Section 127(4) of the Act, the Board is able to deal with any of Purchased Shares in the following manner:-

- (i) to cancel the Purchased Shares;
- (ii) to retain the Purchased Shares as treasury shares; or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

Accordingly, based on Section 127(7) of the Act, where such Purchased Shares are held as treasury shares, the Board may, at their discretion:

- (i) distribute the Purchased Shares as dividends to SCIB shareholders, such dividends to be known as "share dividends";
- (ii) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees' share scheme;
- (iv) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (v) cancel the Purchased Shares or any of the Purchased Shares; or
- (vi) sell, transfer or otherwise use the Purchased Shares for such other purposes as the Minister may by order prescribe.

Pursuant to Section 127(8) of the Act, if the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution and otherwise are suspended. In accordance with Section 127(9) of the Act, the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at meetings.

The decision whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be determined by the Board at the appropriate time.

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of SCIB Shares and the intention on whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both will be announced by the Company accordingly.

## 2.5 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, SCIB may only purchase its own Shares at a price, which is not more than 15% above the VWAMP of SCIB Shares for the 5 Market Days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, SCIB may only resell or transfer any treasury shares on Bursa Securities at a price, which is:-

- (i) not less than the VWAMP of SCIB Shares for the 5 Market Days immediately before the day of the resale or transfer; or
- (ii) a discounted price of not more than 5% to the VWAMP of SCIB Shares for the 5 Market Days immediately before the date of resale or transfer, provided that:-
  - (a) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
  - (b) the resale or transfer price is not less than the cost of purchase of the SCIB Shares being resold or transferred.

## 2.6 Previous purchases, resale and cancellation of treasury shares

At present, the Company does not have an existing authority to purchase its Shares. Hence, the Company does not currently hold any treasury shares and has not purchased, resold and/ or cancelled any Shares during the last 12 months preceding the LPD.

## 2.7 Historical prices of SCIB Shares

The monthly highest and lowest market prices of Shares traded on Bursa Securities for the preceding 12 months from January 2021 to December 2021 are as follows:-

	High RM	Low RM
<b>2021</b>		
January	3.05	1.17
February	2.53	1.74
March	2.03	1.62
April	1.87	1.66
May	1.72	0.90
June	1.11	0.45
July	0.87	0.50
August	0.69	0.615
September	0.635	0.435
October	0.545	0.21
November	0.23	0.17
December	-	-

Last transacted market price on the LPD

(Source: Bloomberg)

## **2.8 Public shareholding spread of SCIB**

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% shareholding spread requirements as set out in Paragraph 8.02(1) of the Listing Requirements.

Based on the Record of Depositors of the Company as at 31 December 2021, the public shareholding spread of the Company stood at 431,678,508 Shares, representing approximately 74.17%. For the purpose of illustration, if the Company purchases up to the maximum number of SCIB Shares allowed under the Proposed Share Buy-Back, the public shareholding spread of SCIB is expected to be approximately 71.3%.

The Board is mindful of the requirement that any purchase of SCIB Shares by the Company must not result in the public shareholding spread of SCIB falling below 25% of the total number of issued Shares.

## **2.9 Implications relating to the Rules**

The Board does not anticipate any implications relating to the Code arising from the Proposed Share Buy-Back. It is the intention of the Company to implement the Proposed Share Buy-Back in a manner that will not result in any of the shareholders of the Company having to undertake a mandatory offer pursuant to the Code.

## **3. RATIONALE OF THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back will enable SCIB to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the market. The Proposed Share Buy-Back is to stabilise the market price of the Shares and to prevent against speculation of the Shares, when undervalued in the future, so as to enhance investors' confidence.

In addition, the Purchased Shares may be held as treasury shares and resold on Bursa Securities with the intention of realising a potential gain without affecting the total issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

With the share buy-back mandate being procured, the Company will also be able to stabilise the supply and demand of SCIB Shares traded on Bursa Securities and thereby support its fundamental value, if required.

The Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, and it will be implemented only after taking into consideration, amongst others, the financial resources of SCIB Group, and of the resultant impact on the shareholders of the Company. The Board will be mindful of the best interests of the Company and its shareholders when undertaking the Proposed Share Buy-Back.

## **4. ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

### **4.1 Advantages of the Proposed Share Buy-Back**

- (i) The Proposed Share Buy-Back, if implemented, will allow the Company to take preventive measures against speculation which would in turn, stabilise the market price of SCIB Shares and hence, enhance investor's confidence.
- (ii) The Company would have the opportunity to realise potential capital gains if the Purchased Shares are resold at prices higher than the purchase prices

and such proceeds may be subsequently utilised for working capital and investment opportunities arising in the future.

- (iii) The Purchased Shares (if retained as treasury shares) may serve as an alternative to reward the shareholders of the Company in the event the Company distributes the treasury shares as share dividends.

#### 4.2 Disadvantages of the Proposed Share Buy-Back

- (i) The Proposed Share Buy-Back will reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forego feasible investment opportunities that may surface in the future. However, the financial resources of the Group may increase if the Purchased Shares are resold at prices higher than the acquisition cost.
- (ii) The Proposed Share Buy-Back will reduce the trading liquidity of Shares in the open market as a result of a decrease in the number of outstanding Shares.

The Board does not expect the Proposed Share Buy-Back to result in any material disadvantage to the Company and its shareholders as it will be implemented only after taking into consideration that there is adequate cash flow to fund SCIB Group working capital requirements and dividends to be paid to the shareholders prior to allocating the available resources for the Proposed Share Buy-Back. As mentioned in **Section 3** of this Circular, the Board, in exercising any decision to purchase any SCIB Shares will be mindful of the interests of the Company, the Group and the shareholders in implementing the Proposed Share Buy-Back.

### 5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

#### 5.1 Issued share capital

The effect of the Proposed Share Buy-Back on the Company's issued share capital will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

In the event that the maximum number of SCIB Shares (of up to 10% of the latest total number of issued shares) authorised under the Proposed Share Buy-Back are purchased and retained as treasury shares, there would be no effect to the share capital of SCIB.

However, assuming that the maximum number of SCIB Shares (of up to 10% of the latest total number of issued shares) authorised under the Proposed Share Buy-Back are purchased and cancelled, the effects of the Proposed Share Buy-Back are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	582,037,532	149,780,017	582,037,532	149,780,017
Add: Assuming all Warrants are exercised	-	-	245,184,997	433,977,445
	582,037,532	149,780,017	827,222,529	583,757,462
Less: Maximum number of SCIB Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(58,203,753)	(11,931,769) <sup>1</sup>	(82,722,253)	(16,958,062) <sup>1</sup>
<b>Issued share capital after the Proposed Share Buy-Back</b>	<b>523,833,779</b>	<b>137,848,248</b>	<b>744,500,276</b>	<b>566,799,400</b>

**Note:**

<sup>\*1</sup> Assuming the Purchased Shares are purchased at 0.205 per Purchased Share, representing the 5-day VWAMP of SCIB Shares up to and including the LPD, and cancelled.

## **5.2 NA per Share and gearing**

The effects of the shares repurchase on the NA per Share is dependent on factors such as the number of SCIB Shares which the Company will buy-back, purchase price of the SCIB Shares at the time of the buy-back, the treatment of the Shares purchased and the funding cost, if any.

The Purchased Shares that are retained as treasury shares would decrease the consolidated NA by the acquisition cost of the treasury shares, as the treasury shares are required to be carried at cost and would offset against the equity. The acquisition costs for future Shares buy-back are unknown at this juncture. If the treasury shares are subsequently cancelled or distributed as share dividends, there will be no additional effect on the consolidated NA of SCIB.

In the event the Purchased Shares that are retained as treasury shares are resold in the open market on Bursa Securities, the consolidated NA of SCIB will be affected by the resale value of the Shares. In the event the resale value is higher than the cost, there would be a net increase in the consolidated NA of SCIB. On the contrary, in the event the cost is higher than the resale value, there would be a net decrease on the consolidated NA of the Company.

If the Purchased Shares are retained as treasury shares, cancelled and/ or distributed as share dividends, the consolidated NA per Share will decrease if the purchase price of SCIB Shares exceeds the consolidated NA per Share, and if the consolidated NA per Share exceeds the purchase price of SCIB Shares, the consolidated NA per Share will increase. On the contrary, the converse effect would apply in the event the treasury shares are resold on Bursa Securities.

### 5.3 Substantial shareholders' shareholdings

For illustration purposes only, based on the Record of Depositors as at the LPD and assuming the repurchase of SCIB Shares by the Company pursuant to the Proposed Share Buy-Back is carried out in full, the pro forma effects of such purchase on the shareholdings of the substantial shareholders are as follows:-

#### Minimum Scenario

	Shareholdings as at the LPD		After the Proposed Share Buy-Back	
	Direct No. of Shares	Indirect % <sup>*1</sup>	Direct No. of Shares	Indirect % <sup>*2</sup>
Dato' Karim	139,666,664	23.996	139,666,664	26.662

#### Notes:-

<sup>\*1</sup> Based on the number of 582,037,532 issued Shares of SCIB.

<sup>\*2</sup> Based on the number of 523,833,779 issued Shares of SCIB.

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## Maximum Scenario

	Shareholdings as at the LPD		Assuming full conversions of Warrants B	
	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Dato' Karim	139,666,664	23,996	172,999,996 <sup>3</sup>	20,913

	After I and after Proposed Share Buy-Back	
	Direct No. of Shares	Indirect No. of Shares
Dato' Karim	172,999,996	23,237

### Notes:-

- <sup>1</sup> Based on the number of 582,037,532 issued Shares of SCIB.
- <sup>2</sup> Based on the number of 827,222,529 issued Shares of SCIB.
- <sup>3</sup> As at the LPD, Dato' Karim holds 33,333,332 Warrants B
- <sup>4</sup> Based on the number of 744,500,276 issued Shares of SCIB

#### **5.4 Earnings and EPS**

The effects of the Proposed Share Buy-Back on the earnings of the Group are dependent on the purchase price of SCIB Shares and the effective funding cost of such purchases or loss in interest income to the Group, if internally generated funds are utilised.

Furthermore, the Proposed Share Buy-Back, regardless if the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purposes of computing the EPS. Hence, the Proposed Share Buy-Back will improve the EPS of SCIB, which in turn is expected to have a positive influence on the market price of SCIB Shares.

In the event the Purchased Shares which are retained as treasury shares and subsequently resold, the extent of the effect on the earnings of SCIB Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or the interest savings arising from the exercise.

#### **5.5 Convertible securities**

As at the LPD, save for 245,184,997 outstanding Warrants B, the Company does not have any existing convertible securities.

#### **5.6 Working capital**

The Proposed Share Buy-Back will result in cash outflow and thereby reducing the working capital of the SCIB Group, the quantum of which is dependent on the purchase prices of the SCIB Shares and the number of SCIB Shares repurchased and the funding costs, if any. Nevertheless, the Board will take into consideration, the interests of SCIB and its shareholders as well as to assess the working capital requirements of the Group prior to the Proposed Share Buy-Back.

#### **5.7 Dividends**

The Proposed Share Buy-Back is not expected to have any material impact on the policy of the Board in recommending future dividends. Nonetheless, the Proposed Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available for dividend payment, which may otherwise be used for dividend payment. Notwithstanding the above, the SCIB Shares purchased which are held as treasury shares may be distributed as dividends to shareholders of the Company, if the Board decides to do so.

### **6. APPROVALS REQUIRED**

The Proposed Share Buy-Back is subject to and conditional upon the shareholders' approval at the AGM of SCIB to be convened.

The Proposed Share Buy-Back is not conditional upon other proposals undertaken or to be undertaken by the Company.

The voting on the resolution in relation to the Proposed Share Buy-Back at the AGM will be taken via poll.

**7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Save for the proportionate increase in the percentage of shareholding and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back, none of the directors and/or major shareholders of SCIB and/or persons connected to them have any interests, whether direct or indirect, in the Proposed Share Buy-Back or resale of the treasury shares, if any.

**8. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Share Buy-Back, including the rationale and the effects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the ordinary resolution in respect of the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

**9. AGM**

Our AGM will be conducted on a fully virtual basis by way of live streaming from the broadcast venue at Unit 7-21, Wisma Conlay, Jalan USJ 10/1, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia on Monday, 28 February 2022 at 11.00 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 Share Buy-Back, as set out under the Special Business at the forthcoming AGM.

A member entitled to attend, participate, speak and vote remotely at the AGM via the Remote Participation and Voting facilities provided, is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. As such, you are requested to complete, sign and deposit the enclosed Form of Proxy in accordance with the instructions contained therein, with our Poll Administrator at Symphony Corporate Services Sdn Bhd at Unit 7-21, Wisma Conlay, Jalan USJ 10/1, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia or by electronic lodgement via Propoll Portal at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) 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 at our forthcoming AGM should you subsequently wish to do so.

**10. FURTHER INFORMATION**

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

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

**SHAMSUL ANUAR BIN AHAMAD IBRAHIM**  
Independent Non-Executive Director

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**APPENDIX I**  
**FURTHER INFORMATION**

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**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**

As at LPD, 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) Settlement Agreement dated 10 December 2020 between Gaya Belian Sdn. Bhd ("**GBSB**"), Asgari bin Mohd Fuad Stephens ("**Asgari**"), Brian Francis Ticcioni ("**Brian**") and SCIB ("**Settlement Agreement**"). The salient terms of the Settlement Agreement are as follows:-

<b>Purpose</b>	The parties had entered into the Settlement Agreement to settle all the disputes arising from:- <ul style="list-style-type: none"><li>(a) the sub-contract between Carlton Gardens Sdn Bhd ("<b>CGSB</b>") and Stone EPC (Sabah) Sdn Bhd ("<b>SEPC</b>") dated 11 November 2016 in which SEPC agreed to supply building materials for a construction project in Beaufort, Sabah ("<b>Project</b>") to CGSB ("<b>Sub-Contract</b>");</li><li>(b) the asset purchase agreement between GBSB and CGSB dated 25 November 2016 in which GBSB agreed to sell its clay block manufacturing business and dispose of the lease over a factory ("<b>Factory</b>") to CGSB ("<b>Asset Purchase Agreement</b>");</li><li>(c) the management agreement between CGSB and SEPC dated 25 November 2016 in which SEPC agreed to provide management services for the Factory and employees of CGSB ("<b>Management Agreement</b>");</li><li>(d) the share sale agreement between the parties dated 28 December 2016 in which GBSB, Brian and Asgari as the owners of CGSB ("<b>Owners</b>") agreed to sell all their shares in CGSB to SCIB for a consideration of RM5,266,000.00 in cash and 7,300,000 shares in SCIB ("<b>SSA</b>"); and</li><li>(e) the supplemental agreement to the SSA between the parties dated 3 March 2017,</li></ul> and towards the full and final settlement of all disputes including: <ul style="list-style-type: none"><li>(a) the action brought by SCIB against the Owners in Kota Kinabalu High Court, Originating Summons No.: BKI-24NCC(ARB)-2/7-2018;</li><li>(b) the appeal by the Owners to the Court of Appeal, Civil Appeal No. S-02(IM)(NCVC)-2663-12/2018 against the restraining order pursuant to the SCIB Suit; and</li><li>(c) the arbitration proceedings commenced by SCIB against the</li></ul>
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	<p>Owners on the alleged breach of the SSA.</p> <p>(collectively the "<b>Suits</b>")</p> <p>The parties had also agreed to the following terms:</p> <p>(a) a compromise agreement be entered into between Wong Ching Yong, the liquidator of CGSB (a company in creditor's voluntary liquidation) ("<b>Liquidator</b>"), SCIB, SCIB Concrete Manufacturing Sdn. Bhd. ("<b>SCIBC</b>"), SEPC and GBSB (see item 2(ii) below); and</p> <p>(b) a consent order be obtained from the High Court (see below).</p>
<b>Full and final settlement</b>	<p>Upon fulfilment of all their obligations in the Settlement Agreement by the parties, the Settlement Agreement shall constitute full and final settlement of all disputes, conflicts, claims, allegations, actions, obligation, demands, suits and/or legal proceedings arising from or in connection with all matters relating to the Settlement Agreement and the Suits.</p>
<b>Settlement sum</b>	<p>SCIB shall pay RM9,500,000.00 ("<b>Settlement Sum</b>") to GBSB as a full and final settlement, and on 15 December 2020, the sum of RM9,281,000.00, i.e. the Settlement Sum less SCIB Portion (as defined below), was duly paid to GBSB's solicitors.</p>
<b>Settlement of CGSB's debt</b>	<p>SCIB shall pay RM219,000.00 ("<b>SCIB Portion</b>") to CGSB, which sum was duly released by SCIB's solicitors ("<b>Solicitors</b>") to the Liquidator's solicitor on 14 December 2020.</p>
<b>Consent Order</b>	<p>The parties obtained and recorded a consent order on 11 December 2020 at the High Court in Kota Kinabalu ("<b>Consent Order</b>") setting out the following terms:</p> <p>(a) the SSA be terminated as at the date of the Consent Order;</p> <p>(b) the Owner shall transfer 6,878,500 shares in SCIB to SCIB's named nominee and deliver a duly executed transfer form to give effect to the said transfer of shares; and</p> <p>(c) SCIB shall pay the Settlement Sum to GBSB as full and final settlement of the dispute in connection with the SSA.</p>
<b>Status</b>	<p>As at the LPD, the Solicitors had confirmed the following via letter dated 7 May 2021:</p> <p>(a) the parties have obtained the Consent Order;</p> <p>(b) SCIB has duly paid the Settlement Sum to GBSB's Solicitors;</p> <p>(c) SCIB, through the Solicitors, has duly released the SCIB Portion to the Liquidator's solicitors;</p> <p>(d) the Owners have duly effected the transfer of 6,878,500 shares in SCIB to SCIB's named nominee; and</p> <p>(e) the Liquidator, SCIB, SCIBC, SEPC and GBSB have entered into a compromise agreement (see item 2(ii) below),</p>

in fulfilment of their obligations under the Settlement Agreement and as full and final settlement of the matters therein.

- (ii) Compromise Agreement dated 11 December 2020 between the Liquidator, SCIB, SCIB Concrete Manufacturing Sdn. Bhd ("**SCIBC**"), being the wholly-owned subsidiary of SCIB, Stone EPC (Sabah) Sdn. Bhd. ("**SEPC**") and GGSB ("**Compromise Agreement**"). The salient terms of the Compromise Agreement are as follows:-

<b>Purpose</b>	<p>The Compromise Agreement is part of the terms of the Settlement Agreement, as CGSB is under creditors' voluntary winding up proceedings pursuant to Section 440(1) of the Companies Act 2016.</p> <p>The parties had entered into the Compromise Agreement to settle all the disputes and towards the full and final settlement of all disputes including:</p> <p>(a) the appeal by SEPC to the Kota Kinabalu High Court in Originating Summons No. BKI-24NCvC-137/8-2019 (HC3) to appeal against the partial rejection of SEPC's proof of debt of RM25,555,904.19 by the Liquidator; and</p> <p>(b) the payment claim under Section 5 of the Construction Industry Payment and Adjudication Act 2012 against SEPC for payment of work done by CGSB under the Sub-Contract.</p> <p>(collectively "<b>Disputes</b>")</p>
<b>Full and final settlement</b>	<p>The parties agree that upon the Liquidator's receipt of both RM219,000.00 from GBSB ("<b>GBSB Portion</b>") and the SCIB Portion, the Compromise Agreement shall constitute full and final settlement of all disputes, conflicts, claims, allegations, actions, obligations, demands, suits and/or legal proceeding arising from or in connection with all matters constituting the Disputes and the other proofs of debt by SCIB, GBSB and SCIBC.</p>
<b>Parties' obligation upon execution</b>	<p>SCIB and GBSB shall, through the Solicitors, release the SCIB Portion and the GBSB Portion respectively to the Liquidator's solicitors, which sums were duly released to Liquidator's solicitors on 14 December 2020.</p>
<b>Utilisation of monies</b>	<p>The Liquidator shall use the SCIB Portion, GBSB Portion and the remaining balance left standing in the Liquidator's account towards the full settlement of CGSB's debts.</p>
<b>Status</b>	<p>As at the LPD, the Solicitors had confirmed on 6 May 2021 that SCIB and GBSB have, through the Solicitors, duly released the SCIB Portion and the GBSB's Portion respectively to the Liquidator's solicitors in fulfilment of their obligations under the Compromise Agreement.</p>

- (iii) **Conditional Share Sales Agreement ("SSA") to acquire Kencana Precast Concrete Sdn. Bhd.**

On 14 April 2021, SCIB has entered into a conditional Share Sales Agreement ("**SSA**") with Noorazylawati Binti Abdul Bakar, Mohd. Khairil Bin Mohd Hatta and Ibrahim Bin Mohd Noor (hereinafter referred to as "**Principal Agreement**"), to acquire the entire equity interest in Kencana Precast Concrete Sdn. Bhd. ("**KPCSB**"), with the objective of exploring business expansion plans in Peninsular Malaysia. Subsequently, on 11 August 2021, the Parties entered into a Supplemental Agreement to record the Parties' mutual consent to vary and supplement the

Principal Agreement in the manner as set in out in the Supplemental Agreement, mainly related to inclusion of additional party as a vendor which is Bintang Kencana Sdn. Bhd. On 16 August 2021, all the Conditions Precedent as set out in the SSA in relation to the proposed acquisition of KPCSB have been fulfilled and the SSA was deemed completed on 30 August 2021. Following the completion, KPCSB is a wholly-owned subsidiary of the Company.

### 3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceeding, pending or threatened, against the Group or of any facts likely to give rise to any proceeding which may materially affect the business or financial position of the Group:-

- (i) the dispute between SCIB and Asgari, Brian and GBSB (collectively, the "**Vendors**") arising from the SSA in relation to the disposal of the entire equity shareholdings in CGSB by the Vendors to SCIB for a consideration of RM5,266,000.00 in cash and 7,300,000 shares in SCIB. The SSA is interlinked with other agreements entered into between the relevant parties, i.e. the Asset Purchase Agreement and the Management Agreement.

The Vendors and SCIB entered into the Settlement Agreement for the full and final settlement of all disputes, conflicts, claims, allegations, actions, obligation, demands, suits and/or legal proceedings arising from or in connection with all matters relating to the SSA, the other related agreements and the Suits.

On 14 December 2020 and 15 December 2020, the Solicitors released the SCIB Portion to the Liquidator's solicitors and the Settlement Sum to the GBSB's solicitors respectively. As at LPD, the Solicitors had confirmed via letter dated 7 May 2021 that the terms of the Settlement Agreement had been successfully completed and the case is now closed.

In the interim, there were several claims under Section 5 of the Construction Industry Payment & Adjudication Act 2012 made by and against CGSB. The Board of Directors of CGSB, having considered the affairs of CGSB and the legal advice by its solicitors, determined that CGSB could not by reasons of its liabilities, continue its business. Consequently, on 11 January 2019, an interim liquidator was appointed under section 440 of the Act, thereby marking the commencement of a voluntary winding up of CGSB. The appointment of the Liquidator was then resolved at the meeting of the creditors of CGSB on 31 January 2019 and a committee of inspection was set up to administer the liquidation process of CGSB. With the commencement of the voluntary winding up, no further legal actions or proceedings could be brought against CGSB except with the leave of court and upon such terms as the court may impose. The Liquidator then finalised the verification of the proofs of debts filed to determine the liabilities payable by CGSB and took steps to liquidate some of the assets of CGSB.

Subsequently, the Liquidator, SCIB, SCIBC, GBSB and SEPC entered into the Compromise Agreement for full and final settlements of all disputes, conflicts, claims, allegations, actions, obligations, demands, suits and/or legal proceeding arising from or in connection with all matters constituting the Disputes and the other proofs of debt by SCIB, GBSB and SCIBC.

The Solicitors confirmed on 6 May 2021 that they have released the SCIB Portion and GBSB Portion respectively to the Liquidator's solicitors on 14 December 2020 in accordance with the Compromise Agreement.

The liquidator has settled and paid all the admitted Proof of Debts, costs and disbursements for the liquidation process under Section 527 of the Companies Act 2016. As such, the Compromise Agreement is deemed completed. The Liquidator's Solicitors had confirmed that the High Court of Sabah and Sarawak had granted an

order to release and discharge Mr. Wong Ching Yong as the Liquidator of CGSB and CGSB be dissolved accordingly on 13 December 2021.

#### **4. CONTINGENT LIABILITIES**

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of our Group.

#### **5. 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 Constitution of SCIB;
- (ii) The audited consolidated financial statements of the Group for the past two (2) financial year/period ended 31 December 2019 and 30 June 2021 as well as the Unaudited Consolidated Financial Statements for the financial period ended 30 September 2021;
- (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.