

Termination of Agreement

The Board of Director of Sarawak Consolidated Industries Bhd (“SCIB” or the “Company”) wishes to announce that SCIB has on 19 April 2018 issued a Notice of Termination to the followings to terminate the Share Sales Agreement dated 28 December 2016 entered into between SCIB and the followings (“SSA”):

- a) Asgari bin Mohd Stephens
- b) Brian Francis Ticcioni
- c) Gaya Belian Sdn. Bhd.

(Collectively hereinafter referred to as the “Sellers”)

Consequent to the termination, SCIB’s claims are as below:

- (i) the Sellers to refund and pay to SCIB the whole of the purchase consideration paid or advanced by SCIB together with all other monies paid by SCIB to the Sellers or on the Sellers’ behalf to any third party or parties under or pursuant to the said SSA or other related Agreements as listed below:
 - i) Asset Purchase Agreement dated 25 November 2016
 - ii) Management Agreement dated 25 November 2016
 - iii) Sub-Contract Agreement dated 11 November 2016
 - iv) Lease Agreement dated 15 November 2016
- (ii) the Sellers do re-transfer or caused to be re-transferred all of the shares allotted to the Sellers, as part of the purchase considerations; and
- (iii) the losses and damages suffered by SCIB by reason of the Sellers’ breach and/or misrepresentation, to be quantified in due course;

Salient terms of the termination:

- (i) Upon the termination of the SSA, all obligation and liabilities under other related Agreements will rest with the Sellers and SCIB shall no longer be party or liable under such respective Agreements;
- (ii) unless the refund of the whole of the purchase consideration together with the re-transfer of the said Shares is received by SCIB or the Solicitors of SCIB, within 14 days from the date of the Notice of Termination, appropriate proceedings for the recovery of the same shall commence and the SSA shall be declared terminated and/or void for misrepresentation and all losses and damages together with the refund of the whole of purchase consideration will be claimed back;
- (iii) in order to mitigate loss, all related activities under and in respect of Carlton Gardens Sdn Bhd. (“CGSB”) shall cease and that related parties will be duly informed. SCIB shall not be liable for any claim, loss or such other action by any party or parties in respect of the activities and operations of CGSB;
- (iv) full refund and repayment of the purchase consideration made to the Sellers under the SSA by SCIB, including the re-transfer of the Shares, SCIB will cause CGSB ownerships and shareholding to be transferred back to the Sellers;
- (v) the Sellers are restrained from selling, transferring, disposing or dealing in any manner whatsoever or howsoever with the Shares transferred to the Sellers by SCIB under the SSA and that the Seller do keep the same intact and in their possession or forthwith deposit the same with the Solicitors of SCIB. In the event the Sellers failed or neglect to comply with this, SCIB will hold them liable for all losses and damages suffered by SCIB flowing from such dealings by the Sellers; and
- (vi) with effect from the date of Notice of Termination, SCIB shall cease all operation and activities, including production and progress of all works both at the factory and at the site. SCIB shall hold the Sellers liable for all losses and damages flowing from the Sellers’ misrepresentation and breach of the SSA including for all consequential loss of SSA.

Financial effect arising from the termination of SSA

SCIB’s Solicitors were of the view that there is a breach by the Sellers and SCIB has a cause of action for misrepresentation, hence SCIB is entitled to terminate the contract or void the contract for misrepresentation. As a result, SCIB was of the view that there is a good chance that all costs can be recovered. Hence, the termination of SSA is not expected to have material impact on the financial position of SCIB Group.