



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 6 February 2023 entered into a Memorandum of Understanding (“MOU”) with Bintai Kinden Corporation Berhad (**Registration No: 199401005191 (290870-P)**) (“BKCB”) (collectively referred to as “Parties”) to establish a cooperation and collaboration including but not limited to expanding business opportunities, securing new projects and sharing of profits.

2. DETAILS OF THE MOU

2.1 Background Information of BKCB

BKCB is a public company where shares are listed and quoted on the Main Market of Bursa Malaysia Securities Berhad and has over 40 years of specialist mechanical and electrical engineering and construction experience, with unique combination of extensive regional experience and local knowledge has made them the region’s international contractor of choice.

2.2 Purposes of the MOU

The purpose of this preliminary and legally non-binding MOU is to record the mutual understanding and current intent of the Parties with respect to exploring a working relationship and cooperation to combine skills, expertise, capabilities, experience and collectively bid for projects in Malaysia and to set out the principal terms of the arrangement between the Parties.

The Parties wish to collaborate and enter into a Joint Venture Agreement (“JV”) in accordance with the terms and conditions stated herein, under the existing wholly-owned subsidiary company of SCIB, namely SCIB Infracore Sdn. Bhd. (“Target

Company”) for the purpose of, including but not limited to expanding business opportunities, securing new projects and sharing of profits.

2.3 Salient Terms of the MOU

The objective of the MOU is to set forth the Parties understanding and willingness in the MOU for the purpose of the Project, subject to detailed terms and conditions to be mutually agreed between the Parties.

The MOU is merely executed to set out the understanding and intent of the Parties to cooperate in the areas set out therein and shall have no legal effect or create any legal liabilities upon the Parties. However, the Parties are committed to working cooperatively, expeditiously, and efficiently to document the components of the transaction through a binding agreement, using the MOU as a guide.

Subject to the terms of the MOU and the laws, rules, regulations and national policies from time to time in force in Malaysia, the Parties shall endeavour to take the necessary steps:

- (a) to establish a legal relationship between the Parties for the projects; and
- (b) to develop the Project in accordance with the areas of cooperation and it is to be mutually agreed upon by the Parties

The Parties hereto shall collaborate and co-operate for the best interest of the Parties. The term "best interest" shall be read and construed as follows:

- (a) Positive and without negative implications on the image of the parties;
- (b) Compliance of all relevant statutory laws, by-laws, rules, regulations and requirements;
- (c) Commercial benefits to the Parties, including profit margins derived through the exploitation of Parties technical know-how and expertise; and
- (d) The Parties are desirous of ensuring suitable collaboration activities, which will be jointly determined by all Parties and be established and managed as a viable business.

Either Party may request in writing a revision, modification, or amendment of all or any part of the MOU. Any revision, modification, or amendment agreed to by the Parties shall be reduced into writing and signed by the Parties and shall form part of the MOU.

The MOU shall come into force on the date of signing and shall remain in force for the period of six (6) months or until the relevant Agreement is executed, whichever is earlier. Notwithstanding anything in the MOU, either Party may terminate the MOU by notifying the other Party of its intention to terminate the MOU by giving one (1) month's notice in writing in between its enforcement period, prior to its intention to do so.

3. ROLES AND SCOPE OF WORK OF THE PARTIES

The Parties also have mutually agreed to enter into the MOU to express the willingness of the Parties to engage in a meaningful discussion for setting out the initial interest and commitment of the Parties to collaborate on the following areas of cooperation:

SCIB

- (a) SCIB shall subscribe 50,998 ordinary shares for a total consideration of RM50,998 for its 51% equity interest in the Target Company for cash and the Target Company shall remain as the subsidiary company of SCIB Group;
- (b) SCIB shall ensure that the Target Company is free from and/or shall be responsible to settle all the outstanding debts including but not limited to shareholders'/directors' advances, loans, receivables, outstanding borrowings, and/or liabilities of the Target Company. This shall be further deliberated in a separate Letter of Undertaking to be executed by SCIB;

BKCB

- (a) BKCB shall subscribe 49,000 ordinary shares at RM1.00 each for its 49% equity interest in the Target Company for a total consideration of RM49,000.

SCIB and BKCB shall be jointly responsible:

- (a) to contribute proportionate resources, skills and experience to complete the bidding process for, or securing the award of any projects as specified by the prospective clients;
- (b) to comply with all terms, conditions, obligations and instructions which may be specified in all the bidding/award constituent documents; and
- (c) carry out and complete the implementation of projects in accordance with its terms and conditions.

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 ending 30 June 2023.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save for En. Noor Azri Bin Dato' Sri Noor Azerai, En. Mohd Shakir Bin Shahimi and Mr. Ku Chong Hong who are the common Directors of SCIB and BKCB, 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.

6. STATEMENT BY DIRECTORS

Save for En. Noor Azri Bin Dato' Sri Noor Azerai, En. Mohd Shakir Bin Shahimi and Mr. Ku Chong Hong who are the common Directors of SCIB and BKCB, the Board of Directors of the Company, 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.

7. APPROVALS REQUIRED

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

8. DOCUMENT AVAILABLE FOR INSPECTION

The MOU is available for inspection at the business address of the Company at Block 1, Star Central Corporate Park, Lingkaran Cyber Point Timur, Cyber 12, 63000 Cyberjaya, Selangor Darul Ehsan 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 7 February 2023.

A copy of the press release is attached herein.